

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

TIMELINES, INC.)	
)	
Plaintiff,)	
)	
v.)	Civil Action No.: 11 CV 6867
)	
FACEBOOK, INC.)	HONORABLE JOHN W. DARRAH
)	
Defendant.)	

DECLARATION OF SUSAN LI IN SUPPORT OF FACEBOOK, INC.'S MOTION *IN LIMINE* TO PROTECT FROM PUBLIC DISCLOSURE HIGHLY CONFIDENTIAL DATA CONTAINED IN TWO SPREADSHEETS PRODUCED BY FACEBOOK

I, Susan Li, declare:

1. I am an employee of Defendant Facebook, Inc. My title is Finance Manager. I submit this declaration in support of Facebook's motion *in limine* to protect from public disclosure highly confidential data contained in two spreadsheets produced by Facebook. I declare that the following statements are true to the best of my knowledge, information, and belief. If called upon to testify, I could and would competently testify thereto.

2. In response to certain document requests propounded by Plaintiff Timelines, Inc. ("Plaintiff") in this case, Facebook produced two spreadsheets identified as Bates Nos. FB_TL_00011912 and FB_TL_00011919 ("the Spreadsheets"). The Spreadsheets contain very granular data relating to clicks, impressions, and revenue associated with advertising appearing on Facebook's profile/timeline page.

3. Facebook keeps the information contained in the Spreadsheets confidential. In the ordinary course of business, access to the Spreadsheets is limited to a small group of fewer than

thirty employees who focus on revenue analytics. Information from the Spreadsheets is shared with other employees only as needed in connection with their job responsibilities.

4. As is customary for public companies, before deciding to disclose categories of financial documents publicly, Facebook undertakes a multi-step process of review and approval.

5. Facebook offers advertisers the ability to choose from two primary types of advertising models: the cost per click (“CPC”) model or the cost per impression (“CPM”) model. When an advertisement is shown to a Facebook user, it is called an “impression.” When a Facebook user clicks on an advertisement, the user is taken to a destination URL or “landing page,” which is commonly the advertiser’s website. This action of selecting an ad is called a “click.” Advertisers bid to display ads on Facebook by specifying the maximum CPC or CPM the advertiser is willing to pay and a daily budget it will not exceed. In addition, Facebook offers a variety of specific ad products and packages that help advertisers tailor their Facebook advertising campaigns to their specific marketing goals.

6. The following information, excerpted from Facebook’s Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed February 1, 2013 with the Securities and Exchange Commission (“Form 10-K”), which is attached hereto as Exhibit A, is relevant to assessing the competitive harm that disclosing the Spreadsheets could cause to Facebook:

- a. We face significant competition in every aspect of our business, including from companies that enable marketers to display personalized advertising. The businesses we compete with include, among others, traditional and online businesses that provide media for marketers to reach their audiences and/or develop tools and systems for managing and optimizing advertising campaigns.
(Form 10-K at p. 10)

b. The substantial majority of our revenue is currently generated from third parties advertising on Facebook. For 2012, 2011, and 2010, advertising accounted for 84% , 85% and 95% , respectively, of our revenue. As is common in the industry, our marketers do not have long-term advertising commitments with us. Many of our marketers spend only a relatively small portion of their overall advertising budget with us. In addition, marketers may view some of our products as experimental and unproven. Marketers 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 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 ... our inability to increase advertiser demand, which affects pricing ... loss of advertising market share to our competitors, including if such competitors offer more integrated products ... changes in the way online advertising is priced ... 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, which may reduce the prices we receive for our ads, or cause marketers to stop advertising with us altogether, either of which would negatively affect our revenue and financial results. (Form 10-K at p. 14)

7. Should our competitors gain access to the Spreadsheets, they would be able to price their advertising offerings to our detriment and to their benefit.

I declare under penalty of perjury that the foregoing statements are true and correct.

Executed in Menlo Park, California this 4th day of March, 2013.



Susan Li