

EXHIBIT III

Exhibit III
Torres Social Graph Valuation
Q3'14-Q2'15 Facebook Revenues and Expenses
Including Research & Development Expenses

Annual Profit Calculation

Facebook Average Quarterly Advertising Revenue, US and Canada (\$ mil) ¹ [A]	Ratio of US to US and Canada Population ² [B]	US Ad. Revenue per Quarter (\$ mil) [C] = [A] * [B]	Average Expenses as a Percentage of Revenue ³ [D]	Annual Profit (\$ mil) [E] = (4*[C]) * (1-[D])
1,622	89.96%	1,459	67%	1,910

Social Graph Valuation

Year	Annual Profit (\$ mil)	Discount Factor ⁴	Discounted Value (\$ mil) ⁵
1	1,910	0.8427	1,609
2	1,910	0.7102	1,356
3	1,910	0.5985	1,143
4	1,910	0.5044	963
5	1,910	0.4251	812
6	1,910	0.3582	684
7	1,910	0.3019	577
8	1,910	0.2544	486
Total Value:			7,631

Notes:

1. Average of Q3'14-Q2'15 advertising revenue, US and Canada as presented in Exhibit 1.
2. See Torres Report, footnote 66.
3. Average of Q3'14-Q2'15 total expenses as a % of revenue as presented in Exhibit 1.
4. Calculated as $1/(1+r)^n$, where r is the 18.66% discount rate calculated by Dr. Torres and n is the number of years. See Torres Report, ¶42 and Exhibit 1.
5. Annual profit (\$ mil) * discount factor.

Sources:

1. Facebook, Inc. Form 10-K 2014. Retrieved from SEC EDGAR website <http://www.sec.gov/edgar.shtml>.
2. Facebook, Inc. Form 10-Q 2014-2015. Retrieved from SEC EDGAR website <http://www.sec.gov/edgar.shtml>.
3. Report of Fernando Torres In Support of Plaintiffs' Motion for Class Certification, *Matthew Campbell and Michael Hurley et al. v. Facebook, Inc.*, Case No. C 13-05996 PJH (MEJ), United States District Court, Northern District of California, November 13, 2015.