

EXHIBIT 66

UNREDACTED VERSION OF DOCUMENT SOUGHT TO BE LODGED UNDER SEAL

From: Mike Vernal </O=THEFACEBOOK/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MVERNAL>
Sent: Friday, October 26, 2012 3:38 PM
To: Mike Vernal; Justin Osofsky; Mark Zuckerberg; Sheryl Sandberg; Sam Lessin; Douglas Purdy; Dan Rose
Subject: Message summary [id.100426086786923]

Mark Zuckerberg:

>As a concrete action item for this, I'd love to go to our top 100 non-canvas developers and ask them how much more valuable or engaged their Facebook connected users are than non-connected users. Once we have this data, we can try to see if any interesting trends emerge.

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>How quickly do you think we can do this exercise?

Samuel Lessin:

>I think it is hard to do an assessment of the value of "connected" users vs. non-connected users because everything I have heard (and what makes intuitive sense to me) is that the extra value of Facebook connected users today is far more about correlation than causation. So yes, those that are connected to Facebook are worth x% more, but that is not "because" they are connected to Facebook and not, as a result something we can meaningfully "tax"

Justin Osofsky:

>While I agree that there are issues around correlation vs. causation, I think that it will be a useful exercise for a couple of reasons. It will be helpful to understand:

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>(i) the proportion of top developers that can immediately offer a perspective on the value of FB-connected vs. non-connected users. Developers will definitely be able to articulate the value of FB as a distribution platform (e.g., "FB drives x% of referral traffic or xK installs"). However, it will be useful to get insight into how many developers evaluate the value of FB users beyond those top-line distribution metrics.

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>(ii) the ways in which developers measure value. As we develop potential options to align economically, it will be important to be able to put ourselves in their shoes. We'll likely hear quite different framings of the value of FB users. For instance, Daniel Ek has stated that FB-connected users are 3x more likely to convert to paid subscribers while TripAdvisor focuses on FB users being 27% more engaged and 2x more likely to contribute content.

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>We actively work with a bit over half of the top 100 non-canvas developers (we don't currently engage with developers like Birthdays, eBuddy, etc.). We'll reach out to those developers and should have initial data to discuss by mid-next week.

Michael Vernal:

>I would submit there are two exercises we could/should do:

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>1/ What is the marginal value of a Facebook user vs. a non-Facebook user? Doing a solid, comprehensive analysis might take a very long time, so we might have to start with anecdotal data and go from there.

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>2/ What value do we get today from Identity as a loss-leader for our Advertising business? My intuition is that this should be an entryway to our revenue businesses, but we should be able to better quantify that. I think we could classify our advertisers into "potential developers" vs. not, and we could then try to understand if having Facebook Connect helps (or even hurts) their revenue spend with us.

Michael Vernal:

>Whoops, simul-post.

Mark Zuckerberg:

>Sure, I think doing that second analysis would be helpful too.

Mark Zuckerberg:

>The only other alternative approach I can think of is pursuing Dan's idea of 100 deals (fewer to start) as a path to figuring out the real market value and then setting a public rate. The goal here wouldn't be the deals themselves, but that through the process of negotiating them we'd learn what developers would actually pay (which might be different from what they'd say if we just asked them about the value), and then we'd be better informed on our path to set a public rate.

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>The reason I'm somewhat optimistic about this is that we basically did this with payments. We developed a theory for what we thought we should charge, then we got our biggest partners on board and then finally we made it public and got everyone on board. That could work here as well.

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>If we did this, I'd recommend beginning to negotiate some of these deals with 3-5 companies while also reaching out to all top developers to get their anecdotal sense of the value we're providing them.

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>Does that make sense?

Samuel Lessin:

>I am very in favor of deals, I am extremely skeptical that we will be able to extend from deals to a generic answer

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>-- just as I would argue that with payments we ended up in a local maxima for games, but missed / are missing the larger frame.

Mark Zuckerberg:

>I don't understand your response about games. I'm not suggesting we have one rate for everyone. I'm suggesting we have different revenue shares for different categories.

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>Do you think we're at a local maximum for games or for payments overall since we only did games?

Samuel Lessin:

>I don't think we are at a local maxima for canvas games currently with payments.

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>I think we are at a local maxima for payments overall.

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>I also think that there are tons of things we could / should want to provide to games in the future that make us more valuable to games than 30%...

Daniel Rose:

>The reason I'm advocating for deals is that I think there's a big difference between starting a platform with monetization in place vs introducing it after 5 years. If we were starting with a new platform, we could do whatever we want. Given our situation, I prefer to iterate our way into the model by getting large devs signed-up first.

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>Our policies have always said that you have to have a deal with us if you're big, so we are not changing the rules on large devs by doing this.

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>We will learn a lot from these negotiations. I would start with 5-10 devs and go from there.

Michael Vernal:

>I think doing deals first is a good tactic either way and I'd be in favor of doing that.

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>I think it's worth us having a philosophy around these deals (eg, rev share, data reciprocity, etc.) before/aw we do these deals so that we generally have a consistent template for deals.

Mark Zuckerberg:

>Sam: I agree we're at a local maximum for payments, but I think what I'm suggesting breaks out of that cycle rather than perpetuates it by charging different amounts for different categories.

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>I guess what I'm arguing is that the best equilibrium here is we find a consistent rate per category. I definitely don't think it's optimal to charge one rate for all developers (what we're doing now), nor do I think it's optimal to give up on being able to charge a fixed rate per category and resort to having this only be a loss leader or essentially shutting down platform and only working with a small number of companies. Having a different fixed rate for a bunch of different categories seems like the best option to me.

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>I do think Dan's approach of doing some deals to figure out the right set of rates is reasonable, but I'd do that as part of the path to having a public rate rather than just to do the deals themselves.

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>Separately, for what it's worth, I think we generally get 40-50% of the revenue from games including ads, not just 30%.

Douglas Purdy:

>In general, I am not a fan of per partner opaque deals as this is counter to the notion of a platform that treats developer equally. That said, I feel like we have the cost side of the equation nailed down, but we are flying blind on the value side. As such, I think exploring deals with some top devs will give us the data we need to resolve the 'profit/loss leader' question we are circling around.

Douglas Purdy:

>My biggest concern with this approach is that it may be hard to generalize the results into a program that is simple and transparent for the entire developer audience, but we can cross that bridge when we come to it with data in hand.

Daniel Rose:

>We get ~45% of revenue from canvas games if you include payments, canvas ads and developer ad spend.

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>I think we will get to a standard rev-share on payments and ad network by category. We can get to answer on that pretty quickly (though let's keep in mind that we don't have these products built to scale yet).

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>I don't think we'll be able to convince developers to pay us for every user who signs-up w FB. If we try to enforce that regime, I believe most developers will unplug from our platform. If we want to try to negotiate for this, we should choose devs whom we would be most comfortable losing. If you disagree with me, let's ask Kevin how he would respond if he was still independent and we approached him with this proposal.

Mark Zuckerberg:

>Dan: to be clear, what I'm proposing is that developers would have to pay the max of their API costs or some negotiated revenue share per user. Since Instagram makes no money, they'd just be covering some multiple of the API cost and I bet they'd be willing to do this. The real question is what revenue share we'd try to get from them when they do try to make money, and that's where it gets tricky. Ultimately though, I bet they'd give us 20% of the revenue for FB connected users. I'll ask Kevin about this, but my guess is his answer will be heavily influenced by how the question is asked.

Mark Zuckerberg:

>It seems like we're converging on trying to do deals with the top 5 companies as an immediate next step for figuring out our value.

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>To do this, I'd suggest the following:

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>- We need to identify which five companies these are.

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>- We should get clear on our hypothesis of what we want to get these folks to agree to give us in these deals. It can be a bit different on a company by company basis.

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>- Finally, while I agree this will help us determine whether we provide enough value for this to be a profit center vs a loss leader, I think we need to go into this with the assumption that it can be a profit center and let that hypothesis be disproven if developers won't take that deal.

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>Make sense?

Daniel Rose:

>Justin & I will bring the list of top developers to our next weekly meeting on Monday with a strawman proposal for deals that we should try to sign with them.

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>I agree with you that the answer we get depends on the way that we ask it. Let's discuss this in the specifics of the deals that we're trying to sign.

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>I'd love to hear Kevin's input since he will give us the most honest answer. Should we invite him to the meeting?

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>I personally believe that we can make a lot of money from platform, but I prefer a model where we use platform to make our payments, ad network and ad system more compelling to developers (including a requirement to use them) vs. taxing developers for every user that connects or charging developers for api access.

Mark Zuckerberg:

>Adding Sheryl since she's interested in this.