

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

**IN RE FACEBOOK, INC., IPO SECURITIES AND  
DERIVATIVE LITIGATION** : **MDL NO. 12-2389**  
:

**This document relates to the Consolidated  
NASDAQ Actions:**

**No. 12-cv-4054 No. 12-cv-4600  
No. 12-cv-4200 No. 12-cv-4716  
No. 12-cv-4201 No. 12-cv-5549  
No. 12-cv-4315 No. 12-cv-5630  
No. 12-cv-4403 No. 12-cv-6882**

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT WITH NASDAQ DEFENDANTS, MOTION  
FOR ATTORNEYS' FEES, SETTLEMENT FAIRNESS HEARING, AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS AND ENTITIES THAT ENTERED RETAIL PREMARKET AND AFTERMARKET ORDERS TO PURCHASE AND/OR SELL THE COMMON STOCK OF FACEBOOK, INC., ON MAY 18, 2012, AND WHO SUFFERED MONETARY LOSSES AS A RESULT OF THE CONDUCT ALLEGED IN THE COMPLAINT IN THIS LAWSUIT.

YOU MAY BE ENTITLED TO A PAYMENT FROM A CLASS ACTION SETTLEMENT.

*A federal court authorized this notice. This is not a solicitation from a lawyer.*

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS ACTION. IF YOU ARE A SETTLEMENT CLASS MEMBER, THIS NOTICE CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS UNDER THE PROPOSED SETTLEMENT.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF</b>	Get no payment. This is the only option that allows you to ever be a part of any other lawsuit against the defendants or other released parties about the legal claims in the Consolidated Nasdaq Actions.
<b>OBJECT</b>	Write to the Court about why you don't like the settlement.
<b>GO TO A HEARING</b>	Ask to speak in Court about the fairness of the settlement.
<b>DO NOTHING</b>	Get no payment. Give up rights.

These rights and options—**and the deadlines to exercise them**—are explained in this notice.

The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals are resolved. Please be patient.

**SUMMARY OF THIS NOTICE**

**Description of the Litigation and the Class**

This Notice relates to the proposed settlement with the Nasdaq Defendants. The Nasdaq Defendants are The NASDAQ OMX Group, Inc. ("Nasdaq"), The Nasdaq Stock Market LLC (the "Exchange"), Robert Greifeld (Nasdaq's Chief Executive Officer), and Anna M. Ewing (Nasdaq's Executive Vice President, Global Corporate Solutions).

As explained in more detail below, the proposed settlement, if approved by the Court, will settle claims of all persons and entities that entered retail pre-market and aftermarket orders to purchase and/or sell the common stock of Facebook on May 18, 2012, and who suffered monetary losses as a result of the conduct alleged in the Consolidated Amended Class Action Complaint (the "Complaint") filed by the Lead Plaintiffs in the Consolidated Nasdaq Actions on April 30, 2013.

### **Statement of Plaintiffs' Recovery**

Subject to Court approval, and as described more fully below, Lead Plaintiffs, on behalf of the proposed Class, have agreed to settle all claims against the Nasdaq Defendants arising from the Facebook IPO on May 18, 2012 in exchange for a payment of \$26.5 million (the "Settlement Fund"). Based on the information currently available to Plaintiffs' Co-Lead Counsel and the analysis performed by their damages experts, the estimated average recovery per eligible share (before the deduction of any Court-approved fees, expenses and costs as described herein) would be approximately \$0.155, if all eligible Class Members submit valid and timely Claim Forms. Class Members should note, however, that this is only an estimate based on the overall number of orders placed by the Class. Some Class Members may recover more or less than the estimated average amount depending on, among other factors, the number of valid claim forms that Class Members send in, and other factors related to their claim, such as how many orders for Facebook stock they placed on May 18, 2012, whether those orders were buys or sells, whether those orders were placed before or after the commencement of trading and whether they sold any of the Facebook shares that they purchased on May 18 at a loss. Note that if a Class Member purchased Facebook shares on May 18 and later sold those shares at a profit or still hold those shares, that Class Member may not have a Recognized Claim. The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, attorneys' fees and litigation expenses awarded to plaintiffs' counsel, and service fees or incentive awards awarded to Lead Plaintiffs) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the Class Members.

The proposed Plan of Allocation is included in this Notice (see page 8 below).

### **Statement of Potential Outcome of the Case**

The parties disagreed on both liability and damages and do not agree on the average amount of damages per order that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The Nasdaq Defendants deny that they are liable to the Lead Plaintiffs or the Class Members in this action, and deny that Lead Plaintiffs or the Class Members have suffered any damages. The issues on which Lead Plaintiffs and Nasdaq Defendants disagree include, for example: (i) whether Nasdaq Defendants are immune from any or all of the claims asserted in the Complaint; (ii) whether any of the Nasdaq Defendants acted negligently in connection with the Facebook IPO; (iii) whether any of the Nasdaq Defendants could be held liable to Lead Plaintiffs or any Class Members for negligence as a matter of law in any event; (iv) whether any of the Nasdaq Defendants made any materially false or misleading statements or omissions about the quality of Nasdaq's trading systems; (v) whether Lead Plaintiffs or Class Members relied on statements allegedly made by Nasdaq Defendants about the quality of Nasdaq's trading systems; (vi) whether any statement made by any Nasdaq Defendant caused any Class Member to suffer any loss; (vii) whether any of the Nasdaq Defendants intended to defraud any Class Member; (viii) whether Lead Plaintiffs could have obtained approval to proceed with this case as a class action; and (ix) the effects of various market forces other than Nasdaq's conduct on the price of Facebook common stock on May 18, 2012.

### **Statement of Attorneys' Fees and Costs Sought**

Plaintiffs' Co-Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed one-third of the Settlement Fund, plus expenses, payable out of the Settlement Fund. Plaintiffs' Co-Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

Plaintiffs' Co-Lead Counsel may also apply to the Court for an award of service payments to Lead Plaintiffs, representing reimbursement of their reasonable costs and expenses (including lost wages) related to their representation of the Class, pursuant to the Private Securities Litigation Reform Act of 1995 and payable out of the Settlement Fund.

### **Further Information**

Plaintiffs' Co-Lead Counsel represent the Lead Plaintiffs and the Class. Plaintiffs' Co-Lead Counsel can provide further information regarding this Notice and can be contacted as follows: Vincent R. Cappucci, Entwistle & Cappucci LLP, 280 Park Avenue, 26th Floor West, New York, NY 10017, Telephone: (212) 894-7200; Douglas G. Thompson, Jr., Finkelstein Thompson LLP, 1077 30th Street, Suite 150, Washington, D.C. 20007, Telephone: (202) 337-8000; and Christopher Lovell, Lovell Stewart Halebian Jacobson LLP, 61 Broadway, Suite 501, New York, NY 10006, Telephone: (212) 608-1900.

### **Reasons for the Settlement**

For Lead Plaintiffs, the principal reason for the settlement is the immediate benefit of a substantial cash recovery for the Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after the Nasdaq Defendants appeal the Court's decision on their motion to dismiss, fact and expert discovery are complete, summary judgment motions are made by the Nasdaq Defendants, and a contested trial and potential additional appeals are resolved, possibly years into the future. For the Nasdaq Defendants, who deny all allegations of wrongdoing and liability, the principal reason for the settlement is to eliminate the burden, expense, uncertainty, and risk of further litigation.

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## BASIC INFORMATION

### 1. Why Did I Get This Notice?

You or someone in your family may have entered retail pre-market or aftermarket orders to purchase and/or sell the common stock of Facebook on May 18, 2012.

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves it and after objections and appeals are resolved, a Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *In re Facebook, Inc., IPO Securities and Derivative Litigation*, Case No. 12-md-2389-RWS. This Notice relates to consolidated class actions known as the Consolidated Nasdaq Actions, which include:

- *First New York Securities L.L.C., T3 Trading Group, LLC, and Avatar Securities, LLC, v. NASDAQ OMX Group, Inc. and The NASDAQ Stock Market LLC*, Case No. 12-cv-5630-RWS
- *Philip Goldberg, David Kenton, Randy and Teresa Mielke, Nuhket Kayahan, George Michalitsianos, Crystal McMahon, Benjamin Levi, Steve Jarvis, Atish Gandhi, Dmitri Bougakov, Eric Hamrick, Colin Suzman, Katherine Loiacono, Meredith Bailey, Faisal Sami, Ryan Cefalu, Sanjeev Sharma, Dennis Kuhn, Lorrain Chin, Jacinto Rivera and Joe Johnson v. NASDAQ OMX Group, Inc. and The Nasdaq Stock Market LLC*, Case No. 12-cv-4054-RWS
- *Jun Yan v. NASDAQ OMX Group, Inc. and The Nasdaq Stock Market LLC*, Case No. 12-cv-4200-RWS
- *Elbita Alfonso, Vicky Jones, Steve Griffiths, Phyllis Peterson, Edward Vernoff, and Jerry Rayburn v. The Nasdaq Stock Market LLC and NASDAQ OMX Group, Inc.*, Case No. 12-cv-4201-RWS
- *Lidia Levy v. The Nasdaq Stock Market LLC and NASDAQ OMX Group, Inc.*, Case No. 12-cv-4315-RWS
- *Khodayar Amin v. The Nasdaq Stock Market LLC and NASDAQ OMX Group, Inc.*, Case No. 12-cv-4403-RWS
- *Barbara Steinman v. NASDAQ OMX Group, Inc. and The Nasdaq Stock Market LLC*, Case No. 12-cv-4600-RWS
- *Chad Roderick v. NASDAQ OMX Group, Inc. and The Nasdaq Stock Market LLC*, Case No. 12-cv-4716-RWS
- *Eric McGinty v. NASDAQ OMX Group, Inc. and The NASDAQ Stock Market LLC*, Case No. 12-cv-5549-RWS
- *David Eagan v. NASDAQ OMX Group, Inc. and The NASDAQ Stock Market LLC*, Case No. 12-cv-6882-RWS

This Notice also relates to a separate class action that is being coordinated with the Nasdaq Consolidated Actions, known as *Michael Zack v. The NASDAQ Group, Inc. and The NASDAQ Stock Market LLC*, Case No. 12-cv-6439-RWS. The *Zack* case will also be dismissed if the Court approves the settlement.

These cases were assigned to United States District Judge Robert W. Sweet. The people who sued are called plaintiffs, and the persons they sued are the Nasdaq Defendants.

The Lead Plaintiffs have not settled any claims against Facebook or any of the other defendants in the actions against Facebook and such other defendants that are being coordinated with the Consolidated Nasdaq Actions. The defendants in those actions, referred to as the Facebook Actions, are called the "Non-Settling Defendants."

### 2. What is this Lawsuit About?

The Lead Plaintiffs alleged that the Nasdaq Defendants acted negligently and in violation of the federal securities laws in connection with Facebook's IPO on May 18, 2012, and that retail investors in Facebook common stock that day suffered damages as a result of that conduct.

The Nasdaq Defendants deny the claims and contentions alleged by Lead Plaintiffs in this litigation, deny any liability whatsoever, and maintain that they have meritorious defenses to all claims that were raised or could have been raised in the litigation.

### 3. Why is this a Class Action?

In a class action, one or more people called Class Representatives (in this case Lead Plaintiffs T3 Trading Group, LLC, Avatar Securities, LLC, Philip Goldberg, Steve Jarvis, Atish Gandhi, Colin Suzman, Meredith Bailey, and Faisal Sami), sue on behalf of people or entities who have similar claims. All these people are a Class, or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

### 4. Why is there a Settlement?

The Court did not decide in favor of the Lead Plaintiffs or the Nasdaq Defendants. The Lead Plaintiffs think they could have recovered damages if the case went to trial and they won. The Nasdaq Defendants think they would have prevailed before the case went to trial, and that if it did go to trial the Lead Plaintiffs would not have recovered anything. But there was no trial. Instead, both sides agreed to a settlement. That way, they avoid the cost of further litigation, and the people affected will get compensation. The Lead Plaintiffs and their attorneys think the settlement is best for all Class Members.

## WHO IS IN THE SETTLEMENT?

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

### 5. How do I know if I am part of the Settlement?

The Court decided, for the purposes of settlement, that everyone who fits this description is a Class Member: *all persons and entities that entered retail pre-market and aftermarket orders to purchase and/or sell the common stock of Facebook on May 18, 2012, and who suffered monetary losses as a result of the conduct alleged in the Complaint.* The Class Members include persons and entities alleging (i) claims for violations of the federal securities laws, and (ii) claims for common law negligence.

### 6. Are there exceptions to being included?

Excluded from the Class are the Nasdaq Defendants and their parent companies, subsidiaries, or affiliates; the officers and directors of Nasdaq; the legal representatives and heirs or assigns of any Nasdaq Defendant; any federal governmental entities and instrumentalities of the federal government; any judicial officer presiding over the Consolidated Nasdaq Actions and any member of his or her immediate family and judicial staff; and any person or entity that was on May 18, 2012 a member of the Exchange.

### 7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-866-217-4457 or visit [www.nasdaqfbsettlement.com](http://www.nasdaqfbsettlement.com) for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

## THE SETTLEMENT BENEFITS—WHAT YOU GET

### 8. What does the settlement provide?

The Nasdaq Defendants have agreed to fund a \$26.5 million Settlement Fund to be divided – after taxes, administrative costs, fees, and expenses – among all Class Members who send in a valid claim form.

### 9. How much will my payment be?

Your share of the fund will depend on various factors, including the number of valid claim forms that Class Members send in and other factors related to your claim, such as how many orders for Facebook stock you placed on May 18, 2012, whether those orders were buys or sells, whether those orders were placed before or after the commencement of trading and whether you sold any of the Facebook shares that you purchased on May 18 at a loss. Note that if you purchased Facebook shares on May 18 and later sold those shares at a profit or still hold those shares, you may not have a Recognized Claim.

By following the instructions in the Plan of Allocation beginning on page 8 of this Notice, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their claim forms, the payment you get will reflect your Recognized Claim in relation to the Recognized Claims of the other members of the Class.

Those Class Members who placed more orders and have a larger Recognized Claim will get more money, and those who placed fewer orders and have a smaller Recognized Claim will get less.

## HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

### 10. How can I get a payment?

To qualify for payment, you must send in a claim form. A claim form is attached to this Notice. You may also get a claim form on the internet at [www.nasdaqfbsettlement.com](http://www.nasdaqfbsettlement.com). Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than October 7, 2015.

### 11. When will I get my payment?

The Court will hold a hearing on September 16, 2015, at 12:00 p.m. to decide whether to approve the settlement. If the Court approves the settlement after that, there may be appeals. Resolving appeals can take time, perhaps more than a year. Everyone who sends in a claim form will be informed of the progress of the settlement. Please be patient.

### 12. What am I giving up to get a payment and stay in the Class?

Unless you exclude yourself, you are staying in the class, and that means that, upon the settlement becoming final, you will release all “Settled Claims” against the “Released Parties.” Those terms are defined below.

“Settled Claims” means any and all claims, debts, demands, rights, or causes of action or liabilities whatsoever, including but not limited to any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, or liability whatsoever – whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class, representative, or individual in nature, including both known claims and Unknown Claims against any of the Released Parties arising out of or relating in any way to the transactions, facts, matters or occurrences alleged in the Complaint.

“Unknown Claims” means any and all Settled Claims against the Released Parties which any Lead Plaintiff or other member of the Class does not know or suspect to exist and which, if known, might have affected his, her, or its decision(s) with respect to the settlement. The members of the Class shall by operation of the Order and Final Judgment be deemed to have waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiffs and/or members of the Class may discover facts in addition to or different from those which they now know or believe to be true with respect to the Settled Claims, but Lead Plaintiffs expressly fully, finally, and forever settle and release, and each member of the Class shall by operation of the Order and Final Judgment be deemed to have fully, finally, and forever settled and released any and all Settled Claims against any and all Released Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs acknowledge, and members of the Class shall be deemed to have acknowledged, that the inclusion of Unknown Claims in the definition of Settled Claims was separately bargained for and was a key element of the settlement.

“Released Parties” means the Nasdaq Defendants and their respective present and former predecessors, successors, parents, subsidiaries, affiliates, directors, officers, employees, agents, advisors, counsel, insurers, heirs, executors and assigns.

If you remain a Class Member, all of the Court’s orders will apply to you and legally bind you.

#### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you don’t want a payment from this settlement, but you want to keep the right to sue or continue to sue the Nasdaq Defendants on your own about the legal issues in this case, then you must take steps to exclude yourself from the settlement. This is sometimes referred to as “opting out” of the settlement. The Nasdaq Defendants may withdraw from and terminate the settlement if putative Class Members whose transactions in Facebook common stock on May 18, 2012 in the aggregate exceed a certain agreed-upon threshold exclude themselves from the settlement.

#### **13. How do I get out of the Settlement?**

To exclude yourself from the settlement, you must send a letter by mail stating that you “request to be excluded from the Class in the Nasdaq Consolidated Actions in the *In re Facebook, Inc., IPO Securities and Derivative Litigation* matter.” Your letter must include your name, address, and telephone number, must be signed by you, and must specify the number of shares of Facebook stock for which you seek exclusion and the date(s), price(s), and order nature(s) (i.e., purchase or sale) of the order(s) for which you seek exclusion. Your exclusion request must be mailed by first-class mail and be postmarked no later than August 19, 2015 to:

*In re Facebook, Inc., IPO Securities Litigation*

EXCLUSIONS

c/o A.B. Data, Ltd.

P.O. Box 170500

Milwaukee, WI 53217-8091

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue), the Nasdaq Defendants in the future.

#### **14. If I don’t exclude myself, can I sue the Nasdaq Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any right to sue the Nasdaq Defendants for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is August 19, 2015.

#### **15. If I exclude myself, can I get money from the settlement?**

No. If you exclude yourself, do not send in a claim form to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against the Nasdaq Defendants.

## THE LAWYERS REPRESENTING YOU

### 16. Do I have a lawyer in this case?

The Court appointed the law firms of Finkelstein Thompson LLP of Washington, DC; Entwistle & Cappucci LLP of New York, NY; and Lovell Stewart Halebian Jacobson LLP of New York, NY (“Plaintiffs’ Co-Lead Counsel”) to represent you and other Class Members. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

### 17. How will the lawyers be paid?

Plaintiffs’ Co-Lead Counsel will ask the Court to approve payment not to exceed one-third of the Settlement Fund, plus reimbursement of litigation expenses not to exceed \$500,000. The fees would pay Plaintiffs’ Co-Lead Counsel for investigating the facts, litigating the case and negotiating the settlement. The Court may award less than the amount requested. The Nasdaq Defendants have agreed not to oppose the request. All attorneys’ fees and expenses will be paid from the Settlement Fund. The Settlement Fund will also pay the costs of class notice and claims administration, as described in sections 3.1, 3.2 and 4.2 of the Stipulation.

## OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with or object to the settlement or some part of it.

### 18. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member, you can object to the proposed settlement, or to Plaintiffs’ Co-Lead Counsel’s requests for attorneys’ fees and expenses and service fees for Lead Plaintiffs, if you do not like any part of them. You can give reasons why you think the Court should not approve them. The Court will consider your views. To object, you must send a signed letter saying that you “object to the proposed settlement in the Nasdaq Consolidated Actions in the *In re Facebook, Inc., IPO Securities and Derivative Litigation* matter.” Be sure to include your name, address, telephone number, and your signature, and identify the date(s), price(s), and order nature(s) (i.e., purchase or sale) of your retail pre-market and/or aftermarket purchases and/or sales of Facebook common stock on May 18, 2012, and state the reasons why you object. Your objection must be mailed to each of the following, with a postmark date no later than August 19, 2015:

**The Court:**

Clerk of the Court  
United States District Court for the Southern District of  
New York  
Daniel Patrick Moynihan U.S. Courthouse  
500 Pearl Street  
New York, NY 10007

**Plaintiffs’ Co-Lead Counsel:**

Vincent R. Cappucci  
Entwistle & Cappucci LLP  
280 Park Avenue, 26th Floor West  
New York, NY 10017

**Nasdaq Defendants’ Counsel:**

William A. Slaughter  
Ballard Spahr LLP  
1735 Market Street, 51st Floor  
Philadelphia, PA 19103

**Claims Administrator:**

*In re Facebook, Inc., IPO Securities Litigation*  
c/o A.B. Data, Ltd.  
P.O. Box 170999  
Milwaukee, WI 53217-8099

### 19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed settlement or Plaintiffs’ Co-Lead Counsel’s requests for attorneys’ fees and expenses or for service awards for Lead Plaintiffs. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

## THE COURT’S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

### 20. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Fairness Hearing on September 16, 2015, at 12:00 p.m. at the United States District Court for the Southern District of New York, in the Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007. At the hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to award to Plaintiffs’ Co-Lead Counsel for attorneys’ fees and expenses, and how much to award Lead Plaintiffs in service fees. After the hearing, the Court will decide whether to approve the settlement. We do not know how long the Court will take to reach a decision.

**21. Do I have to attend the hearing?**

No. Plaintiffs' Co-Lead Counsel will answer questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but that is not necessary.

**22. May I speak at the hearing?**

If you object to the settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement giving "Notice of Intention to Appear in the Nasdaq Consolidated Actions in the *In re Facebook, Inc., IPO Securities and Derivative Litigation* matter." You cannot speak at the hearing if you exclude yourself from the Settlement or if you do not submit your notice of intention to appear.

You do not need to appear at the hearing or take any other action if you approve of the proposed settlement.

**IF YOU DO NOTHING**

**23. What happens if I do nothing at all?**

If you do nothing, you will not get any money from this settlement. But unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Nasdaq Defendants about the legal issues in this case, if the Court approves the settlement.

**GETTING MORE INFORMATION**

**24. Are there more details about the Proposed Settlement?**

This notice summarizes the proposed settlement. More details are in a Stipulation of Settlement with Nasdaq Defendants dated May 22, 2015 (the "Stipulation"). You can get a copy of the Stipulation by writing to *In re Facebook, Inc., IPO Securities Litigation*, c/o A.B. Data, Ltd., P.O. Box 170999, Milwaukee, WI 53217-8099; Vincent R. Cappucci, Entwistle & Cappucci LLP, 280 Park Avenue, 26th Floor West, New York, NY 10017; Douglas G. Thompson, Jr., Finkelstein Thompson LLP, 1077 30th Street, Suite 150, Washington, D.C. 20007; or Christopher Lovell, Lovell Stewart Halebian Jacobson LLP, 61 Broadway, Suite 501, New York, NY 10006. You can also call 1-866-217-4457 toll free or visit the website at [www.nasdaqfbsettlement.com](http://www.nasdaqfbsettlement.com), where you will find the Stipulation of Settlement, answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

**25. How do I get more information?**

For even more detailed information concerning the matters involved in this litigation, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the litigation, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007, during regular business hours.

**PLAN OF ALLOCATION**

1. The Settlement Fund,<sup>1</sup> less all taxes, approved costs, attorneys' fees and/or expenses and Lead Plaintiffs' incentive or service awards, including the expenses of class notice and claims administration, shall constitute the Net Settlement Fund. The Net Settlement Fund shall be distributed to persons who suffered recognized losses based upon their transactions in Facebook, Inc. ("Facebook"), common stock on May 18, 2012 and who submit timely, valid and acceptable Proofs of Claim ("Authorized Claimants").

2. As described in this Plan of Allocation, the Net Settlement Fund will be available to pay Recognized Claims (as defined in Paragraph 5 below) for losses incurred by Authorized Claimants based upon the number of shares of Facebook common stock that such Authorized Claimants purchased or sold or ordered to purchase or sell on May 18, 2012. The Plan of Allocation reflects Plaintiffs' Co-Lead Counsel's determination, in consultation with their economic and damages expert, of the merits and the relative strengths and weaknesses (including recoverable damages) of Class Members' claims. In developing this Plan of Allocation, Plaintiffs' Co-Lead Counsel and their economic and damages expert have considered, among other things, the following:

(a) Lead Plaintiffs have alleged that: retail purchasers and sellers of Facebook common stock on May 18, 2012 were damaged by Nasdaq system failures on the morning of May 18, 2012, which system failures caused, among other things, delays in the execution and confirmation of Facebook orders; the system failures constituted actionable common law negligence under the law of the State of New York; and the damages from the system failures are recoverable under the federal securities laws because defendants failed timely to disclose known weaknesses in the Nasdaq systems and made materially false and misleading statements concerning the capabilities of those systems.

<sup>1</sup>All capitalized terms used herein and not otherwise defined have the meanings defined in the Stipulation and Agreement of Settlement dated May 22, 2015 ("Stipulation") between Lead Plaintiffs and the Nasdaq Defendants.



(b) Plaintiffs' Co-Lead Counsel, in consultation with their economic and damages expert, have concluded that retail customers who submitted the following categories of orders for the purchase or sale of Facebook common stock on May 18, 2012 suffered compensable damages caused by the alleged misconduct.

- (i) **Pre-Opening Orders to sell Facebook common stock at a price of \$42 or less that did not execute or that executed later in the day at a price less than \$42.** Lead Plaintiffs allege that such sellers were damaged to the extent they received an amount less than \$42 for their shares.
- (ii) **Pre-Opening Orders to purchase Facebook common stock that were executed at a price of \$42 but for which confirmations were delayed until later in the day.** Lead Plaintiffs allege that such buyers were damaged to the extent they did not know they owned shares or at what price they had purchased shares, and were denied the opportunity to sell their shares during a period in which the market price declined.
- (iii) **Continuous market purchases of Facebook common stock executed before 1:50:10 p.m. on May 18, 2012.** Lead Plaintiffs allege that such buyers were damaged to the extent the market price declined from 1:50:10 p.m. to 2:35 p.m. following the delayed entry into the market of certain pre-opening sell orders.<sup>2</sup>

(c) Plaintiffs' Co-Lead counsel, in formulating this plan of allocation, have taken into account that pursuant to Nasdaq Stock Market Rule 4626(b)(3), as approved by the Securities and Exchange Commission (the "Accommodation Plan"), Nasdaq compensated Nasdaq Stock Market member firms for losses in categories I and II, and such member firms, in turn, were required to certify that they passed such compensation pertaining to customer orders on to their customers. However, after consultation with their experts, Plaintiffs' Co-Lead Counsel have concluded that the 1:50:10 p.m. release into the marketplace of certain delayed pre-opening orders, as well as the belated delivery of confirmations for pre-opening orders, constituted a corrective disclosure that caused a statistically significant decline in market price and should also be compensated.

3. Under the federal securities laws, persons who purchased Facebook common stock may recover, in general, only for losses caused by disclosures correcting a prior misleading statement, and may not recover for price declines caused by general market factors or by the disclosure of other information that is not alleged to be the subject of a prior misstatement. Persons who both purchased and sold Facebook common stock prior to a corrective disclosure or between corrective disclosures may not have recoverable damages resulting from those transactions. Similarly, under negligence law, persons may recover damages only for losses that were proximately caused by the alleged negligent conduct. Although the price of Facebook common stock declined on May 18, 2012 from an intraday high of \$45.00 to \$38.23 at the close of trading, Plaintiffs' Co-Lead Counsel, in consultation with their experts, have concluded that for most of the trading day the price decline was not caused by Nasdaq's conduct, except for the price decline from 1:50:10 p.m. to 2:35 p.m.

4. Accordingly, pursuant to this Plan of Allocation, only those Class Members who engaged in the transaction categories specified in paragraph 2(b) above, and who meet all other conditions of this Plan of Allocation, will be eligible to receive a distribution from the Net Settlement Fund. For the same reasons, Class Members generally will not have a Recognized Claim and will not receive a distribution from the Net Settlement Fund for those transactions in which they purchased Facebook common stock on May 18, 2012, and sold before 1:50:10 p.m., except for those transactions for which the confirmations of purchase were delayed as specified in paragraph 2(b)(ii).

5. As described herein, the Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount that a Settlement Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to this Plan of Allocation. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. All payments made to Authorized Claimants from the Net Settlement Fund pursuant to this Plan of Allocation shall be made in United States Dollars (\$).

6. The Benchmark Price is the price to be used in calculating the Authorized Claimants' Recognized Claims. The Benchmark Price shall be the Volume Weighted Average Price ("VWAP") of Facebook common stock between 1:50:10 p.m. and 2:35 p.m. on May 18, 2012 used in the Accommodation Plan. The VWAP has been independently verified by Plaintiffs' Co-Lead Counsel's experts.

#### Category I

**Calculation of Recognized Claim for Pre-Opening Orders to sell Facebook common stock at a price of \$42 or less that did not execute or that executed later in the day at a price less than \$42.**

<sup>2</sup>All references to time in this Plan of Allocation with respect to orders for Facebook common stock entered or executed on behalf of Class Members on May 18, 2012 shall be construed as U.S. Eastern Time.

7. For each share of Facebook common stock for which an Authorized Claimant placed a valid and timely sell order eligible for execution in the opening Cross at a price of \$42 or less and that order either (1) was cancelled by Nasdaq and did not result in an executed sale, or (2) resulted in an executed sale after 1:50:10 p.m. on May 18, 2012 for a price less than \$42, the Recognized Claim is: (1) in the case of sell orders that were cancelled and did not execute, the difference between \$42 and the Benchmark Price of \$40.527, or \$1.473 per share; or (2) in the case of sell orders executed at or after 1:50:10 p.m., the difference between \$42 and the actual sales price per share, excluding commissions and other charges. (NOTE: if the Claimant sold shares at a price higher than \$42 per share, then the Claimant shall have no Recognized Claim with respect to such sales.)

### **Category II**

#### **Calculation of Recognized Claim for Pre-Opening Orders to purchase Facebook common stock that were executed in the opening Cross at a price of \$42 but for which confirmations were not delivered until later in the day.**

8. For each share of Facebook common stock for which an Authorized Claimant placed a valid and timely purchase order eligible for execution in the opening Cross and which order was executed at the opening price of \$42 but for which Nasdaq did not deliver a confirmation of purchase until later in the day, the Recognized Claim is (i) \$1.473 per share (the difference between \$42.00 and the Benchmark Price), except (ii) in the case of shares sold before the delayed delivery of confirmations at 1:50:10 p.m. on May 18, 2012, in which case the Recognized Claim is the difference between \$42 and the actual sales price per share, excluding commissions and other charges. If the Claimant sold the shares after 1:50:10 p.m. on May 18, 2012, or still holds the shares, the Recognized Claim is limited to \$1.473 per share. (NOTE: The Accommodation Plan had certain requirements that served to limit compensation with respect to purchase orders executed in the opening Cross. This Plan of Allocation does not contain such Accommodation Plan requirements or limitations.)

### **Category III**

#### **Calculation of Recognized Claim for continuous market purchases of Facebook common stock executed before 1:50:10 p.m. on May 18, 2012.**

9. For each share of Facebook common stock purchased by an Authorized Claimant before 1:50:10 p.m. on May 18, 2012 other than shares covered by Category II: (1) in the case of shares that were sold before 1:50:10 p.m., the Recognized Claim is zero; (2) in the case of shares sold between 1:50:10 p.m. and 2:35 p.m., the Recognized Claim is the difference between the purchase price and the sales price per share, excluding commissions and other charges; (3) in the case of shares sold between 2:35 p.m. and the close of trading on May 18, 2012, the Recognized Claim is the lesser of the loss upon sale (excluding commissions or other charges) or the difference between the purchase price (excluding commissions or other charges) and \$40.527 per share (the Benchmark Price); and (4) in the case of shares sold after the close of trading or still held, the Recognized Claim is limited to the difference between the purchase price (excluding commissions or other charges) and \$40.527 per share (the Benchmark Price). (NOTE: Authorized Claimants who placed pre-Opening purchase orders and who were not sent timely confirmations of purchase must claim under Category II, above. All other Authorized Claimants who purchased Facebook common stock before 1:50:10 p.m. on May 18, 2012, may claim under Category III. There is no Recognized Claim under Category III with respect to shares of Facebook common stock that were purchased after 1:50:10 p.m. on May 18, 2012.)

### **Additional Recognized Claim Guidelines**

10. All Recognized Claims shall be reduced dollar-for-dollar by any compensation or reimbursement related to transactions in Facebook common stock on May 18, 2012 paid to the Authorized Claimant by the claimant's brokerage firm or by a Nasdaq Stock Market member firm. For Recognized Claims in more than one category, the reduction shall be applied *pro rata* based on the amounts of the Recognized Claims in each category.

11. All Authorized Claimants must submit a Proof of Claim form, fully filled-out, and accompanied by documentation, such as trade orders, trade confirmations and account statements, sufficient to show all trade orders entered and all purchase and sale transactions executed in Facebook common stock on May 18, 2012, including the time of day at which the orders were entered, the trades were executed or the confirmations were delivered. If the claimant does not have the required documentation, the claimant must request it from the claimant's brokerage firm. Neither Plaintiffs' Co-Lead Counsel nor the Claims Administrator shall have any responsibility to obtain documentation on behalf of claimants.

12. In the event that a Class Member made more than one purchase or sale of Facebook common stock on May 18, 2012, all purchases and sales shall be matched on a First In First Out ("FIFO") basis.

13. If a Class Member had a gain from his, her or its overall transactions in Facebook common stock on May 18, 2012, the value of the Recognized Claim will be zero. If a Class Member suffered an overall loss on his, her or its overall transactions in Facebook common stock on May 18, 2012, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be reduced to the amount of the actual loss. For Recognized Claims in more than one category, the reduction shall be applied *pro rata* based on the amounts of the Recognized Claims in each category.

14. For purposes of determining whether a Class Member had a gain from his, her or its overall transactions in Facebook common stock on May 18, 2012, the Claims Administrator shall: (i) total the amount paid for all Facebook common stock purchased on May 18, 2012 by the claimant (the "Total Purchase Amount"); (ii) total the amount received for sales of Facebook common stock on May 18, 2012 (the "Sales Proceeds"); (iii) ascribe a \$38.2318 per common share holding value for the number of shares of

Facebook common stock purchased on May 18, 2012 and still held at the close of trading (“Holding Value”). The Holding Value is the closing price of Facebook common stock on May 18, 2012. The difference between (i) the Total Purchase Amount and (ii) the sum of the Sales Proceeds and Holding Value, will be deemed a claimant’s gain or loss on his, her or its overall transactions in Facebook common stock on May 18, 2012.

15. The Net Settlement Fund shall be divided into three pools by claim category. Initially, the Category I Pool shall consist of 50% of the Net Settlement Fund, the Category II Pool shall consist of 40% of the Net Settlement Fund and the Category III Pool shall consist of 10% of the Net Settlement Fund. In the event that all Category I Recognized Claims are paid in full, the remaining balance of the Category I pool shall be transferred to the Category II pool until all Category II Recognized Claims are paid in full. Conversely, if all Category II Recognized Claims are paid in full the remaining balance of the Category II pool shall be transferred to the Category I pool until all Category I Recognized Claims are paid in full. When all Category I and II Recognized Claims are paid in full, all remaining balances shall be transferred to the Category III pool. In the event that all Recognized Claims in each category pool are paid in full, the remaining Net Settlement Fund shall be distributed to all Authorized Claimants on a *pro rata* basis according to their respective Recognized Claims.

16. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund category pool corresponding to the claimant’s claim category and based on the claimant’s Recognized Claim compared to the Total Recognized Claims of all Authorized Claimants for that pool. The *pro rata* shares shall be determined by multiplying each Authorized Claimant’s “Recognized Claim” by a fraction, the numerator of which shall be the amount of the Net Settlement Fund category pool and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants for that pool. Class Members who do not submit acceptable Proof of Claim forms will not share in the Settlement proceeds, but will nevertheless be bound by the Settlement and the Court’s Order and Final Judgment.

17. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund, by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Net Settlement Fund six months after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions and who would receive, based on their Recognized Claims, a *pro rata* share of at least \$25.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If, six (6) months after such re-distribution, any funds remain in the Net Settlement Fund, then such balance shall be contributed to a non-sectarian, not-for-profit, 501(c)(3) organization proposed by the parties and approved by the Court.

18. Lead Plaintiffs, the Nasdaq Defendants, their respective counsel, and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund or any portion thereof, the Plan of Allocation or the determination, administration, calculation or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

#### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you entered retail pre-market or aftermarket orders to purchase and/or sell the common stock of Facebook, Inc., on May 18, 2012 for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person for whom or which you entered such order(s) during such time period, or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to each person for whom or which you entered such order(s) during such time period. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*In re Facebook, Inc., IPO Securities Litigation*  
Attn: Fulfillment Department  
c/o A.B. Data, Ltd.  
3410 West Hopkins Street  
P.O. Box 170999  
Milwaukee, WI 53217  
866-561-6065  
[fulfillment@abdata.com](mailto:fulfillment@abdata.com)

Dated: New York, New York  
June 25, 2015

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/s/  
Honorable Robert W. Sweet  
United States District Judge