

Facebook Inc
Form PRE 14A
April 27, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant. Filed by a Party other than the Registrant.

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

Facebook, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY PROXY STATEMENT—SUBJECT TO COMPLETION

1601 Willow Road
Menlo Park, California 94025
May [•], 2016

To Our Stockholders:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (Annual Meeting) of Facebook, Inc. to be held at the Sofitel San Francisco Bay, located at 223 Twin Dolphin Drive, Redwood City, California 94065, on June 20, 2016, at 11:00 a.m. Pacific Time.

The matters expected to be acted upon at the meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and proxy statement.

You may cast your vote over the Internet, by telephone, or by completing and returning the enclosed proxy card in the postage-prepaid envelope to ensure that your shares will be represented. Your vote by proxy will ensure your representation at the Annual Meeting regardless of whether or not you attend in person. Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares in person.

We look forward to seeing you at the meeting.

Mark Zuckerberg
Chairman and Chief Executive Officer
Menlo Park, California

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 20, 2016: THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT www.proxyvote.com

PRELIMINARY PROXY STATEMENT—SUBJECT TO COMPLETION

Facebook, Inc.

1601 Willow Road

Menlo Park, California 94025

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 20, 2016

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Stockholders of Facebook, Inc. will be held at the Sofitel San Francisco Bay, located at 223 Twin Dolphin Drive, Redwood City, California 94065, on June 20, 2016, at 11:00 a.m. Pacific Time, for the following purposes:

1. To elect eight directors, all of whom are currently serving on our board of directors, each to serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

Marc L. Andreessen

Erskine B. Bowles

Susan D. Desmond-Hellmann

Reed Hastings

Jan Koum

Sheryl K. Sandberg

Peter A. Thiel

Mark Zuckerberg

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016.

3. To hold a non-binding advisory vote on the compensation program for our named executive officers as disclosed in this proxy statement.

4. To ratify our grant of restricted stock units (RSUs) to our non-employee directors during the year ended December 31, 2013.

5. To ratify our grant of RSUs to our non-employee directors during the years ended December 31, 2014 and 2015.

6. To approve our annual compensation program for non-employee directors.

7. To approve the adoption of our amended and restated certificate of incorporation (comprising four proposals).

8. To amend and restate our 2012 Equity Incentive Plan.

9. To consider and vote upon five stockholder proposals, if properly presented.

10. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

Only stockholders of record at the close of business on April 29, 2016 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Mark Zuckerberg

Chairman and Chief Executive Officer

Menlo Park, California

Whether or not you expect to attend the Annual Meeting, please vote via the Internet, by telephone, or complete, date, sign, and promptly return the accompanying proxy in the enclosed postage-paid envelope so that your shares may be represented at the meeting.

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Facebook, Inc.
1601 Willow Road
Menlo Park, California 94025
PROXY STATEMENT

May [•], 2016

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

1. What are proxy materials?

The accompanying proxy is delivered and solicited on behalf of the board of directors of Facebook, Inc., a Delaware corporation, in connection with the 2016 Annual Meeting of Stockholders (Annual Meeting) to be held at the Sofitel San Francisco Bay, located at 223 Twin Dolphin Drive, Redwood City, California 94065, on June 20, 2016, at 11:00 a.m. Pacific Time. The Notice of Internet Availability of Proxy Materials (Notice) and proxy statement and form of proxy are being distributed and made available on the Internet on or about May [•], 2016. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this proxy statement. This proxy statement includes information that we are required to provide to you under Securities and Exchange Commission (SEC) rules and is designed to assist you in voting your shares. The proxy materials include our proxy statement for the Annual Meeting, an annual report to stockholders, including our Annual Report on Form 10-K for the year ended December 31, 2015 (Annual Report), and the proxy card or a voting instruction card for the Annual Meeting.

2. Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with SEC rules, we may furnish proxy materials, including this proxy statement and our Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies.

Accordingly, we are sending the Notice to our stockholders of record and beneficial owners as of April 29, 2016, which is the record date.

3. How can I access the proxy materials over the Internet?

The Notice and proxy card or voting instruction card will contain instructions on how to view the proxy materials on the Internet, vote your shares on the Internet, and request electronic delivery of future proxy materials. An electronic copy of this proxy statement and Annual Report are available at www.proxyvote.com.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the environmental impact of printing and mailing these materials. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

4. I share an address with another stockholder. Why did we receive only one copy of the proxy materials and how may I obtain an additional copy of the proxy materials?

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for a Notice of Internet Availability of Proxy Materials or other annual meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other annual meeting materials addressed to those stockholders. This process, which is commonly referred to as "householding," is intended to provide extra convenience for stockholders and cost savings for companies.

A number of brokers with account holders who are our stockholders will be "householding" our proxy materials. A single Notice will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice, please notify your broker. Stockholders who have multiple accounts in their names or who share an address with other stockholders can request "householding" and authorize your broker to discontinue mailings of multiple annual reports and proxy statements by contacting your broker.

5. What items of business will be voted on at the Annual Meeting?

The items of business scheduled to be voted on at the Annual Meeting are:

- Proposal One: the election of eight directors;
- Proposal Two: the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016;
- Proposal Three: a non-binding advisory vote on the compensation program for our named executive officers as disclosed in this proxy statement;
- Proposal Four: the ratification of our grant of restricted stock units (RSUs) to our non-employee directors during the year ended December 31, 2013;
- Proposal Five: the ratification of our grant of RSUs to our non-employee directors during the years ended December 31, 2014 and 2015;
- Proposal Six: the approval of our annual compensation program for non-employee directors;
- Proposal Seven: the approval of the adoption of our amended and restated certificate of incorporation (comprising four proposals);
- Proposal Eight: the approval of the amendment and restatement of our 2012 Equity Incentive Plan;
- Proposal Nine: a stockholder proposal regarding change in stockholder voting;
- Proposal Ten: a stockholder proposal regarding an annual sustainability report;
- Proposal Eleven: a stockholder proposal regarding a lobbying report;
- Proposal Twelve: a stockholder proposal regarding an international public policy committee; and
- Proposal Thirteen: a stockholder proposal regarding a gender pay equity report.

The five stockholder proposals (Proposals Nine through Thirteen) are hereinafter referred to as the "Stockholder Proposals." Other than the proposals described in this proxy statement, we are not aware of any other business to be acted upon at the Annual Meeting.

6. How does the board of directors recommend I vote on these proposals?

- "FOR" the election of each director nominee;
- "FOR" the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016;
- "FOR" the approval of the compensation program for our named executive officers;
- "FOR" the ratification of our grant of RSUs to our non-employee directors during the year ended December 31, 2013;
- "FOR" the ratification of our grant of RSUs to our non-employee directors during the years ended December 31, 2014 and 2015;
- "FOR" the approval of our annual compensation program for non-employee directors;
- "FOR" the approval of the adoption of our amended and restated certificate of incorporation (comprising four proposals);
- "FOR" the approval of the amendment and restatement of our 2012 Equity Incentive Plan; and
- "AGAINST" each of the five Stockholder Proposals (Proposals Nine through Thirteen).

7. Who is entitled to vote at the Annual Meeting?

Only holders of record of our Class A common stock and Class B common stock at the close of business on April 29, 2016, which is the record date, will be entitled to vote at the Annual Meeting. At the close of business on April 29, 2016, we had [•] shares of Class A common stock outstanding and [•] shares of Class B common stock outstanding and entitled to vote. Holders of our Class A common stock are entitled to one vote for each share held as of the above record date. Holders of our Class B common stock are entitled to ten votes for each share held as of the above record date. Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters described in this proxy statement. In addition, the holders of the shares of Class B common stock will vote as a separate class on the proposal to approve the adoption of our amended and restated certificate

of incorporation because certain of the proposed amendments to our existing restated certificate of incorporation may be deemed to have an adverse effect on the rights of the shares of Class B common stock.

A quorum is required for our stockholders to conduct business at the Annual Meeting. A quorum exists for Proposal One through Proposal Six, Proposal Eight, and each of the Stockholder Proposals, if stockholders holding at least a majority of the voting power of the shares of our Class A common stock and Class B common stock (voting together as a single class) entitled to vote are present at the Annual Meeting in person or represented by proxy. A quorum exists for Proposal Seven (comprising Proposal 7A, 7B, 7C, and 7D) if stockholders holding at least a majority of the voting power of the shares of our Class A common stock and Class B common stock (voting together as a single class) entitled to vote, and if stockholders holding at least a majority of the voting power of the shares of our Class B common stock (voting as a single class) entitled to vote, are present at the Annual Meeting in person or represented by proxy.

Dissenters' rights are not applicable to any of the matters being voted upon at the Annual Meeting.

Registered Stockholders. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A. (Computershare), you are considered the stockholder of record with respect to those shares, and the Notice was provided to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

Beneficial Stockholders. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name" and the Notice was forwarded to you by your broker or nominee, who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you follow your broker's procedures for obtaining a legal proxy. If you request a printed copy of the proxy materials by mail, your broker or nominee will provide a voting instruction card for you to use.

8. What votes are required to approve each of the proposals?

For Proposal One, directors will be elected by a plurality of the votes of the shares of our Class A common stock and Class B common stock (voting together as a single class) present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors, which means that the eight nominees receiving the highest number of affirmative votes will be elected.

Approval of Proposals Two through Six, approval of Proposal Eight, and approval of the Stockholder Proposals requires the affirmative "FOR" vote of a majority of the voting power of the shares of our Class A common stock and Class B common stock (voting together as a single class) properly cast "FOR" or "AGAINST" such proposal.

Approval of Proposal Seven, which is comprised of Proposals 7A, 7B, 7C, and 7D, requires the affirmative "FOR" vote of (i) the holders of a majority of the voting power of our Class A common stock and Class B common stock outstanding as of the record date (voting together as a single class) and (ii) the holders of a majority of the voting power of our Class B common stock outstanding as of the record date (voting as a single class). Each of the proposals comprising Proposal Seven is cross-conditioned upon the approval by our stockholders of all of the proposals comprising Proposal Seven. None of Proposal 7A, 7B, 7C, or 7D will be deemed approved unless all of them are approved. The approval of each of the proposals comprising Proposal Seven shall constitute the requisite approval of the adoption of our amended and restated certificate of incorporation as required by Delaware law.

9. How are broker non-votes and abstentions counted?

A broker non-vote occurs when shares held by a broker are not voted with respect to a particular proposal because the broker does not have discretionary authority to vote on the matter and has not received voting instructions from its clients. If your broker holds your shares in its name and you do not instruct your broker how to vote, your broker will only have discretion to vote your shares on "routine" matters. Where a proposal is not "routine," a broker who has not received instructions from its clients does not have discretion to vote its clients' uninstructed shares on that proposal. At our Annual Meeting, only the ratification of the appointment of our independent registered public accounting firm (Proposal Two) is considered a routine matter. All other proposals are considered "non-routine," and your broker will not have discretion to vote on these proposals.

Broker non-votes and abstentions by stockholders from voting (including brokers holding their clients' shares of record who cause abstentions to be recorded) will be counted towards determining whether or not a quorum is present.

However, because broker non-votes and abstentions are not voted affirmatively or negatively, they will have no effect on the approval of any of the proposals,

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except for Proposal Seven (comprising Proposal 7A, 7B, 7C, and 7D) regarding the adoption of our amended and restated certificate of incorporation, for which broker non-votes and abstentions will count as a vote "AGAINST" such proposal.

10. Can I vote in person at the Annual Meeting?

For stockholders with shares registered in the name of a brokerage firm or bank or other similar organization, you will need to obtain a legal proxy from the broker, bank, or other nominee that holds your shares before you can vote your shares in person at the Annual Meeting. For stockholders with shares registered directly in their names with Computershare, you may vote your shares in person at the Annual Meeting.

11. What do I need to do to attend the Annual Meeting in person?

Space for the Annual Meeting is limited. Therefore, admission will be on a first-come, first-served basis. Registration will open at 9:30 a.m. Pacific Time, and the Annual Meeting will begin at 11:00 a.m. Pacific Time.

Register in Advance

We encourage you to RSVP for the meeting and print your admission ticket at www.proxyvote.com. You will need the 16-digit control number printed on the proxy materials. On the day of the meeting you will be required to present a valid government photo identification along with the admission ticket. Please register by June 18, 2016.

Register at the Stockholder Meeting

To register at the meeting, please bring the following documents:

1. Valid government photo identification, such as a driver's license or passport; and

Beneficial stockholders holding their shares through a broker, bank, trustee, or other nominee will need to bring proof of beneficial ownership as of April 29, 2016, the record date, such as their most recent account statement reflecting their stock ownership prior to April 29, 2016, a copy of the voting instruction card provided by their broker, bank, trustee, or other nominee, or similar evidence of ownership.

Use of cameras, recording devices, computers, and other electronic devices, such as smart phones and tablets, will not be permitted at the Annual Meeting. Photography and video are prohibited at the Annual Meeting.

Please allow ample time for check-in. Parking may be limited. For security reasons, stockholders should be prepared to pass through metal detectors prior to entering the Annual Meeting. Please note that large bags and packages will not be allowed at the Annual Meeting. Persons will be subject to search.

12. Can I vote by telephone or Internet?

For beneficial stockholders with shares registered in the name of a brokerage firm or bank, a number of brokerage firms and banks are participating in a program that offers telephone and Internet voting options. Stockholders should refer to the voting instruction form provided by their brokerage firm or bank for instructions on the voting methods they offer. Registered stockholders with shares registered directly in their names with Computershare will also be able to vote using the telephone and Internet. If your shares are held in an account at a brokerage firm or bank participating in this program or registered directly in your name with Computershare, you may vote those shares by calling the telephone number specified on your proxy or accessing the Internet website address specified on your proxy instead of completing and signing the proxy itself. The giving of such a telephonic or Internet proxy will not affect your right to vote in person should you decide to attend the Annual Meeting. The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions, and to confirm that stockholders' instructions have been recorded properly.

The Notice provides information on how to access the proxy, which contains instructions on how to vote via the Internet or by telephone.

13. How will my proxy be voted?

The proxy accompanying this proxy statement is solicited on behalf of our board of directors for use at the Annual Meeting. Stockholders are requested to complete, date, and sign the accompanying proxy and promptly return it in the enclosed envelope. All signed, returned proxies that are not revoked will be voted in accordance with the instructions contained therein. Signed proxies that give no instructions as to how they should be voted on a particular proposal at the Annual Meeting will be voted in accordance with the recommendation of our board of directors set forth in this proxy statement: in the case of the election of directors, as a vote "FOR" the election of all nominees presented by the board of directors; in the case of the ratification of Ernst & Young LLP as our independent registered public accounting firm, as a vote "FOR" such ratification; in the case of the ratification of our grant of RSUs to non-employee directors during the year ended December 31, 2013, as a vote "FOR" such ratification; in the case of the ratification of our grant of RSUs to our non-employee directors during the years ended December 31, 2014 and 2015, as a vote "FOR" such ratification; in the case of the approval of our annual compensation program for non-employee directors, as a vote "FOR" such approval; in the case of the adoption of our amended and restated certificate of incorporation, as a vote "FOR" such approval (including each of the sub-proposals); in the case of the approval of the amendment and restatement of our 2012 Equity Incentive Plan, as a vote "FOR" such approval; and in the case of each of the five Stockholder Proposals, as a vote "AGAINST" each such proposal. In the event that sufficient votes for the proposals are not received by the date of the Annual Meeting, the persons named as proxies may propose one or more adjournments of the Annual Meeting to permit further solicitations of proxies. Any such adjournment would require the affirmative vote of the majority of the outstanding voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting, provided a quorum is present.

14. How do I change or revoke my proxy?

Any person signing a proxy in the form accompanying this proxy statement has the power to revoke it prior to the Annual Meeting or at the Annual Meeting prior to the vote pursuant to the proxy. A proxy may be revoked by a writing delivered to us stating that the proxy is revoked, by a subsequent proxy that is signed by the person who signed the earlier proxy and is delivered before or at the Annual Meeting, by voting again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), or by attendance at the Annual Meeting and voting in person. Please note, however, that if a stockholder's shares are held of record by a broker, bank or other nominee and that stockholder wishes to vote at the Annual Meeting, the stockholder must bring a legal proxy to the Annual Meeting.

15. Who will tabulate the votes?

We have designated a representative of the Veaco Group as the Inspector of Elections who will tabulate the votes.

16. How can I make proposals or make a nomination for director for next year's annual meeting?

You may present proposals for action at a future meeting or submit nominations for election of directors only if you comply with the requirements of the proxy rules established by the SEC and our amended and restated bylaws, as applicable. In order for a stockholder proposal or nomination for director to be considered for inclusion in our proxy statement and form of proxy relating to our annual meeting of stockholders to be held in 2017, the proposal or nomination must be received by us at our principal executive offices no later than [•], 2017. Stockholders wishing to bring a proposal or nominate a director before the annual meeting to be held in 2017 (but not include it in our proxy materials) must provide written notice of such proposal to our Secretary at our principal executive offices between February 20, 2017 and March 22, 2017 and comply with the other provisions of our amended and restated bylaws.

17. Who pays for the expenses of solicitation?

The expenses of soliciting proxies to be voted at the Annual Meeting will be paid by us. Following the original mailing of the proxies and other soliciting materials, we or our agents may also solicit proxies in person, by telephone, or email. Following the original mailing of the proxies and other soliciting materials, we will request that banks, brokers, custodians, nominees, and other record holders of our Class A common stock and Class B common stock forward copies of the proxy and other soliciting materials to persons for whom they hold shares of Class A common stock and Class B common stock and request authority for the exercise of proxies. We will reimburse banks, brokers, custodians, nominees, and other record holders for reasonable charges and expenses incurred in forwarding soliciting materials to their clients.

Stockholders voting via the telephone or Internet should understand that there may be costs associated with telephonic or electronic access, such as usage charges from telephone companies and Internet service providers, which must be

borne by the stockholder.

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EXECUTIVE OFFICERS, DIRECTORS, AND CORPORATE GOVERNANCE

The following table provides information regarding our executive officers and directors as of March 31, 2016:

| Name | Age | Position(s) |
|---|-----|---|
| Mark Zuckerberg | 31 | Chairman and Chief Executive Officer |
| Sheryl K. Sandberg | 46 | Chief Operating Officer and Director |
| David M. Wehner | 47 | Chief Financial Officer |
| Christopher K. Cox | 33 | Chief Product Officer |
| David B. Fischer | 43 | Vice President, Business and Marketing Partnerships |
| Mike Schroepfer | 41 | Chief Technology Officer |
| Colin S. Stretch | 46 | Vice President and General Counsel |
| Marc L. Andreessen ⁽¹⁾⁽²⁾ | 44 | Director |
| Erskine B. Bowles ⁽¹⁾ | 70 | Director |
| Susan D. Desmond-Hellmann ^{*(1)} | 58 | Director |
| Reed Hastings ⁽²⁾ | 55 | Director |
| Jan Koum | 40 | Director |
| Peter A. Thiel ⁽²⁾ | 48 | Director |

*Lead Independent Director

(1) Member of the audit committee

(2) Member of the compensation & governance committee

Mark Zuckerberg is our founder and has served as our Chief Executive Officer (CEO) and as a member of our board of directors since July 2004. Mr. Zuckerberg has served as Chairman of our board of directors since January 2012. Mr. Zuckerberg attended Harvard University where he studied computer science. We believe that Mr. Zuckerberg should serve as a member of our board of directors due to the perspective and experience he brings as our founder, Chairman, and CEO, and as our largest and controlling stockholder.

Sheryl K. Sandberg has served as our Chief Operating Officer (COO) since March 2008 and as a member of our board of directors since June 2012. From November 2001 to March 2008, Ms. Sandberg served in various positions at Google, Inc., most recently as Vice President, Global Online Sales & Operations. Ms. Sandberg also is a former Chief of Staff of the U.S. Treasury Department and previously served as a consultant with McKinsey & Company, a management consulting company, and as an economist with The World Bank. In addition to serving as our COO, Ms. Sandberg has been a member of the board of directors of the Walt Disney Company since December 2009 and a director of SurveyMonkey since July 2015. Ms. Sandberg previously served as a member of the board of directors of Starbucks Corporation from March 2009 to March 2012. Ms. Sandberg holds an A.B. in economics from Harvard University and an M.B.A. from Harvard Business School. We believe that Ms. Sandberg should serve as a member of our board of directors due to the perspective and experience she brings as our COO.

David M. Wehner has served as our Chief Financial Officer (CFO) since June 2014. Mr. Wehner joined us in November 2012 as our Vice President, Corporate Finance and Business Planning. From August 2010 until November 2012, Mr. Wehner served as Chief Financial Officer at Zynga Inc., a provider of social game services. From February 2001 to July 2010, Mr. Wehner served in various positions at Allen & Company, an investment bank, including as a Managing Director from November 2006 to July 2010 and as a director from December 2005 to November 2006. Mr. Wehner holds a B.S. in Chemistry from Georgetown University and an M.S. in Applied Physics from Stanford University.

Christopher K. Cox has served in various positions with us since October 2005, most recently as our Chief Product Officer (CPO). Mr. Cox joined us as a software engineer and helped build the first versions of key Facebook features, including News Feed. Mr. Cox holds a B.S. in symbolic systems with a concentration in artificial intelligence from Stanford University.

David B. Fischer has served in various positions with us since April 2010, most recently as our Vice President, Business and Marketing Partnerships. From July 2002 to March 2010, Mr. Fischer served in various positions at Google, including most recently as its Vice President, Global Online Sales & Operations. Prior to joining Google, Mr.

Fischer served

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as Deputy Chief of Staff of the U.S. Treasury Department and was an associate editor at the U.S. News & World Report, L.P., a news magazine company. Mr. Fischer holds a B.A. in government from Cornell University and an M.B.A. from the Stanford University Graduate School of Business.

Mike Schroepfer has served in various positions with us since September 2008, most recently as our Chief Technology Officer (CTO). From December 2005 to August 2008, Mr. Schroepfer served as Vice President of Engineering at Mozilla Corporation, an Internet company. Prior to Mozilla, Mr. Schroepfer served in various positions at Sun Microsystems, Inc., an information technology company, including as Chief Technology Officer of its data center automation division. He also co-founded CenterRun, Inc., a developer of application provisioning software, which was acquired by Sun Microsystems. In addition to serving as our CTO, Mr. Schroepfer previously served as a member of the board of directors of Ancestry.com Inc. from January 2011 to December 2012. Mr. Schroepfer holds a B.S. and an M.S. in computer science from Stanford University.

Colin S. Stretch has served as our Vice President and General Counsel since July 2013 and was our Secretary from July 2013 to February 2016. Mr. Stretch first joined us in February 2010 as Deputy General Counsel. From 2002 to 2010, Mr. Stretch was a partner at Kellogg Huber Hansen Todd Evans & Figel, PLLC, a law firm. Earlier in his career, Mr. Stretch served as a law clerk for U.S. Supreme Court Justice Stephen Breyer and for Judge Laurence Silberman of the U.S. Court of Appeals for the D.C. Circuit. Mr. Stretch holds an A.B. in Government from Dartmouth College and a J.D. from Harvard Law School.

Marc L. Andreessen has served as a member of our board of directors since June 2008. Mr. Andreessen is a co-founder and has been a General Partner of Andreessen Horowitz, a venture capital firm, since July 2009. Previously, Mr. Andreessen co-founded and served as the Chairman of the board of directors of Opsware, Inc. (formerly known as Loudcloud Inc.), a software company. He also served as Chief Technology Officer of America Online, Inc., an Internet services company. Mr. Andreessen was a co-founder of Netscape Communications Corporation, a software company, serving in various positions, including Chief Technology Officer and Executive Vice President of Products. In addition to serving on our board of directors, Mr. Andreessen currently serves as a member of the boards of directors of the Hewlett-Packard Enterprise Company and several private companies. Mr. Andreessen previously served as a member of the boards of directors of eBay Inc. from September 2008 to October 2014 and Hewlett-Packard Company from September 2009 to October 2015. Mr. Andreessen holds a B.S. in computer science from the University of Illinois at Urbana-Champaign. We believe that Mr. Andreessen should serve as a member of our board of directors due to his extensive experience as an Internet entrepreneur, venture capitalist, and technologist.

Erskine B. Bowles has served as a member of our board of directors since September 2011. Mr. Bowles is President Emeritus of the University of North Carolina and served as President from January 2006 through December 2010. Mr. Bowles has also been a Senior Advisor and non-executive vice chairman of BDT Capital Partners, LLC, a private investment firm, since January 2012. From February 2010 until December 2010, he served as Co-Chair of the National Commission on Fiscal Responsibility and Reform. Mr. Bowles was Managing Director of Carousel Capital LLC, a private investment firm, from 1999 to 2001, and was a Senior Advisor for the firm from 2001 to 2015. He was also a partner of Forstmann Little & Co., an investment firm, from 1999 to 2001. Mr. Bowles began his career in corporate finance at Morgan Stanley & Co. LLC and subsequently helped found and ultimately served as Chairman and Chief Executive Officer of Bowles Hollowell Connor & Co., an investment banking firm. He also was a founder of Kitty Hawk Capital, a venture capital firm. Mr. Bowles served as White House Chief of Staff from 1996 to 1998 and Deputy White House Chief of Staff from 1994 to 1995. In addition to serving on our board of directors, Mr. Bowles currently serves as a member of the boards of directors of Morgan Stanley and Norfolk Southern Corporation. Mr. Bowles also served as a member of the board of directors of General Motors Company from June 2005 to April 2009, Cousins Properties Incorporated from August 2003 to May 2012, and Belk, Inc. from May 2011 to November 2015. Mr. Bowles holds a B.S. in business from the University of North Carolina at Chapel Hill and an M.B.A. from Columbia University Graduate School of Business. We believe that Mr. Bowles should serve as a member of our board of directors due to his extensive experience in the financial services industry and academia as well as his distinguished public service.

Susan D. Desmond-Hellmann has served as a member of our board of directors since March 2013. Dr. Desmond-Hellmann has served as the Chief Executive Officer of the Bill & Melinda Gates Foundation since May

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2014. Prior to the Bill & Melinda Gates Foundation, Dr. Desmond-Hellmann was the Chancellor and Arthur and Toni Rembe Rock Distinguished Professor, University of California, San Francisco (UCSF), where she served since August 2009. From 2004 through 2009, Dr. Desmond-Hellmann served as President of Product Development at Genentech, where she was responsible for pre-clinical and clinical development, business development, and product portfolio management. She joined Genentech in 1995. Prior to joining Genentech, Dr. Desmond-Hellmann was associate director of clinical cancer research at Bristol-Myers Squibb Pharmaceutical Research Institute. In addition to serving on our board of directors, Dr. Desmond-Hellmann

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currently serves as a member of the board of directors of The Procter & Gamble Company. Dr. Desmond-Hellmann holds a B.S. in Pre-Med and an M.D. from the University of Nevada, Reno, and an M.P.H. from the University of California, Berkeley. We believe Dr. Desmond-Hellmann should serve as a member of our board of directors due to her extensive leadership and technology experience.

Reed Hastings has served as a member of our board of directors since June 2011. Mr. Hastings has served as the Chief Executive Officer and Chairman of the board of directors of Netflix, Inc., a provider of an Internet subscription service for movies and television shows, since 1999. Prior to Netflix, Mr. Hastings served as Chief Executive Officer of Technology Network, a political service organization for the technology industry. Mr. Hastings served as Chief Executive Officer of Pure Atria Software, a maker of software development tools, from 1991 until it was acquired by Rational Software Corporation in 1997. Mr. Hastings previously served as a member of the board of directors of Microsoft Corporation from March 2007 to November 2012. Mr. Hastings holds a B.A. in mathematics from Bowdoin College and an M.S.C.S. in computer science from Stanford University. We believe that Mr. Hastings should serve as a member of our board of directors due to his extensive experience with technology companies.

Jan Koum has served as a member of our board of directors since October 2014. Since February 2009, Mr. Koum has served and continues to serve as co-founder and Chief Executive Officer of WhatsApp Inc. (WhatsApp), a cross-platform mobile messaging application company and our wholly-owned subsidiary. Mr. Koum attended San Jose State University where he studied math and computer science. Mr. Koum left San Jose State University before achieving a degree. We believe that Mr. Koum should serve as a member of our board of directors due to the perspective and experience he brings as the co-founder and Chief Executive Officer of WhatsApp.

Peter A. Thiel has served as a member of our board of directors since April 2005. Mr. Thiel has served as President of Thiel Capital, an investment firm, since 2011, a Partner of Founders Fund, a venture capital firm, since 2005, and President of Clarium Capital Management, a global macro investment manager, since 2002. In 1998, Mr. Thiel co-founded PayPal, Inc., an online payment company, where he served as Chief Executive Officer, President, and Chairman of its board of directors from 2000 until its acquisition by eBay in 2002. Mr. Thiel holds a B.A. in Philosophy from Stanford University and a J.D. from Stanford Law School. We believe that Mr. Thiel should serve as a member of our board of directors due to his extensive experience as an entrepreneur and venture capitalist, and as one of our early investors.

Executive Officers

Our executive officers are designated by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Board of Directors

Our board of directors may establish the authorized number of directors from time to time by resolution. The current authorized number of directors is nine. Our current directors, if elected, will continue to serve as directors until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

Our board of directors held four meetings during 2015. No member of our board of directors attended fewer than 75% of the aggregate of the total number of meetings of the board of directors (held during the period for which he or she was a director) and the total number of meetings held by all committees of the board of directors on which such director served (held during the period that such director served). Members of our board of directors are invited and encouraged to attend each annual meeting of stockholders.

Board Leadership Structure

Mark Zuckerberg, our founder and CEO, serves as Chairman of our board of directors and presides over meetings of the board of directors, and holds such other powers and carries out such other duties as are customarily carried out by the Chairman of our board of directors. Mr. Zuckerberg brings valuable insight to our board of directors due to the perspective and experience he brings as our founder and CEO, and as our largest and controlling stockholder. Dr. Desmond-Hellman currently serves as our Lead Independent Director and presides over portions of regularly scheduled meetings at which only our independent directors are present, serves as a liaison between the Chairman and the independent directors, and performs such additional duties as the board of directors may otherwise determine and delegate. Generally, each regular meeting of our board of directors includes a meeting of our independent directors without management present.

Controlled Company Status

Because Mr. Zuckerberg controls a majority of our outstanding voting power, we are a "controlled company" under the corporate governance rules of the NASDAQ Stock Market LLC (NASDAQ). Therefore, we are not required to have a majority of our board of directors be independent, nor are we required to have a compensation committee or an independent nominating function. In light of our status as a controlled company, our board of directors has determined not to have an independent nominating function and to have the full board of directors be directly responsible for nominating members of our board.

In connection with the proposed reclassification described in Proposal Seven, we are amending our corporate governance guidelines to provide that we will not avail ourselves of the "controlled company" exemption with respect to the independence of the members of our compensation & governance committee. Therefore, we intend to continue to have a compensation & governance committee that is composed entirely of independent directors.

Director Independence

The rules of NASDAQ generally require that a majority of the members of a listed company's board of directors be independent. In addition, the listing rules generally require that, subject to specified exceptions, each member of a listed company's audit, compensation, and governance committees be independent. Although we are a "controlled company" under the corporate governance rules of NASDAQ and, therefore, are not required to comply with certain rules requiring director independence, we have nevertheless opted, under our corporate governance guidelines, to have a majority of the members of our board of directors be independent and to have a compensation & governance committee comprised solely of independent directors.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (Exchange Act). In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of NASDAQ. Our board of directors has also determined that Messrs. Andreessen and Bowles, and Dr. Desmond-Hellmann, who comprise our audit committee, and Messrs. Andreessen, Hastings, and Thiel, who comprise our compensation & governance committee, satisfy the independence standards for those committees established by applicable SEC rules, NASDAQ rules and applicable rules of the Internal Revenue Code of 1986, as amended (Code).

Classified Board

So long as the outstanding shares of our Class B common stock represent a majority of the combined voting power of common stock, we will not have a classified board of directors, and all directors will be elected for annual terms. As of the close of business on April 29, 2016, the outstanding shares of Class B common stock represented a majority of the combined voting power of our common stock.

However, our restated certificate of incorporation and our amended and restated bylaws provide that when the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of common stock, we will have a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. At such time, our directors will be assigned by the then-current board of directors to a class. Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which that term expires. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

In addition, when the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of our common stock and we have a classified board, only our board of directors may fill vacancies on our

board. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors.

The classification of our board of directors, if implemented, may have the effect of delaying or preventing changes in our control or management.

Board Committees

Our board of directors has established an audit committee and a compensation & governance committee, each of which have the composition and responsibilities described below. Members serve on these committees until their resignations or until otherwise determined by our board of directors. Each of these committees has a written charter. Current copies of the charters of the audit committee and compensation & governance committee are available on our website at <http://investor.fb.com/governance.cfm>.

From time to time, the board of directors may also establish ad hoc committees to address particular matters. In August 2015, our board of directors (with the employee directors abstaining) established a special committee (Special Committee) to review the proposal to amend our current restated certificate of incorporation as further described in "Proposal Seven—Approval of the Adoption of Our Amended and Restated Certificate of Incorporation." The Special Committee consists of independent directors Dr. Desmond-Hellman (Chairperson) and Messrs. Andreessen and Bowles.

Audit Committee

Our audit committee is comprised of Messrs. Andreessen and Bowles, and Dr. Desmond-Hellmann. Mr. Bowles is the chairman of our audit committee, is our audit committee financial expert, as that term is defined under SEC rules, and possesses financial sophistication as defined under the rules of NASDAQ. The designation does not impose on Mr. Bowles any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our board of directors has adopted a charter for our audit committee. As more fully described in its charter, our audit committee is directly responsible for, among other things:

- selecting the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- developing procedures to enable submission of anonymous concerns about accounting or auditing matters;
- considering the adequacy of our internal accounting controls and audit procedures;
- reviewing related party transactions;
- reviewing our legal compliance risk exposures and program for promoting and monitoring compliance with applicable legal and regulatory requirements;
- pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm; and
- overseeing our internal audit function.

During 2015, the audit committee met in person or by telephone, or acted by unanimous written consent, eight times.

Compensation & Governance Committee

Our compensation & governance committee is comprised of Messrs. Andreessen, Hastings, and Thiel. Mr. Hastings is the chairman of our compensation & governance committee. Each member of this committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined under Section

162(m) of the Code. Our board of directors has adopted a charter for our compensation & governance committee. As more fully described in its charter, our compensation & governance committee is responsible for, among other things:

- evaluating the performance of our executive officers;
- evaluating, recommending, approving and reviewing executive officer compensation arrangements, plans, policies and programs maintained by us;
- administering our equity-based compensation plans and our annual bonus plan;
- considering and making recommendations regarding non-employee director compensation;
- considering and making recommendations to our board of directors regarding its remaining responsibilities relating to executive compensation;
 - developing and recommending corporate governance guidelines and policies;
- overseeing the evaluation process for our board of directors and committees thereof;
- reviewing and granting proposed waivers of the code of conduct for executive officers; and
- advising our board of directors on corporate governance matters and board of director performance matters, including recommendations regarding the structure and composition of our board of directors and committees thereof.

The charter for our compensation & governance committee allows the committee from time to time to delegate its authority to subcommittees and to our officers, as it may be deemed necessary or appropriate. In December 2013, our compensation committee (which was the predecessor to our compensation & governance committee) authorized the formation and delegation of certain authority to an equity subcommittee, which is now a subcommittee of the compensation & governance committee. The current members of the equity subcommittee are Ms. Sandberg and Mr. Wehner, and the members, acting either individually or jointly, have the authority to review and approve restricted stock units (RSUs) to employees and consultants, other than to directors and our executive officers. The compensation & governance committee has not adopted a written charter for the equity subcommittee.

In connection with the reclassification discussed in Proposal Seven, we are amending our corporate governance guidelines to provide that we will not avail ourselves of the "controlled company" exemption with respect to the independence of the members of our compensation & governance committee. Therefore, we intend to continue to have a compensation & governance committee that is composed entirely of independent directors.

During 2015, the compensation & governance committee met in person or by telephone, or acted by unanimous written consent, ten times, which includes the separate meetings of the compensation and governance committees before the committees were combined in June 2015.

During 2015, the equity subcommittee of compensation & governance committee met in person or by telephone, or acted by unanimous written consent, fourteen times.

Policy Regarding Nominations

The policy of our board of directors is to encourage the selection of directors who will contribute to our mission to make the world more open and connected. Our board of directors is responsible for identifying and nominating members for election to our board of directors. The board of directors considers recommendations from directors, stockholders, and others as it deems appropriate, including our founder, Chairman, CEO, and controlling stockholder, Mr. Zuckerberg. Our board of directors may review from time to time the appropriate skills and characteristics desired of members of the board of directors, including the appropriate role of diversity. In evaluating potential candidates for nomination, our board of directors considers these factors in the light of the specific needs of the board of directors at that time and shall also consider advice and recommendations from our compensation & governance committee and from Mr. Zuckerberg.

The board of directors does not distinguish between nominees recommended by stockholders and other nominees. However, stockholders desiring to nominate a director candidate at the annual meeting must comply with certain procedures.

We explain the procedures for nominating a director candidate at next year's annual meeting in "Questions and Answers About the Proxy Materials and the Annual Meeting—How can I make proposals or make a nomination for director for next year's annual meeting?"

Board Role in Risk Oversight

Our board of directors as a whole has responsibility for overseeing our risk management. The board of directors exercises this oversight responsibility directly and through its committees. The oversight responsibility of the board of directors and its committees is informed by reports from our management team and from our internal audit department that are designed to provide visibility to the board of directors about the identification and assessment of key risks and our risk mitigation strategies. The full board of directors has primary responsibility for evaluating strategic and operational risk management, and for CEO succession planning. Our audit committee has the responsibility for overseeing our major financial and accounting risk exposures as well as legal and regulatory risk exposures. Our audit committee also oversees the steps our management has taken to monitor and control these exposures, including policies and procedures for assessing and managing risk and related compliance efforts. Finally, our audit committee oversees our internal audit function. Our compensation & governance committee evaluates risks arising from our compensation policies and practices, as more fully described in "Executive Compensation—Compensation Discussion and Analysis—Compensation Risk Assessment." The audit committee and the compensation & governance committee provide reports to the full board of directors regarding these and other matters.

Compensation & Governance Committee Interlocks and Insider Participation

During 2015, our compensation & governance committee consisted of Messrs. Andreessen, Hastings, and Thiel. None of them has at any time in the last fiscal year been one of our officers or employees. Moreover, none of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation & governance committee during 2015.

Director Compensation

Non-Employee Director Compensation Arrangements

Each non-employee member of our board of directors receives an annual retainer fee of \$50,000. Members of our audit committee (other than the chair) receive an annual retainer fee of \$20,000, and the chair of our audit committee receives an annual retainer fee of \$50,000.

Each of our non-employee directors who is an existing member of our board of directors as of the date of our annual stockholder meeting for each such year also will be eligible to receive an annual grant of RSUs equal to \$300,000 divided by the average daily closing price of our Class A common stock in May of such year. These awards will be approved each year automatically on the later of June 1 or the date of our annual meeting of stockholders for the particular year. These awards will vest fully on the earlier of (i) May 15 of the following year or (ii) the date of our annual meeting of stockholders of the following year if the director does not stand for re-election or is not re-elected at such annual meeting, so long as the recipient is a director on such date.

In 2015, annual grants of 3,778 RSUs were made to each non-employee director, which is equal to \$300,000 divided by the average daily closing price of our Class A common stock in May 2015. These RSUs vest on May 15, 2016, so long as the non-employee director is a member of our board of directors on such date.

New non-employee directors also will be eligible to receive a grant of RSUs in an amount and on terms to be approved by our board of directors at the time of appointment.

We are seeking the approval of our stockholders of our annual compensation program for non-employee directors, as further described in "Proposal Six—Approval of Our Annual Compensation Program for Non-Employee Directors."

2015 Director Compensation

The following table presents the total compensation for each person who served as a member of our board of directors during 2015. Other than as set forth in the table and described more fully below, in 2015 we did not pay any fees to, make any equity awards to, or pay any other compensation to the members of our board of directors who served as members during 2015. Mr. Zuckerberg, Ms. Sandberg, and Mr. Koum do not receive compensation for their service as directors. Total compensation for Mr. Zuckerberg and Ms. Sandberg for services as employees is presented in "Executive Compensation—2015 Summary Compensation Table" below.

| Director Name | Fees | | | Total (\$) |
|---------------------------------------|-----------------------------|----------------------------------|-----------------------------|------------|
| | Earned or Paid in Cash (\$) | Stock Awards (\$) ⁽¹⁾ | All Other Compensation (\$) | |
| Marc L. Andreessen ⁽²⁾ | 70,000 | 304,922 | — | 374,922 |
| Erskine B. Bowles ⁽³⁾ | 100,000 | 304,922 | — | 404,922 |
| Donald E. Graham ⁽⁴⁾ | 25,000 | — | — | 25,000 |
| Reed Hastings ⁽⁵⁾ | 50,000 | 304,922 | — | 354,922 |
| Susan Desmond-Hellmann ⁽⁶⁾ | 70,000 | 304,922 | — | 374,922 |
| Jan Koum ⁽⁷⁾ | — | — | 1 | 1 |
| Peter A. Thiel ⁽⁸⁾ | 50,000 | 304,922 | — | 354,922 |

(1) Amounts reflect the aggregate grant date fair value of the RSUs without regard to forfeitures, computed in accordance with ASC 718. This amount does not reflect the actual economic value realized by the director.

(2) As of December 31, 2015, Mr. Andreessen held 3,778 RSUs, which will vest on May 15, 2016 so long as Mr. Andreessen is a member of our board of directors on such date.

(3) As of December 31, 2015, Mr. Bowles held 3,778 RSUs, which will vest on May 15, 2016 so long as Mr. Bowles is a member of our board of directors on such date.

(4) Mr. Graham ceased service as a member of our board of directors on June 11, 2015.

(5) As of December 31, 2015, Mr. Hastings held 3,778 RSUs, which will vest on May 15, 2016 so long as Mr. Hastings is a member of the board of directors on such date.

(6) As of December 31, 2015, Dr. Desmond-Hellmann held 10,445 RSUs. Of these RSUs, 6,250 will vest in quarterly installments until February 15, 2017 and 417 RSUs will vest on May 15, 2017, subject to continued service to us through each vesting date, and the remaining 3,778 RSUs will vest on May 15, 2016 so long as Dr.

Desmond-Hellmann is a member of our board of directors on such date.

(7) Represents annual salary of \$1 for service as an employee. As of December 31, 2015, Mr. Koum held 19,468,550 RSUs, all of which were granted to Mr. Koum in his capacity as an employee in connection with our acquisition of WhatsApp. Of these RSUs, 9,941,387 RSUs will vest in equal quarterly installments until November 15, 2017, 7,456,040 RSUs will vest in equal quarterly installments from November 15, 2017 until August 15, 2018, and the remaining 2,071,123 RSUs will vest on November 15, 2018, subject to continued service to us through each vesting date. Mr. Koum's grant will accelerate in full if he is involuntarily terminated without cause or resigns for good reason. Mr. Koum did not receive any compensation for his service as a director in 2015.

(8) As of December 31, 2015, Mr. Thiel held 3,778 RSUs, which will vest on May 15, 2016 so long as Mr. Thiel is a member of our board of directors on such date.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This section explains our executive compensation philosophy, objectives, and design; our compensation-setting process; our executive compensation program components; and the decisions made in 2015 with respect to the compensation of each of our named executive officers. Our named executive officers for 2015, which consist of the executive officers who appear in "—2015 Summary Compensation Table" below, are:

• Mark Zuckerberg, our founder, Chairman, and Chief Executive Officer (CEO);

• Sheryl K. Sandberg, our Chief Operating Officer (COO);

• David M. Wehner, our Chief Financial Officer (CFO)

• Christopher K. Cox, our Chief Product Officer (CPO); and

• Mike Schroepfer, our Chief Technology Officer (CTO).

Executive Compensation Philosophy, Objectives and Design

Philosophy. We are focused on our mission to make the world more open and connected. We believe that Facebook is still in the early stages of this journey and that for us to be successful we must hire and retain people who can continue to develop our strategy, quickly innovate and build new products, bolster the growth of our user base and user engagement, and constantly enhance our business model.

To achieve these objectives, we need a highly talented team comprised of engineering, product, sales, and general and administrative professionals. We also expect our executive team to possess and demonstrate strong leadership and management capabilities.

Objectives. Our compensation programs for our named executive officers are built to support the following objectives:

• attract the top talent in our leadership positions and motivate our executives to deliver the highest level of individual and team impact and results;

• encourage our executives to model the important aspects of our culture, which include moving fast, being bold, communicating openly, focusing on impact, and building social value in the world;

• ensure each one of our named executive officers receives a total compensation package that encourages his or her long-term retention;

• reward high levels of performance with commensurate levels of compensation; and

• align the interests of our executives with those of our stockholders in the overall success of Facebook by emphasizing long-term incentives.

Design. Our executive compensation program continues to be heavily weighted towards equity, in particular restricted stock units (RSUs), with cash compensation that is generally below market relative to executive compensation at our peer companies. We believe that equity compensation offers the best vehicle to focus our executive officers on our mission and the achievement of our long-term strategic and financial objectives, and to align our executive officers with the long-term interests of our stockholders.

We typically grant our executive officers an annual equity award with service-based vesting conditions where the commencement of vesting is deferred until a date some years in the future, as discussed further in "—Elements of Executive Compensation—Equity Compensation" below. When combined with the executives' prior equity awards, we believe that these additional grants represent a strong long-term retention tool and provide the executive officers with long-term equity incentives.

We evaluate our executive compensation programs, including our mix of cash and equity compensation, on an annual basis or as circumstances require based on our business objectives and the competitive environment for talent. For the near future, we anticipate continuing our emphasis on pay-for-performance and long-term incentive compensation for our executive officers while increasing cash compensation in order to move closer to market relative to our peer companies.

Compensation-Setting Process

Role of Our Compensation & Governance Committee. The compensation & governance committee is responsible for overseeing all aspects of our executive compensation programs, including executive salaries, payouts under our bonus plan, the size and structure of equity awards, and any executive perquisites. The compensation & governance committee is solely responsible for determining the compensation of our CEO and reviews and approves compensation of other executive officers. The compensation & governance committee was formed in June 2015 by merging two separate committees of our board of directors, the compensation committee and the governance committee. The compensation & governance committee is the successor to the compensation committee in all respects. We will not distinguish between the compensation committee and the compensation & governance committee and will refer to the compensation & governance committee throughout this document.

Role of Management. In setting compensation for 2015, our CEO, our COO, and our Head of People worked closely with the compensation & governance committee in managing our executive compensation program and attended meetings of the compensation & governance committee. Our CEO and COO made recommendations to the compensation & governance committee regarding compensation for our executive officers other than for themselves because of their daily involvement with our executive team. No executive officer participated directly in the final deliberations or determinations regarding his or her own compensation package, except for our CEO who has requested that his base salary continue to be fixed at \$1 per year.

Our management team and the compensation & governance committee each play a role in evaluating and mitigating any risk that may exist relating to our compensation plans, practices and policies for all employees, including our named executive officers, as further described in "—Compensation Risk Assessment" below.

Role of Compensation Consultant. The compensation & governance committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In 2015, the compensation & governance committee engaged the services of Compensia, Inc. (Compensia), a national compensation consulting firm, to advise the compensation & governance committee regarding the amount and types of compensation that we provide to our executives and how our compensation practices compared to the compensation practices of other companies. Compensia reports directly to the compensation & governance committee. Compensia does not provide any services to us other than the services provided to the compensation & governance committee. The compensation & governance committee believes that Compensia does not have any conflicts of interest in advising the compensation & governance committee under applicable SEC or NASDAQ rules.

Use of Comparative Market Data. We aim to compensate our executive officers at levels that are commensurate with the most competitive levels of compensation for executives in similar positions at a group of publicly-traded peer companies set forth below, with whom we compete for hiring and retaining executive talent (our Peer Group). The compensation & governance committee also considered the scope of responsibility of each executive officer, our current practice of maintaining minimal differentiation between the cash packages of our executive officers, the unvested balances of equity awards for each executive officer, as well as the compensation & governance committee's assessment of each executive officer's performance and impact on the organization. In determining 2015 compensation, we did not use a formula for taking into account these different factors.

We analyze market data for executive compensation at least annually using the most relevant published survey sources, public filings and input from Compensia. Management and Compensia provided the compensation & governance committee with both cash and equity compensation data for our Peer Group, which was selected from companies that meet some or all of the criteria listed below:

- high technology or media company;
- key talent competitor;
- minimum revenue of \$4 billion;
- and/or

• minimum market capitalization of \$50 billion.

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Using this criteria as a baseline, the compensation & governance committee approved the following companies for inclusion in our compensation Peer Group for 2015:

| | |
|---------------|-------------------------|
| Adobe | Microsoft |
| Alphabet | Netflix |
| Amazon.com | Qualcomm |
| Apple | salesforce.com |
| Cisco Systems | SAP |
| eBay | The Walt Disney Company |
| EMC | Twitter |
| LinkedIn | VMware |
| | Yahoo! |

In the fourth quarter of 2014, our compensation & governance committee reviewed our executive compensation against this Peer Group to ensure that our executive officer compensation was competitive and sufficient to recruit and retain our executive officers. Compensia provided the compensation & governance committee with total cash compensation data (base salaries and cash bonus awards at target) and total compensation data (total cash compensation and equity compensation) at various percentiles. While the compensation & governance committee considered this data in determining executive officer compensation, we did not seek to benchmark our executive compensation to any particular level. The total compensation for our named executive officers was not determined based on any pre-set "target" percentile of market. Rather, we sought to compensate our executive officers at a level that would allow us to successfully recruit and retain the best possible talent for our executive team. We relied heavily on the knowledge and experience of the compensation & governance committee and our management in determining the appropriate compensation levels for our executive officers. Overall, based on Compensia's analysis of our Peer Group, target total cash compensation for our executive officers was below the 25th percentile of our peers. When equity compensation was factored in, without taking into account the effect of the deferred vesting start dates that are applicable to the equity compensation of our executive officers, total compensation for our named executive officers, other than our CEO, fell between the 50th and 90th percentile relative to the companies in the Peer Group. In the second quarter of 2015, the compensation & governance committee reviewed the selection criteria and the companies in the Peer Group. Following that review, the compensation & governance committee decided not to make any changes to the composition of the Peer Group. Accordingly, we plan to use the following list of companies in our Peer Group for the 2016 executive compensation process:

| | |
|---------------|-------------------------|
| Adobe | Microsoft |
| Alphabet | Netflix |
| Amazon.com | Qualcomm |
| Apple | salesforce.com |
| Cisco Systems | SAP |
| eBay | The Walt Disney Company |
| EMC | Twitter |
| LinkedIn | VMware |
| | Yahoo! |

The compensation & governance committee expects to periodically review and update this Peer Group and the underlying criteria as our business and market environment continue to evolve.

Elements of Executive Compensation

Our executive officer compensation packages generally include:

- base salary;
- performance-based cash incentives; and

equity-based compensation in the form of RSUs.

We believe that our compensation mix supports our objective of focusing on at-risk compensation having significant financial upside based on company and individual performance. We expect to continue to emphasize equity awards because of the direct link that equity compensation provides between stockholder interests and the interests of our executive officers, thereby motivating our executive officers to focus on increasing our value over the long term.

Base Salary. The compensation & governance committee believes base salaries are a necessary element of compensation in order to attract and retain highly qualified executive officers. The compensation & governance committee reviews base salaries for our executive officers at least annually and may adjust them from time to time, if needed, to reflect changes in market conditions or other factors. Historically, our executive officers have received base salaries within a very narrow range that was established when we were a smaller company with cash constraints, and based on our desire to maintain internal pay equity between executive officers and also relative to other key employees. As we have grown, we have increased base salaries for our executive officers (other than our CEO) with the goal of bringing salaries closer to market over time.

In the first quarter of 2015, the compensation & governance committee decided to increase the base salaries of our executive officers, other than our CEO, in order to continue to bring their salaries closer to those paid by our Peer Group companies for similar positions. Accordingly, our compensation & governance committee increased the base salary of Ms. Sandberg by \$60,000 and Messrs. Wehner, Cox, and Schroepfer by \$50,000. Following these 2015 salary increases, as noted above, these executive officer salaries fell between the 25th and 50th percentile of the salaries provided by our Peer Group companies for executives in similar positions. Mr. Zuckerberg has previously requested to receive a base salary of \$1 per year.

| | 2015 |
|-------------------------|-------------|
| Named Executive Officer | Base Salary |
| Mark Zuckerberg | \$1 |
| Sheryl K. Sandberg | \$700,000 |
| David M. Wehner | \$650,000 |
| Christopher K. Cox | \$625,000 |
| Mike Schroepfer | \$625,000 |

Cash Bonuses. Our 2015 Bonus Plan (Bonus Plan) provides variable cash incentives, payable semi-annually, that are designed to motivate our executive officers to focus on company-wide priorities and to reward them for individual results and achievements. In 2015, the individual target bonus percentage for each named executive officer was unchanged from 2014 at 75% of such executive's base salary. After the 2015 base salary increases noted above, target total cash compensation (base salary plus target bonus) for executive officers other than our CEO, was at approximately the 25th percentile of our Peer Group companies for executives in similar positions. All of our executive officers, except our CEO, participated in the Bonus Plan in 2015.

For 2015, there were two six-month performance periods under our Bonus Plan, which we refer to as First Half 2015 and Second Half 2015. For each performance period in 2015, the compensation & governance committee approved a set of company-wide priorities in order to focus our executive officers on key areas of performance for the period in question. The First Half 2015 and Second Half 2015 company priorities reflect operational and non-operational objectives established by our compensation & governance committee, in consultation with our CEO and CFO. The company-wide priorities do not have specific targets associated with them for purposes of determining performance under the Bonus Plan, and our compensation & governance committee has complete discretion to determine the level of bonus payout for each performance period.

2015 Priorities and Company Performance Percentage. Our First Half 2015 company-wide priorities were as follows: grow our user base across all our products, increase sharing and engagement, continue to achieve revenue growth and significant savings from efficiency, improve product quality, improve our brand, and make progress toward our long-term investments. None of these priorities were assigned any specific weighting or dollar amount of the total bonus. The compensation & governance committee applied discretion in determining the company performance percentage on a qualitative basis, taking into account our delivery of results in the areas identified by the company-wide priorities approved by the compensation & governance committee, as well as our overall business,

engineering, and product development achievements. The compensation & governance committee also did not determine any pre-set ranges for the company

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performance percentage. The First Half 2015 company performance percentage approved by the compensation & governance committee was 110%. The compensation & governance committee focused on our performance across all of the areas identified by the company-wide priorities.

Our Second Half 2015 company-wide priorities were as follows: grow our user base across all of our products, increase sharing, engagement, and utility, continue to achieve revenue growth and significant savings from efficiency, improve product quality, improve our brand and make progress toward our long-term investments. None of these priorities were assigned any specific weighting or dollar amount of the total bonus. The compensation & governance committee applied discretion in determining the company performance percentage on a qualitative basis, taking into account our delivery of results in the areas identified by the company-wide priorities approved by the compensation & governance committee, as well as our overall business, engineering, and product development achievements. The compensation & governance committee also did not determine any pre-set ranges for the company performance percentage. The Second Half 2015 company performance percentage approved by the compensation & governance committee was 125%. The compensation & governance committee focused on our performance across all of the areas identified by the company-wide priorities, particularly the strength of our user growth and engagement and our continued strong revenue growth.

Bonus Plan Payouts. We calculate Bonus Plan payouts to each participant using the following formula:

$$\text{Base Eligible Earnings (\$)} \times \text{Individual Bonus Target Percentage (\%)} \times \text{Individual Performance Percentage (\%)} \times \text{Company Performance Percentage (\%)} = \text{Individual Bonus Payout (\$)}$$

Individual Performance Percentage. The individual performance percentage is based upon each executive's individual performance assessment for the performance period under consideration. In line with our pay-for-performance philosophy, a higher performance assessment drives a higher individual percentage (and vice-versa) such that it is possible for an executive with a low assessment to get less than their target bonus payout, or no bonus payout whatsoever. In 2015, potential individual performance percentages under our Bonus Plan were 0%, 85%, 100%, 125%, 200%, or 300%. An executive meeting our expected high level of performance expectations would receive an individual performance percentage of 100%.

Individual performance assessments for each executive officer were determined at the discretion of the compensation & governance committee in close consultation with our CEO and our COO (except in each case when their own performance assessment was being determined). The performance assessment determinations were based on an overall subjective assessment of each officer's performance and no single factor was determinative in setting bonus levels, nor was the impact of any individual factor on the bonus quantifiable. We operate in a rapidly evolving and highly competitive industry and we set a high bar for performance expectations for each one of our executive officers. The compensation & governance committee evaluates our executive officers based on their overall performance, impact, and results, as well as their demonstration of strong leadership, long-term vision, effective execution, and management capabilities. First Half 2015 and Second Half 2015 payout levels and achievements and considerations for each executive were as follows:

Mark Zuckerberg. Mr. Zuckerberg did not participate in the Bonus Plan in 2015. Although Mr. Zuckerberg did not participate in the Bonus Plan, the compensation & governance committee separately assessed his performance as our CEO.

Sheryl K. Sandberg. Ms. Sandberg received \$558,462 for the First Half 2015 bonus, which reflected her overall leadership and execution on business priorities, her contribution to growing revenue, including the continued growth in mobile ad revenue, and her leadership in key policy matters. Ms. Sandberg received \$706,731 for the Second Half 2015 bonus, which reflected her role in growing our revenue year over year, her strategic guidance in various business matters, and the strong growth in the number of advertisers on our platform.

David M. Wehner. Mr. Wehner received \$325,240 for the First Half 2015 bonus, which reflected his overall leadership of our finance organization and, in particular, driving long range planning for the company. Mr. Wehner received \$328,125 for the Second Half 2015 bonus, which reflected his effective communication with our investors, strategic facilities planning for our growing workforce and his contributions to the strong financial performance of the company, as well as the overall performance of the finance function.

Christopher K. Cox. Mr. Cox received \$499,760 for the First Half 2015 bonus, which reflected his overall leadership of the product organization, improvements in the quality of News Feed and his contributions to increases in user growth

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and engagement. Mr. Cox received \$394,381 for the Second Half 2015 bonus, which reflected his leadership and innovations in the areas of product design and engagement such as Reactions, progress in our brand efforts, and continued growth in time spent with our products.

Mike Schroepfer. Mr. Schroepfer received \$312,350 for the First Half 2015 bonus, which reflected his leadership and execution on our engineering priorities, recruitment of engineering leadership talent and the continued development of a sustainable and cost-effective engineering infrastructure. Mr. Schroepfer received \$631,010 for the Second Half 2015 bonus, which reflected his strong leadership of the engineering team, successful launch of Gear VR, and continued progress on other long-term investments.

The following table summarizes the calculations that were used in determining the cash bonus paid to each of our named executive officers:

| | Performance Period | Base Eligible Earnings (\$) ⁽¹⁾ | Individual Bonus Percentage (target bonus) (%) | Individual Performance Percentage (%) | Company Performance Percentage (%) | Individual Bonus Payout (\$) |
|--------------------|--------------------|--|--|---------------------------------------|------------------------------------|------------------------------|
| Sheryl K. Sandberg | First Half 2015 | 338,462 | 75 | 200 | 110 | 558,462 |
| | Second Half 2015 | 376,923 | 75 | 200 | 125 | 706,731 |
| | Total | 715,385 | | | | 1,265,193 |
| David M. Wehner | First Half 2015 | 315,385 | 75 | 125 | 110 | 325,240 |
| | Second Half 2015 | 350,000 | 75 | 100 | 125 | 328,125 |
| | Total | 665,385 | | | | 653,365 |
| Christopher K. Cox | First Half 2015 | 302,885 | 75 | 200 | 110 | 499,760 |
| | Second Half 2015 | 336,538 | 75 | 125 | 125 | 394,381 |
| | Total | 639,423 | | | | 894,141 |
| Mike Schroepfer | First Half 2015 | 302,885 | 75 | 125 | 110 | 312,350 |
| | Second Half 2015 | 336,538 | 75 | 200 | 125 | 631,010 |
| | Total | 639,423 | | | | 943,360 |

⁽¹⁾ Reflects actual earnings for 2015, which may differ from approved 2015 base salaries due to the effective dates of salary increases and the number of pay dates in the calendar year.

Equity Compensation. Most of our executive officers' compensation is delivered through equity awards. We use equity compensation to align our executive officers' financial interests with those of our stockholders, to attract industry leaders of the highest caliber, and to retain them for the long term. In addition to the initial equity grant that each executive receives as part of his or her new hire package, the compensation & governance committee typically grants our executives additional equity awards each year as part of our company-wide equity refresher program. Additional equity grants for each of our executive officers are determined on a discretionary basis taking into account the following factors:

- delivering equity values that are highly competitive when compared against those our Peer Group would grant to executives with similar responsibility;
- each executive officer's individual performance assessment, the results and contributions delivered during the year, as well as the anticipated potential future impact of each individual executive;
- the size and vesting schedule of existing equity grants in order to maximize the long-term retentive power of all additional grants; and
-

the size of each executive officer's total cash compensation (base salary plus cash bonus awards at target), which is generally lower than the cash compensation for executives with similar responsibilities at our Peer Group. Based on the foregoing factors, in 2015, our compensation & governance committee awarded each of our executive officers, other than our CEO, a grant of RSUs with a specific "initial equity value" based on an estimated total value for each grant before taking into account the deferred vesting considerations described below. The compensation & governance committee applied discretion in determining the specific individual equity values, vesting schedules and vesting start dates. Based on these qualitative decisions, the compensation & governance committee then calculated the number of RSUs to

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be granted by dividing this initial equity value by \$75.72 per share, which was the average closing price for the seven trading days following the announcement of our earnings for the fourth quarter of 2014 and the same price that was used for 2015 refresher grants to all other employees.

Vesting of 2015 RSU Grants. Due to our desire to provide incentives for our executive officers to focus on long-term strategic and financial objectives, the compensation & governance committee deferred the vesting start dates of all 2015 RSU grants made to our executive officers, other than our CFO, to a future date determined individually for each executive. As a result, the 2015 RSU grants generally will not begin to vest unless the recipient remains continuously employed by us through future dates as described in the following paragraphs and in "—2015 Grants of Plan-Based Awards Table" below. The compensation & governance committee reviewed the size and vesting schedule for the remaining unvested portion of the outstanding equity award holdings of each of our executive officers and agreed with the recommendation of our CEO and COO (except that our COO did not participate in discussions regarding her own equity compensation) that the existing equity awards appropriately satisfied our retention and incentive goals for the immediate future for each of our executive officers. Accordingly, the additional equity awards granted to our executive officers in 2015, other than our CFO, start vesting only after a significant portion of each executive's outstanding equity awards have vested. The compensation & governance committee believes that these deferred vesting schedules make the equity awards more valuable to us in retaining our executive officers and reflect our emphasis on our long-term success. In the case of our CFO, the compensation & governance committee determined that it was appropriate not to defer the vesting start date for Mr. Wehner's 2015 RSU grant in order to increase his total compensation to a level appropriate for his new role as CFO. Typically the RSU grants for our executive officers vest over four years following the vesting start date. The compensation & governance committee determined that it was appropriate to shorten the vesting schedule for Ms. Sandberg and lengthen the vesting for Mr. Wehner based on individual circumstances described below. For more information relating to the vesting schedules of these RSU grants, see "—2015 Grants of Plan-Based Awards Table" below.

2015 Equity Grants. Mr. Zuckerberg did not receive any additional equity grants in 2015 because our compensation & governance committee believed that his existing equity ownership position sufficiently aligns his interests with those of our stockholders.

Our other named executive officers received the following RSU grants in 2015:

Sheryl K. Sandberg. Ms. Sandberg received an equity grant in the amount of 198,100 RSUs. This grant had an initial equity value of \$15.0 million. These RSUs are subject to three-year quarterly vesting based on continued employment from and after a deferred vesting start date of November 15, 2017. The compensation & governance committee determined that it was appropriate for this RSU grant to vest over three years in order to deliver competitive compensation in future years.

David M. Wehner. Mr. Wehner received an equity grant in the amount of 198,100 RSUs. This grant had an initial equity value of \$15.0 million. These RSUs are subject to five-year vesting with a one-year cliff based on continued employment from and after a vesting start date of February 15, 2015, such that one-fifth of the shares shall vest on February 15, 2016 and the remainder of the shares shall vest quarterly thereafter. The compensation & governance committee determined that it was appropriate for this RSU grant to vest over five years to increase the retentive power of this grant.

Christopher K. Cox. Mr. Cox received an equity grant in the amount of 132,070 RSUs. This grant had an initial equity value of \$10.0 million. These RSUs are subject to four-year quarterly vesting based on continued employment from and after a deferred vesting start date of February 15, 2017.

Mike Schroepfer. Mr. Schroepfer received an equity grant in the amount of 132,070 RSUs. This grant had an initial equity value of \$10.0 million. These RSUs are subject to four-year quarterly vesting based on continued employment from and after a deferred vesting start date of February 15, 2017.

Following the grants of these equity awards, the total compensation for our named executive officers, other than our CEO, was between the 50th and 90th percentiles relative to the companies in our Peer Group.

Compensation Governance

The compensation & governance committee seeks to ensure sound executive compensation practices to adhere to our pay-for-performance philosophy while appropriately managing risk and aligning our compensation programs with long-term stockholder interests. The following practices were in effect during 2015:

- the compensation & governance committee is comprised solely of independent directors;
- the compensation & governance committee conducts an annual review and approval of our compensation strategy with assistance from its independent compensation consultant, Compensia, including a review of our compensation-related risk profile to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on our company;
- the compensation & governance committee retains discretion on bonus payouts to enable it to respond to unforeseen events and adjust bonus payouts as appropriate;
- we do not offer post-employment benefits; and
- our compensation philosophy and related governance features are complemented by several specific practices that are designed to align our executive compensation with long-term stockholder interests, including the following:
 - our executives are subject to company-wide policies that prohibit hedging activities, the pledging of our securities as collateral for loans, and the shorting of our securities;
 - we offer limited perquisites that are for business-related purposes or necessary for the security of our CEO and COO; and
 - our executives participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees.

Perquisites and Other Benefits

Consistent with the practices of many companies in our Peer Group, we provide certain perquisites to our named executive officers for the reasons described below.

Because of the high visibility of our company, our compensation & governance committee has authorized an "overall security program" for Mr. Zuckerberg to address safety concerns due to specific threats to his safety arising directly as a result of his position as our founder, Chairman, and CEO. We require these security measures for the company's benefit because of the importance of Mr. Zuckerberg to Facebook, and we believe that the costs of this overall security program are appropriate and necessary. We paid for the initial procurement, installation, and maintenance of security measures for Mr. Zuckerberg's personal residences, and we pay for the annual costs of security personnel. In addition, Mr. Zuckerberg uses private aircraft for personal travel in connection with his overall security program. On certain occasions, Mr. Zuckerberg may be accompanied by guests when using private aircraft. Although we do not consider Mr. Zuckerberg's overall security program to be a perquisite for his benefit for the reasons described above, the costs related to personal security for Mr. Zuckerberg at his residence and during personal travel, as well as the costs of private aircraft for personal travel, pursuant to Mr. Zuckerberg's overall security program are reported as other compensation to Mr. Zuckerberg in the "All Other Compensation" column in "—2015 Summary Compensation Table" below.

Our compensation & governance committee has also authorized a security program for Ms. Sandberg, including certain personal security measures, to address safety concerns resulting from her position as our COO. We require these security measures for the company's benefit because of the importance of Ms. Sandberg to Facebook, and we believe the costs are appropriate and necessary. The costs related to personal security for Ms. Sandberg are reported as other compensation to Ms. Sandberg in the "All Other Compensation" column in "—2015 Summary Compensation Table" below.

2013 Say on Pay Vote

We held a non-binding advisory stockholder vote on the compensation program for our named executive officers, commonly referred to as a "say on pay" vote, at our 2013 Annual Meeting of Stockholders. Over 90% of the voting power of shares voted at the 2013 Annual Meeting of Stockholders were cast in favor of our say on pay proposal. Our then compensation committee considered the result of this advisory vote to be an endorsement of our compensation program, policies, practices and philosophy for our named executive officers. Our compensation & governance committee has considered and will continue to consider the outcome of our say on pay votes and our stockholder views when making compensation decisions for our named executive officers, including the outcome of Proposal Three (advisory vote on executive compensation) at this Annual Meeting.

Based on the results of a separate non-binding advisory stockholder vote on the frequency of future stockholder advisory votes regarding the compensation program of our named executive officers, commonly referred to as a "say on frequency" vote, held at our 2013 Annual Meeting of Stockholders, our board of directors determined that we will hold our say on pay vote every three years until the next required say on frequency vote, which will occur no later than 2019.

We value the opinions of our stockholders and will continue to consider the outcome of future say on pay votes, including the outcome of Proposal Three (advisory vote on executive compensation) at this Annual Meeting, when we make compensation decisions for the members of our executive team, including the named executive officers. Following the say on pay vote pursuant to Proposal Three at this Annual Meeting, the next say on pay vote will take place in 2019.

162(m) Tax Deductibility

Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), limits the amount that we may deduct from our federal income taxes for remuneration paid to our named executive officers (other than our CFO) to \$1 million dollars per executive officer per year, unless certain requirements are met. Section 162(m) provides an exception from this deduction limitation for certain forms of "performance-based compensation," as well as for the gain recognized by covered executive officers upon the exercise of qualifying compensatory stock options. In addition, "grandfather" provisions may apply to certain compensation arrangements that were entered into by a corporation before it was publicly held and through April 1, 2015. While our compensation & governance committee is mindful of the benefit to us of the full deductibility of compensation, our compensation & governance committee believes that it should not be constrained by the requirements of Section 162(m) where those requirements would impair flexibility in compensating our executive officers in a manner that can best promote our corporate objectives. Therefore, our compensation & governance committee has not adopted a policy that requires that all compensation be deductible and, accordingly, gain recognized from RSUs granted after April 1, 2015 may be non-deductible. Our compensation & governance committee intends to continue to compensate our executive officers in a manner consistent with the best interests of our company and our stockholders. In addition, because of the fact-based nature of the performance-based compensation exception under Section 162(m) and the limited availability of formal guidance thereunder, we cannot guarantee that any compensation arrangements intended to qualify for exemption under Section 162(m) will actually receive this treatment.

Compensation Risk Assessment

Our management team and the compensation & governance committee each play a role in evaluating and mitigating any risk that may exist relating to our compensation plans, practices, and policies for all employees, including our named executive officers. In early 2016, Compensia, the compensation & governance committee's independent compensation consultant, performed an assessment, in conjunction with management, of our compensation plans and practices and concluded that our compensation program does not create risks that are reasonably likely to have a material adverse effect on the company. The compensation & governance committee has reviewed this report and agreed with the conclusion. The objective of the assessment was to identify any compensation plans or practices that may encourage employees to take unnecessary risk that could threaten the company. No such plans or practices were identified. The risk assessment process included, among other things, a review of our cash and equity incentive-based compensation plans to ensure that they are aligned with our company performance goals and the overall compensation to ensure an appropriate balance between fixed and variable pay components and between short and long-term incentives.

2015 Summary Compensation Table

The following table presents summary information regarding the total compensation awarded to, earned by, or paid to each of the named executive officers for services rendered to us for the years ended December 31, 2015, 2014, and 2013.

| Name and Principal Position | Fiscal Year | Salary (\$) ⁽¹⁾ | Bonus (\$) ⁽²⁾ | Stock Awards (\$) ⁽³⁾ | All Other Compensation (\$) | Total (\$) |
|--|-------------|----------------------------|---------------------------|----------------------------------|-----------------------------|------------|
| Mark Zuckerberg CEO | 2015 | 1 | — | — | 5,037,840 ⁽⁴⁾ | 5,037,841 |
| | 2014 | 1 | — | — | 6,213,106 ⁽⁴⁾ | 6,213,107 |
| | 2013 | 1 | — | — | 3,300,452 ⁽⁴⁾ | 3,300,453 |
| Sheryl K. Sandberg COO | 2015 | 715,385 | 1,265,193 | 15,465,667 | 1,252,724 ⁽⁵⁾ | 18,698,969 |
| | 2014 | 592,885 | 624,204 | 14,332,313 | — | 15,549,402 |
| | 2013 | 384,423 | 603,967 | 15,158,758 | — | 16,147,148 |
| David M. Wehner ⁽⁶⁾ CFO | 2015 | 665,385 | 653,365 | 15,465,667 | 9,000 | 16,793,417 |
| | 2014 | 418,051 | 535,077 | 11,024,750 | 9,905 | 11,987,783 |
| Christopher K. Cox ⁽⁷⁾ CPO | 2015 | 639,423 | 894,141 | 10,310,705 | 9,500 | 11,853,769 |
| | 2014 | 533,654 | 898,991 | 11,024,750 | 12,750 | 12,470,145 |
| Mike Schroepfer CTO | 2015 | 639,423 | 943,360 | 10,310,705 | 9,140 | 11,902,628 |
| | 2014 | 535,577 | 979,021 | 11,024,750 | 9,164 | 12,548,512 |
| | 2013 | 352,060 | 358,764 | 11,842,776 | 4,683 | 12,558,283 |

(1) Reflects actual earnings for 2015, 2014, and 2013, which may differ from approved 2015, 2014, and 2013 base salaries due to the effective dates of salary increases.

(2) The amounts reported in the bonus column represent discretionary bonuses earned pursuant to our Bonus Plan. For more information about our executive officers' discretionary bonuses, see "—Compensation Discussion and Analysis—Elements of Executive Compensation—Cash Bonuses" above.

(3) Amounts reflect the aggregate grant date fair value of the RSUs of \$78.07, \$68.75, and \$27.57 per share for 2015, 2014, and 2013, respectively, without regard to forfeitures, computed in accordance with ASC 718. This amount does not reflect the actual economic value realized by the named executive officer. The RSUs granted to Ms. Sandberg during 2015 provide for quarterly vesting based on continued employment over three years with a deferred vesting start date of November 15, 2017. The RSUs granted to Messrs. Cox and Schroepfer during 2015 provide for quarterly vesting based on continued employment over four years with deferred vesting start dates of February 15, 2017. One-fifth of the RSUs granted to Mr. Wehner during 2015 vested on February 15, 2016 and the remaining shares vest quarterly based on continued employment over four years.

(4) The amounts reported include approximately \$4,256,004, \$5,602,652, and \$2,647,288 in 2015, 2014, and 2013, respectively, for costs related to personal security for Mr. Zuckerberg at his residences and during personal travel pursuant to Mr. Zuckerberg's overall security program. The amounts reported also include approximately \$775,011, \$610,454 and \$650,164 in 2015, 2014, and 2013, respectively, for costs related to personal usage of private aircraft. For purposes of reporting the value of personal usage of private aircraft in this table, we use costs provided by the applicable charter company, which include passenger fees, fuel, crew and catering costs. For more information regarding Mr. Zuckerberg's overall security program, as well as his personal usage of private aircraft, see "Executive Compensation—Compensation Discussion and Analysis—Perquisites and Other Benefits."

(5) The amounts reported in 2015 reflect costs related to personal security measures for Ms. Sandberg described in "Executive Compensation—Compensation Discussion and Analysis—Perquisites and Other Benefits."

(6) Mr. Wehner was not a named executive officer for 2013.

(7) Mr. Cox was not a named executive officer for 2013.

2015 Grants of Plan-Based Awards Table

The following table presents, for each of the named executive officers, information concerning each grant of an equity award made during the year ended December 31, 2015. This information supplements the information about these awards set forth in the 2015 Summary Compensation Table.

| Name | Grant Date | All Other Stock Awards: Number of Shares of Stock or Units (#) | Grant Date Fair Value of Stock Awards (\$) ⁽¹⁾ |
|--------------------|------------|--|---|
| Mark Zuckerberg | — | — | — |
| Sheryl K. Sandberg | 3/16/2015 | 198,100 ⁽²⁾ | 15,465,667 |
| David M. Wehner | 3/16/2015 | 198,100 ⁽³⁾ | 15,465,667 |
| Christopher K. Cox | 3/16/2015 | 132,070 ⁽⁴⁾ | 10,310,705 |
| Mike Schroepfer | 3/16/2015 | 132,070 ⁽⁴⁾ | 10,310,705 |

Amounts reflect the grant date fair value of the RSUs of \$78.07 per share without regard to forfeitures, computed (1) in accordance with ASC 718. This amount does not reflect the actual economic value realized by the named executive officer.

The vesting condition will be satisfied as to 1/12th of the total shares underlying the RSUs on February 15, 2018.

(2) The remaining shares underlying the RSUs vest at a rate of 1/12th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

The vesting condition was satisfied as to 1/5th of the total shares underlying the RSUs on February 15, 2016. The (3) remaining shares underlying the RSUs vest at a rate of 1/20th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

The vesting condition will be satisfied as to 1/16th of the total shares underlying the RSUs on May 15, 2017. The (4) remaining shares underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

2015 Outstanding Equity Awards at Year-End Table

The following table presents, for each of the named executive officers, information regarding outstanding stock options and RSUs held as of December 31, 2015.

| Name | Option Awards | | | | | Stock Awards | |
|--------------------|---------------------------|---|---|---|-------------------------|---|--|
| | Grant Date ⁽¹⁾ | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) ⁽²⁾ | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested(\$) ⁽³⁾ |
| Mark Zuckerberg | — | — | — | — | — | — | — |
| Sheryl K. Sandberg | 7/23/2010 | 2,333,333 | 1,166,667 ⁽⁴⁾ | 10.39 | 7/22/2020 | — | — |
| | 10/18/2010 | 173,333 | 1,026,667 ⁽⁵⁾ | 15.00 ⁽⁶⁾ | 10/17/2020 | — | — |
| | 3/25/2011 | — | — | — | — | 599,521 ⁽⁷⁾ | 62,745,868 |
| | 5/3/2012 | — | — | — | — | 345,543 ⁽⁸⁾ | 36,164,530 |
| | 5/6/2013 | — | — | — | — | 549,828 ⁽⁹⁾ | 57,544,998 |
| | 3/17/2014 | — | — | — | — | 208,470 ⁽¹⁰⁾ | 21,818,470 |
| David M. Wehner | 3/16/2015 | — | — | — | — | 198,100 ⁽¹¹⁾ | 20,733,146 |
| | 1/15/2013 | — | — | — | — | 75,000 ⁽¹²⁾ | 7,849,500 |
| | 5/6/2013 | — | — | — | — | 42,960 ⁽¹³⁾ | 4,496,194 |
| | 3/17/2014 | — | — | — | — | 160,360 ⁽¹⁴⁾ | 16,783,278 |
| Christopher K. Cox | 3/16/2015 | — | — | — | — | 198,100 ⁽¹⁵⁾ | 20,733,146 |
| | 8/26/2009 | — | — | — | — | 227,412 ⁽¹⁶⁾ | 23,800,940 |
| | 8/26/2010 | — | — | — | — | 519,505 ⁽¹⁷⁾ | 54,371,393 |
| | 3/25/2011 | — | — | — | — | 599,521 ⁽¹⁸⁾ | 62,745,868 |
| | 5/3/2012 | — | — | — | — | 545,957 ⁽¹⁹⁾ | 57,139,860 |
| | 5/6/2013 | — | — | — | — | 429,553 ⁽²⁰⁾ | 44,957,017 |
| | 3/17/2014 | — | — | — | — | 160,360 ⁽²¹⁾ | 16,783,278 |
| Mike Schroeffer | 3/16/2015 | — | — | — | — | 132,070 ⁽²²⁾ | 13,822,446 |
| | 1/12/2009 ⁽²³⁾ | 968,425 | — | 1.85 | 1/11/2019 | — | — |
| | 8/19/2009 | 1,091,148 | — | 2.95 | 8/18/2019 | — | — |
| | 8/26/2010 | — | — | — | — | 865,845 ⁽²⁴⁾ | 90,619,338 |
| | 3/25/2011 | — | — | — | — | 479,617 ⁽²⁵⁾ | 50,196,715 |
| | 5/3/2012 | — | — | — | — | 375,346 ⁽²⁶⁾ | 39,283,712 |
| | 5/6/2013 | — | — | — | — | 429,553 ⁽²⁷⁾ | 44,957,017 |
| | 3/17/2014 | — | — | — | — | 160,360 ⁽²⁸⁾ | 16,783,278 |
| 3/16/2015 | — | — | — | — | 132,070 ⁽²⁹⁾ | 13,822,446 | |

(1) All of the outstanding equity awards described in the footnotes below were granted under our 2005 Stock Plan or 2012 Equity Incentive Plan.

(2) With the exception of the stock option granted to Ms. Sandberg described in footnote (6) below, this column represents the fair value of a share of Class B common stock on the date of grant.

Represents the market value of the shares underlying the RSUs as of December 31, 2015, based on the official closing price of our Class A common stock, as reported on the NASDAQ Global Select Market, of \$104.66 per share on December 31, 2015. This value assumes that the fair market value of the Class B common stock

(3) underlying the RSUs, which is not listed or approved for trading on or with any securities exchange or association, is equal to the fair market value of our Class A common stock. Each share of Class B common stock is convertible into one share of Class A common stock at any time at the option of the holder or upon certain transfers of such shares.

1/48th of the total number of shares subject to the original option grant vested on May 1, 2013. The remaining

(4) shares subject to the option vest at a rate of 1/48th of the total number of shares subject to the option each month thereafter, subject to continued service to us through each vesting date.

260,000 of the total number of shares subject to the original option grant vest in equal monthly installments for a (5) period of 48 months beginning on May 1, 2013, and, thereafter, the remaining shares subject to the option vest in equal monthly installments for a period of 12 months, subject to continued service to us through each vesting date.

The compensation committee set the option exercise price for this grant at \$15.00 per share, a premium to the fair (6) market value of a share of Class B common stock on the date of grant which was determined by our compensation committee to be \$12.56 per share.

1/16th of the total shares underlying the original RSU grant vested on January 15, 2014. The remaining shares (7) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on February 15, 2014. The remaining shares (8) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on February 15, 2018. The remaining shares underlying the (9) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on May 15, 2016. The remaining shares underlying the (10) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/12th of the total shares underlying the RSUs will vest on February 15, 2018. The remaining shares underlying (11) the RSUs vest at a rate of 1/12th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/4th of the total shares underlying the original RSU grant vested on November 15, 2013. The remaining shares (12) underlying the RSUs vest at a rate of 1/16th of the total number of shares subject to the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on February 15, 2014. The remaining shares (13) underlying the RSUs vest at a rate of 1/16th of the total number of shares subject to the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on May 15, 2016. The remaining shares underlying the (14) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/5th of the total shares underlying the original RSU grant vested on February 15, 2016. The remaining shares (15) underlying the RSUs vest at a rate of 1/20th of the total number of shares subject to the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/48th of the total number of shares subject to the original option grant vested on September 1, 2013. The (16) remaining shares subject to the option vest at a rate of 1/48th of the total number of shares subject to the option each month thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on August 15, 2013. The remaining shares (17) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on July 15, 2014. The remaining shares (18) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on February 15, 2017. The remaining shares underlying (19) the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on August 15, 2017. The remaining shares underlying the (20) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

(21) 1/16th of the total shares underlying the RSUs will vest on May 15, 2016. The remaining shares underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to

continued service to us through each vesting date.

(22) 1/16th of the total shares underlying the RSUs will vest on May 15, 2017. The remaining shares underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

(23) In connection with certain estate planning transfers, options to purchase an aggregate of 763,000 shares of Class B common stock were held by Michael Schroepfer and Erin Hoffman, Co-Trustees of the HS Trust u/a/d 9/28/11 and Michael T. Schroepfer and Erin Hoffman, Co-Trustees of the Clover Irrevocable, Non-Exempt Trust u/a/d 6/27/11 as of December 31, 2015.

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1/16th of the total shares underlying the original RSU grant vested on August 15, 2014. The remaining shares (24) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on January 15, 2014. The remaining shares (25) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the original RSU grant vested on November 15, 2014. The remaining shares (26) underlying the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on February 15, 2018. The remaining shares underlying (27) the RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on May 15, 2016. The remaining shares underlying the (28) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

1/16th of the total shares underlying the RSUs will vest on May 15, 2017. The remaining shares underlying the (29) RSUs vest at a rate of 1/16th of the total number of shares underlying the RSUs each quarter thereafter, subject to continued service to us through each vesting date.

On March 6, 2016, our compensation & governance committee approved RSU grants to our named executive officers. These RSUs were granted on March 15, 2016 as follows: Sheryl K. Sandberg—179,890; David M. Wehner—134,920; Christopher K. Cox—134,920; and Mike Schroepfer—134,920. These RSUs will vest quarterly based on continued employment over four years with deferred vesting start dates of February 15, 2020 for Mr. Cox, November 15, 2019 for Mr. Schroepfer, May 15, 2019 for Ms. Sandberg, and November 15, 2016 for Mr. Wehner.

2015 Option Exercises and Stock Vested

The following table presents, for each of the named executive officers, the number of shares of our common stock acquired upon the exercise of stock options and the vesting and settlement of RSUs during 2015 and the aggregate value realized upon the exercise of stock options and the vesting and settlement of RSUs.

| Name | Option Awards | | Stock Awards | |
|--------------------|---|---|--|--|
| | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) ⁽¹⁾⁽²⁾ | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) ⁽¹⁾⁽³⁾ |
| Mark Zuckerberg | — | — | — | — |
| Sheryl K. Sandberg | — | — | 472,531 | 41,004,637 |
| David M. Wehner | — | — | 96,480 | 8,504,184 |
| Christopher K. Cox | — | — | 722,600 | 63,114,036 |
| Mike Schroepfer | 637,000 ⁽⁴⁾ | 53,987,472 | 722,637 | 63,185,223 |

(1) These values assume that the fair market value of the Class B common stock underlying certain of the RSUs and options, which is not listed or approved for trading on or with any securities exchange or association, is equal to the fair market value of our Class A common stock. Each share of Class B common stock is convertible into one share of Class A common stock at any time at the option of the holder or upon certain transfers of such shares.

(2) The aggregate value realized upon the exercise of an option represents the difference between the aggregate market price of the shares of our Class B common stock, assumed to be equal to our Class A common stock as described in footnote (1) above, on the date of exercise and the aggregate exercise price of the option.

(3)

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The aggregate value realized upon the vesting and settlement of an RSU represents the aggregate market price of the shares of our Class A common stock or Class B common stock (which is assumed to be equal to our Class A common stock as described in footnote (1) above) on the date of settlement.

Consists of 600,000 shares of Class B common stock issued upon exercise of stock options held by Mr. Schroepfer (4) and 37,000 shares of Class B common stock issued upon exercise of stock options held by Mr. Schroepfer and Erin Hoffman, Co-Trustees of the Clover Irrevocable, Non-Exempt Trust u/a/d 6/27/11 as of December 31, 2015.

Employment Agreements and Offer Letters

We have entered into employment agreements or offer letters with each of the named executive officers. These agreements provide for at-will employment and generally include the named executive officer's initial base salary, and an indication of eligibility for an annual cash incentive award opportunity. In addition, each of our named executive officers has executed a form of our standard confidential information and invention assignment agreement.

Mark Zuckerberg

We entered into an amended and restated offer letter with Mr. Zuckerberg, our founder, Chairman, and CEO, in January 2012. This offer letter agreement has no specific term and constitutes at-will employment. Mr. Zuckerberg's annual base salary as of December 31, 2015 was \$1, and he is not eligible to receive bonus compensation under our Bonus Plan.

Sheryl K. Sandberg

We entered into an amended and restated employment agreement with Ms. Sandberg, our COO and a member of our board of directors, in January 2012. The employment agreement has no specific term and constitutes at-will employment. Ms. Sandberg's annual base salary as of December 31, 2015 was \$700,000, and she is eligible to receive semi-annual bonus compensation under our Bonus Plan.

David M. Wehner

We entered into an amended and restated offer letter with Mr. Wehner, our CFO, in August 2014. The offer letter agreement has no specific term and constitutes at-will employment. Mr. Wehner's annual base salary as of December 31, 2015 was \$650,000, and he is eligible to receive semi-annual bonus compensation under our Bonus Plan.

Christopher K. Cox

We entered into an amended and restated offer letter with Mr. Cox, our CPO, in May 2014. The offer letter agreement has no specific term and constitutes at-will employment. Mr. Cox's annual base salary as of December 31, 2015 was \$625,000, and he is eligible to receive semi-annual bonus compensation under our Bonus Plan.

Mike Schroepfer

We entered into an amended and restated offer letter with Mr. Schroepfer, our CTO, in January 2012. The offer letter agreement has no specific term and constitutes at-will employment. Mr. Schroepfer's annual base salary as of December 31, 2015 was \$625,000, and he is eligible to receive semi-annual bonus compensation under our Bonus Plan.

Potential Payments upon Termination or Change in Control

None of our named executive officers are entitled to payments or acceleration of vesting with respect to equity awards held by such named executive officers in connection with a termination or a change in control.

Limitations on Liability and Indemnification Matters

Our restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Delaware General Corporation Law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors, executive officers, and other key employees made or threatened to be made a party to an action or proceeding, by reason of the fact that he or she serves or served in such capacity at our request to the maximum extent not prohibited by the Delaware General Corporation Law or any other applicable law and allow us to indemnify other officers, employees, and other agents as set forth in the Delaware General Corporation Law or any other applicable law. We have entered, and intend to continue to enter, into separate indemnification agreements with our directors, executive officers, and other key employees, in addition to the indemnification provided for in our amended and restated bylaws. These agreements, among other things, require us to indemnify our directors, executive officers, and other key employees for certain expenses, including attorneys' fees, judgments, penalties fines, and settlement amounts actually and reasonably incurred by a director or executive officer in any action or proceeding arising out of their services as one of our directors or executive officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request, including liability arising out of negligence or active or passive wrongdoing by the officer or director. We believe that these charter provisions and indemnification agreements are necessary to attract and retain qualified persons such as directors, officers and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (Securities Act), may be permitted to directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 10b5-1 Sales Plans

Certain of our directors and executive officers have adopted written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend or terminate the plan in specified circumstances. Our executive officers and directors are required to conduct all purchase or sale transactions under a Rule 10b5-1 plan.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes compensation plans under which our equity securities are authorized for issuance as of December 31, 2015.

| Plan Category | (a) Total Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | (b) Weighted-average Exercise Price Of Outstanding Options, Warrants and Rights(\$) ⁽¹⁾ | (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|---|---|---|
| Equity compensation plans approved by security holders ⁽²⁾ | 95,497,130 | 7.10 | 98,465,884 |
| Equity compensation plans not approved by security holders ⁽³⁾ | 29,355,630 | N/A | N/A |

(1) The weighted-average exercise price does not reflect the shares that will be issued in connection with the settlement of RSUs, since RSUs have no exercise price.

(2) Prior to our initial public offering, we granted awards under our 2005 Stock Plan. Following our initial public offering, we granted awards under our 2012 Equity Incentive Plan.

(3) Consists of shares of Class A common stock issuable upon the settlement of non-plan RSU awards made pursuant to Section 5635(c)(4) of the NASDAQ rules to two employees in connection with the commencement of their service to us following our acquisition of WhatsApp.

REPORT OF THE COMPENSATION & GOVERNANCE COMMITTEE

This report of the compensation & governance committee is required by the Securities and Exchange Commission (SEC) and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended (Securities Act), or under the Securities Exchange Act of 1934, as amended (Exchange Act), except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

Our compensation & governance committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and based on such review and discussions, the compensation & governance committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION & GOVERNANCE COMMITTEE

Reed Hastings (Chair)

Marc L. Andreessen

Peter A. Thiel

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2016, for:

- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A common stock or Class B common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission (SEC). Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the following table have sole voting and investment power with respect to all shares of Class A common stock or Class B common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 2,311,052,873 shares of Class A common stock and 548,638,840 shares of Class B common stock outstanding at March 31, 2016. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options, restricted stock units (RSUs) or other convertible securities held by that person or entity that are currently exercisable or releasable or that will become exercisable or releasable within 60 days of March 31, 2016. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the following table is c/o Facebook, Inc., 1601 Willow Road, Menlo Park, California 94025.

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| Name of Beneficial Owner | Shares Beneficially Owned | | | | % of Total Voting Power ⁽¹⁾ |
|--|---------------------------|---------------------|----------------|------|--|
| | Class A Shares | % | Class B Shares | % | |
| Named Executive Officers and Directors: | | | | | |
| Mark Zuckerberg ⁽²⁾ | 3,999,241 | * | 418,981,071 | 76.4 | 53.8 |
| Shares subject to voting proxy ⁽³⁾ | — | — | 48,892,913 | 8.9 | 6.3 |
| Total ⁽²⁾⁽³⁾ | 3,999,241 | * | 467,873,984 | 85.3 | 60.1 |
| Sheryl K. Sandberg ⁽⁴⁾ | 5,014,553 | * | 2,859,253 | * | * |
| David M. Wehner ⁽⁵⁾ | 99,878 | * | — | — | * |
| Christopher K. Cox ⁽⁶⁾ | 499,793 | * | 169,278 | * | * |
| Mike Schroepfer ⁽⁷⁾ | 478,702 | * | 2,180,233 | * | * |
| Marc L. Andreessen ⁽⁸⁾ | 171,646 | * | 379,429 | * | * |
| Erskine B. Bowles ⁽⁹⁾ | 36,513 | * | — | — | * |
| Susan D. Desmond-Hellmann ⁽¹⁰⁾ | 25,680 | * | — | — | * |
| Reed Hastings ⁽¹¹⁾ | 130,921 | * | — | — | * |
| Jan Koum ⁽¹²⁾ | 60,239,391 | 2.6 | — | — | * |
| Peter A. Thiel ⁽¹³⁾ | 1,075,811 | * | 54,995 | * | * |
| All executive officers and directors as a group (13 persons) ⁽¹⁴⁾ | 72,165,123 | 3.1 | 473,558,630 | 85.5 | 61.2 |
| Other 5% Stockholders: | | | | | |
| Dustin Moskovitz ⁽¹⁵⁾ | N/A ⁽¹⁵⁾ | N/A ⁽¹⁵⁾ | 48,892,913 | 8.9 | 6.3 |
| Eduardo Saverin ⁽¹⁶⁾ | 5,900,000 | * | 47,233,360 | 8.6 | 6.1 |
| Entities affiliated with BlackRock ⁽¹⁷⁾ | 126,420,664 | 5.5 | — | — | 1.6 |
| Entities affiliated with Fidelity ⁽¹⁸⁾ | 150,655,575 | 6.5 | — | — | 1.9 |
| Entities affiliated with Vanguard ⁽¹⁹⁾ | 130,370,552 | 5.6 | — | — | 1.7 |

*Less than 1%.

Percentage of total voting power represents voting power with respect to all shares of our Class A common stock (1) and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share.

(2) Consists of (i) 4,857,323 shares of Class B common stock held of record by Mark Zuckerberg, Trustee of The Mark Zuckerberg Trust dated July 7, 2006 (2006 Trust); (ii) 3 shares of Class B common stock held of record by Mark Zuckerberg, Trustee of the Openness Trust, dated April 2, 2012; (iii) 1,050,117 shares of Class A common stock held of record by Mark Zuckerberg, Trustee of The Mark Zuckerberg 2014 GRAT No. 1 dated May 8, 2014; (iv) 1,224,587 shares of Class A common stock held of record by Mark Zuckerberg, Trustee of The Mark Zuckerberg 2014 GRAT No. 2 dated May 8, 2014; (v) 1,278,591 shares of Class A common stock held of record by Mark Zuckerberg, Trustee of The Mark Zuckerberg 2014 GRAT No. 3 dated May 8, 2014; and (vi) 445,946 shares of Class A common stock and 414,123,745 shares of Class B common stock held of record by Chan Zuckerberg Initiative, LLC (CZI). The 2006 Trust is the sole member of CZI. Mr. Zuckerberg is the sole trustee of the 2006 Trust and, therefore, is deemed to have sole voting and investment power over the securities held by CZI.

(3) Consists of shares of our Class B common stock beneficially owned by Mr. Moskovitz over which, except under limited circumstances, Mr. Zuckerberg holds an irrevocable proxy, pursuant to a voting agreement between Mr. Zuckerberg, us, and Mr. Moskovitz with respect to certain matters, as indicated in footnote (15) below. We do not believe that the parties to the voting agreement constitute a "group" under Section 13 of the Securities Exchange Act of 1934, as amended, as Mr. Zuckerberg exercises voting control over these shares.

(4) Consists of (i) 4,977,700 shares of Class A common stock held of record by Ms. Sandberg; (ii) 23,824 shares of Class A common stock held of record by Sheryl K. Sandberg, Trustee of the Sandberg-Goldberg Family Trust dated September 3, 2004; (iii) 2,741,120 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 31, 2016; and (iv) 13,029 shares of Class A common stock and 118,133 shares

of Class B common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.
(5) Consists of (i) 55,831 shares of Class A common stock held of record by Mr. Wehner and (ii) 44,047 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.

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- Consists of (i) 384,010 shares of Class A common stock held of record by Mr. Cox; (ii) 76,945 shares of Class A common stock held of record by Christopher Cox, Trustee of the Christopher K. Cox Revocable Trust; (iii) 28,816
- (6) shares of Class A common stock held of record by the Remainder Interest Trust Created Under the Christopher K. Cox 2009 Annuity Trust dated 5/29/2009; and (iv) 10,022 shares of Class A common stock and 169,278 shares of Class B common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.
- Consists of (i) 468,680 shares of Class A common stock held of record by Mr. Schroepfer; (ii) 26,940 shares of Class B common stock held by Mr. Schroepfer and Erin Hoffmann as Co-Trustees of The Clover Irrevocable Nonexempt Trust u/a/d 6/27/11 which are issuable upon exercise of options exercisable within 60 days of March
- (7) 31, 2016; (iii) 676,060 shares of Class B common stock held by Mr. Schroepfer and Erin Hoffmann as Co-Trustees of the HS Trust u/a/d 9/28/11 which are issuable upon exercise of options exercisable within 60 days of March 31, 2016; (iv) 1,296,573 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 31, 2016; and (v) 10,022 shares of Class A common stock and 180,660 shares of Class B common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.
- Consists of (i) 167,868 shares of Class A common stock held of record by The Andreessen 1996 Living Trust (Andreessen Living Trust); (ii) 3,778 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016; (iii) 224,239 shares of Class B common stock to be received by Andreessen Horowitz Fund III, L.P., as nominee (AH Fund), in connection with our acquisition of Oculus VR, Inc. (Oculus); and (iv) 155,190 shares of Class B common stock to be received by AH Parallel Fund III, L.P., as nominee (AHPF), in connection with our acquisition of Oculus. The shares to be received by AH Fund and AHPF are currently being held in escrow and are subject to forfeiture during the escrow period stated to satisfy claims arising as a result of, among other things, Oculus' breach of any of its representations and warranties or covenants and agreements set forth in the amended and restated agreement and plan of merger dated April 21, 2014. Mr.
- (8) Andreessen has irrevocably committed to cause all shares of Class B common stock that may be received by AH Fund and AHPF upon release of such escrow into Class A common stock as described further in "Proposal Seven—Approval of the Adoption of Our Amended and Restated Certificate of Incorporation." Mr. Andreessen and JPMorgan Chase Bank, N.A. (successor-in-interest to J.P. Morgan Trust Company, N.A.) are the trustees of the Andreessen Living Trust, and may be deemed to share voting and investment power over the securities held by the Andreessen Living Trust. AH Equity Partners III, L.L.C. (AHEP) is the general partner of AH Fund. Mr. Andreessen is one of the managing members of AHEP and, therefore, may be deemed to share voting and investment power over the securities held by AH Fund. AH Equity Partners III (Parallel), L.L.C. (AHEP Parallel) is the general partner of AHPF. Mr. Andreessen is one of the managing members of AHEP Parallel and, therefore, may be deemed to share voting and investment power over the securities held by AHPF. The address of Andreessen Living Trust, AH Fund, and AHPF is 2865 Sand Hill Road, Suite 101, Menlo Park, California 94025.
- (9) Consists of (i) 32,735 shares of Class A common stock held of record by Mr. Bowles and (ii) 3,778 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.
- Consists of (i) 20,652 shares of Class A common stock held of record by Nicholas S. Hellmann and Susan D.
- (10) Desmond-Hellmann as the co-trustees of the Hellmann Family Trust and (ii) 5,028 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.
- Consists of (i) 79,297 shares of Class A common stock held of record by Mr. Hastings; (ii) 47,846 shares of
- (11) Class A common stock held of record by the Hastings-Quillin Family Trust dated 05/13/1996 (Hastings Trust); and (iii) 3,778 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016. Mr. Hastings is one of the trustees of the Hastings Trust.
- (12) Consists of (i) 39,942,725 shares of Class A common stock held of record by Jan Koum, Trustee of the Butterfly Trust U/A/D 1/20/2004; (ii) 141,489 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust I U/A/D 4/29/2014; (iii) 141,489 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust II U/A/D 8/5/2014; (iv) 2,528,672 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust III U/A/D 10/9/2014; (v) 2,242,343 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust IV U/A/D 2/4/2015; (vi) 3,500,000 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust V U/A/D 4/29/2015; (vii) 3,500,000 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust VI

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U/A/D 8/5/2015; (viii) 3,500,000 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust VII U/A/D 10/20/2015; (ix) 3,500,000 shares of Class A common stock held of record by Jan Koum, Trustee of the Jan Koum Trust VIII U/A/D 1/29/2016; and (x) 1,242,673 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.

Consists of (i) 1,072,033 shares of Class A common stock held of record by Rivendell One LLC (Rivendell); (ii) 3,778 shares of Class A common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016; (iii) 41,631 shares of Class B common stock to be received by The Founders Fund IV, LP (FF) in connection with our acquisition of Oculus; and (iv) 13,364 shares of Class B common stock to be received by The Founders Fund IV Principals Fund, LP (FFPF) in connection with our acquisition of Oculus. The shares to be (13) received by FF and FFPF are currently being held in escrow and are subject to forfeiture during the escrow period stated to satisfy claims arising as a result of, among other things, Oculus' breach of any of its representations and warranties or covenants and agreements set forth in the amended and restated agreement and plan of merger dated April 21, 2014. Mr. Thiel is the beneficial owner of Rivendell and has voting and investment power over the securities held by Rivendell. Mr. Thiel is one of the managers of the general partner of each of FF and FFPF, and, therefore, may be deemed to have voting and investment power over the securities held by these entities.

Consists of (i) 70,784,225 shares of Class A common stock; (ii) 468,308,408 shares of Class B common stock; (14) (iii) 4,740,693 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 31, 2016; and (iv) 1,380,898 shares of Class A common stock and 509,529 shares of Class B common stock issuable upon the settlement of RSUs releasable within 60 days of March 31, 2016.

Consists of 42,062,058 shares of Class B common stock held of record by Dustin A. Moskowitz, Trustee of The Dustin A. Moskowitz Trust dated December 27, 2005 (Moskovitz 2005 Trust) and 6,830,855 shares of Class B common stock held of record by Dustin Moskowitz, Trustee of The Dustin Moskowitz 2008 Annuity Trust dated March 10, 2008 (Moskovitz 2008 Trust). Mr. Moskowitz is trustee, co-trustee or beneficiary of the Moskowitz 2005 Trust and the Moskowitz 2008 Trust. The address of Mr. Moskowitz is 224 Jackson Street, Suite 300, San (15) Francisco, California 94111. All of the shares held by the Moskowitz 2005 Trust and the Moskowitz 2008 Trust are subject to a voting agreement in favor of Mr. Zuckerberg referred to in footnote (3) above. Mr. Moskowitz did not respond to our request for ownership information with respect to our Class A common stock in connection with the preparation of this proxy statement and we are not affiliated with Mr. Moskowitz or any other person that has access to such ownership information, so this disclosure is based on information obtained from our transfer agent and other information available to us as of March 31, 2016.

Consists of 5,900,000 shares of Class A common stock and 47,233,360 shares of Class B common stock held of (16) record by Eduardo Saverin. The address of Mr. Saverin is c/o 9 Raffles Place, #42-02 Republic Plaza, Singapore 048619.

Based on information reported by BlackRock, Inc. on Schedule 13G filed with the SEC on January 26, 2016. Of the shares of Class A common stock beneficially owned, BlackRock, Inc. reported that it has sole dispositive (17) power with respect to 126,331,177 shares, shared dispositive power with respect to 89,487 shares, sole voting power with respect to 109,415,876 shares, and shared voting power with respect to 89,487 shares. BlackRock, Inc. listed its address as 55 East 52nd Street, New York, New York 10055.

Based on information reported by FMR LLC on Schedule 13G/A filed with the SEC on February 12, 2016. Of the shares of Class A common stock beneficially owned, FMR LLC reported that it has sole dispositive power with (18) respect to all of the shares and sole voting power with respect to 13,411,812 shares. FMR LLC listed its address as 245 Summer Street, Boston, Massachusetts 02210.

Based on information reported by The Vanguard Group on Schedule 13G filed with the SEC on February 10, 2016. Of the shares of Class A common stock beneficially owned, The Vanguard Group reported that it has sole (19) dispositive power with respect to 125,954,634 shares, shared dispositive power with respect to 4,415,918 shares, sole voting power with respect to 4,177,030 shares, and shared voting power with respect to 212,800 shares. The Vanguard Group listed its address as 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

RELATED PARTY TRANSACTIONS

Since January 1, 2015, aside from the executive officer and director compensation arrangements discussed in "Executive Officers, Directors, and Corporate Governance" and "Executive Compensation," above, we did not have any transactions to which we have been a participant, in which the amount involved in the transaction exceeds or will exceed \$120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest. Notwithstanding the foregoing, in 2015, related entities of certain of our directors and executive officers, or their immediate family members, purchased and received credits to purchase advertising from us in the ordinary course of business pursuant to our standard terms and conditions.

Review, Approval or Ratification of Transactions with Related Parties

We have adopted a related-party transactions policy to comply with Section 404 of the Securities Exchange Act of 1934, as amended, under which our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock, and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related-party transaction with us without the consent of our audit committee. If the related party is, or is associated with, a member of our audit committee, the transaction must be reviewed and approved by our compensation & governance committee. Any request for us to enter into a transaction with a related party must first be presented to our legal department for review. Our legal department then refers any transaction with a related party in which the amount involved exceeds \$120,000 and such party would have a direct or indirect material interest to our audit committee for review, consideration and approval. If advance approval of a transaction between a related party and our company was not feasible or was not obtained, the transaction must be submitted to the legal department for review as soon as reasonably practicable for determination of whether the transaction constituted a related-party transaction. The legal department then refers such transaction to the audit committee, at which time the audit committee considers whether to ratify and continue, amend and ratify, or terminate or rescind such related-party transaction. All of the transactions described above, including transactions in which the related party did not have a material interest, were reviewed and considered by, and were entered into with the approval of, or ratification by, our audit committee.

REPORT OF THE AUDIT COMMITTEE

This report of the audit committee is required by the Securities and Exchange Commission (SEC) and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended (Securities Act), or under the Securities Exchange Act of 1934, as amended (Exchange Act), except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

The principal purpose of the audit committee is to assist the board of directors in its general oversight of our accounting practices, system of internal controls, audit processes and financial reporting processes. The audit committee is responsible for appointing and retaining our independent auditor and approving the audit and non-audit services to be provided by the independent auditor. The audit committee's function is more fully described in its charter.

Our management is responsible for preparing our financial statements and ensuring they are complete and accurate and prepared in accordance with generally accepted accounting principles. Ernst & Young LLP (EY), our independent registered public accounting firm for 2015, was responsible for performing an independent audit of our consolidated financial statements and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles and as to the effectiveness of our internal control over financial reporting.

The audit committee has reviewed and discussed our audited financial statements for the year ended December 31, 2015 with management and with EY. These audited financial statements are included in our Annual Report on Form 10-K for the year ended December 31, 2015 (Annual Report).

The audit committee has also discussed with EY the matters required to be discussed by Auditing Standard No. 16 adopted by the Public Company Accounting Oversight Board (United States) regarding "Communication with Audit Committees."

The audit committee also has received and reviewed the written disclosures and the letter from EY required by applicable requirements of the Public Company Accounting Oversight Board regarding EY's communications with the audit committee concerning independence, and has discussed with EY its independence from us.

Based on the review and discussions described above, the audit committee recommended to the board of directors that the audited financial statements be included in the Annual Report for filing with the SEC.

THE AUDIT COMMITTEE

Marc L. Andreessen
Erskine B. Bowles (Chair)
Susan D. Desmond-Hellmann

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission (SEC) require our directors, executive officers and persons who own more than 10% of our Class A common stock to file reports of their ownership and changes in ownership of our Class A common stock with the SEC. Based solely on our review of the reports filed during 2015 and questionnaires from our directors and executive officers, we determined that no director, executive officer, or beneficial owner of more than 10% of our Class A common stock failed to file a report on a timely basis during 2015, except for: (i) a late Form 4 filed by Reed Hastings to report vesting of his RSUs and acquisition of shares of Class A common stock dated June 10, 2015 and (ii) a late Form 4 filed by Colin S. Stretch to report the sale of our Class A common stock pursuant to a Rule 10b5-1 trading plan dated November 30, 2015.

STOCKHOLDER COMMUNICATIONS

Stockholders may contact our board of directors about bona fide issues or questions about Facebook by sending a letter to the following address: c/o Facebook, Inc., 1601 Willow Road, Menlo Park, California, 94025, Attention: Board of Directors. Each communications should specify the applicable addressee or addressees to be contacted, the general topic of the communication, and the class and number of shares of our stock that are owned of record (if a record holder) or beneficially. If a stockholder wishes to contact the independent members of the board of directors, the stockholder should address such communication to the attention of the Lead Independent Director at the address above. Our legal department will initially receive and process communications before forwarding them to the addressee, and generally will not forward a communication that is unrelated to the duties and responsibilities of the board of directors, including communications the legal department determines to be primarily commercial in nature, is related to an improper or irrelevant topic, or is a request for general information about the company, its products, or services. In addition, material that is unduly hostile, threatening, illegal, or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-management director upon request.

CODE OF CONDUCT

We have adopted a Code of Conduct that applies to members of our board of directors, our executive officers, employees, contractors, consultants, and others working on our behalf. The Code of Conduct is available on our website at <http://investor.fb.com/governance.cfm>. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Conduct by posting such information on our website at the address specified above.

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PROPOSAL ONE:

ELECTION OF DIRECTORS

The following individuals, all of whom are currently serving on our board of directors, are nominated for election this year:

Marc L. Andreessen

Erskine B. Bowles

Susan D. Desmond-Hellmann

Reed Hastings

Jan Koum

Sheryl K. Sandberg

Peter A. Thiel

Mark Zuckerberg

Directors will be elected by a plurality of the votes of the shares of our Class A common stock and Class B common stock present in person or represented by proxy at the 2016 Annual Meeting of Stockholders and entitled to vote on the election of directors, which means that the eight nominees receiving the highest number of affirmative votes will be elected. If elected, each of these individuals will serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal. In the event that any nominee for any reason is unable to serve, or for good cause will not serve, the proxies will be voted for such substitute nominee as our board of directors may determine. We are not aware of any nominee who will be unable to serve, or for good cause will not serve, as a director. Mr. Bowles will have reached the mandatory retirement age of 70 by the time of the Annual Meeting. However, in accordance with our corporate governance guidelines, our board of directors has approved and granted a waiver to allow Mr. Bowles to be nominated for election to the board of directors at the Annual Meeting and at our 2017 Annual Meeting of Stockholders.

Unless otherwise provided by law, any vacancy on the board of directors, including a vacancy created by an increase in the authorized number of directors, may be filled by the stockholders, by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

The relevant experiences, qualifications, attributes or skills of each nominee that led our board of directors to recommend the above persons as a nominee for director are described in the section entitled "Executive Officers, Directors, and Corporate Governance."

The board of directors recommends a vote FOR the election of each of the nominated directors.

PROPOSAL TWO:

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the board of directors has selected Ernst & Young LLP to be our independent registered public accounting firm for the year ending December 31, 2016, and recommends that the stockholders vote for ratification of such appointment. Ernst & Young LLP has been engaged as our independent registered public accounting firm since 2007. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016 will be determined by the vote of a majority of the voting power of the shares present or represented at the 2016 Annual Meeting of Stockholders (Annual Meeting) and voting affirmatively or negatively on the proposal. In the event of a negative vote on such ratification, the audit committee will reconsider its selection. We expect representatives of Ernst & Young LLP to be present at the Annual Meeting, will have the opportunity to make a statement at the Annual Meeting if they desire to do so, and will be available to respond to appropriate questions.

Audit and Related Fees

The following table sets forth the aggregate fees for audit and other services provided by Ernst & Young LLP for the years ended December 31, 2015 and 2014 (in thousands):

| | 2015 | 2014 |
|-----------------------------------|----------|----------|
| Audit fees ⁽¹⁾ | \$6,774 | \$6,206 |
| Audit-related fees ⁽²⁾ | 257 | 80 |
| Tax fees ⁽³⁾ | 4,989 | 5,326 |
| All other fees ⁽⁴⁾ | 132 | 66 |
| Total fees | \$12,152 | \$11,678 |

(1) Audit fees consist of the aggregate fees billed for professional services rendered for (i) the audit of our annual financial statements included in our Annual Report on Form 10-K and a review of financial statements included in our Quarterly Reports on Form 10-Q, (ii) the filing of our registration statements, including our Registration Statements on Form S-3 in October 2014, (iii) services that are normally provided in connection with statutory and regulatory filings or engagements for those years, and (iv) accounting consultations.

(2) Audit-related fees consist of service organization control examinations. Prior period has been reclassified to conform to current year presentation.

(3) Tax fees in 2015 include \$2.7 million for tax compliance projects and \$2.3 million for tax advisory projects. Tax fees in 2014 include \$1.7 million for tax compliance projects and \$3.6 million for tax advisory projects.

(4) All other fees consist of fees for services other than the services reported in audit fees, audit-related fees, and tax fees.

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent accountants. These services may include audit services, audit-related services, tax services, and other services. The audit committee generally pre-approves particular services or categories of services on a case-by-case basis. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with these pre-approvals, and the fees for the services performed to date.

All of the services of Ernst & Young LLP for 2015 and 2014 described above were pre-approved by the audit committee.

The board of directors recommends a vote FOR the ratification of the appointment of Ernst & Young LLP.

PROPOSAL THREE:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the rules of the Securities and Exchange Commission, we are providing stockholders with a non-binding advisory vote on the compensation program for our named executive officers. This non-binding advisory vote is commonly referred to as a "say on pay" vote. The non-binding advisory vote on the compensation program for our named executive officers, as disclosed in this proxy statement, will be determined by the vote of a majority of the voting power of the shares present or represented at the 2016 Annual Meeting of Stockholders and voting affirmatively or negatively on the proposal.

Stockholders are urged to read the "Executive Compensation" section of this proxy statement, which discusses how our executive compensation policies and procedures implement our compensation philosophy and contains tabular information and narrative discussion about the compensation of our named executive officers. The compensation & governance committee and the board of directors believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving our goals.

As an advisory vote, this proposal is not binding. However, our board of directors and compensation & governance committee, which is responsible for designing and administering our executive compensation program, value the opinions expressed by stockholders in their vote on this proposal, and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

The board of directors recommends a vote FOR the approval, on a non-binding advisory basis, of the compensation & governance committee's executive compensation philosophy, policies and determinations for our named executive officers, as described in the "Executive Compensation" section of this proxy statement.

**PROPOSALS FOUR THROUGH SIX:
DIRECTOR COMPENSATION**

Background Regarding Requested Stockholder Actions

In June 2014, an individual stockholder brought a derivative action in the Court of Chancery in Delaware, suing our directors, purportedly on behalf of us, for damages as a result of their alleged breaches of their fiduciary duties by awarding and/or receiving purportedly excessive non-employee director compensation in 2013 at our expense. The plaintiff further alleged that the non-employee director defendants were unjustly enriched as a result of their receipt of purportedly excessive compensation, and that the director defendants were liable to us for waste for paying purportedly excessive compensation.

The defendants filed a motion to dismiss and for summary judgment, which was granted in part and denied in part. In November and December 2015, the plaintiff and the director defendants negotiated the terms of a potential settlement, and reached a settlement in principal (Proposed Settlement). The Proposed Settlement would require us, among other things, to include Proposal Four (Ratification of 2013 Grants to Non-Employee Directors) and Proposal Six (Approval of Our Annual Compensation Program for Non-Employee Directors) in the 2016 proxy statement. In addition, although not required pursuant to the terms of the Proposed Settlement, we are also seeking ratification by our stockholders of the equity awards that were granted to our non-employee directors in 2014 and 2015, as described in Proposal Five (Ratification of 2014 and 2015 Grants to Non-Employee Directors). We believe the ratification by our stockholders of the awards granted in 2014 and 2015 is prudent.

The director defendants have denied and continue to deny they have committed, threatened, or attempted to commit any violations of law or breached any duty owed to the plaintiff, us, or our stockholders and maintain that their conduct was at all times proper and in compliance with applicable law and that they acted in good faith. Nonetheless, the director defendants have concluded that further litigation would be protracted and expensive, and that it is desirable and beneficial for the suit to be fully and finally settled. The board of directors has approved the Proposed Settlement as being in the best interests of us and the stockholders, and we, through the board of directors, acknowledge and agree that the Proposed Settlement is fair, reasonable, and adequate and in the best interests of us and our stockholders.

Background Regarding Annual Compensation Program for Non-Employee Directors

Beginning in 2011, each non-employee director received an annual retainer fee of \$50,000 and the chair of our audit committee received an annual retainer fee of \$20,000. We did not have a formal policy in place relating to the granting of equity awards to our directors; certain non-employee directors received initial grants of restricted stock units (RSUs) that vested over four years following their appointment to the board of directors, while other non-employee directors did not receive any equity compensation.

In August 2013, we reevaluated the compensation of our non-employee directors. In September 2013, our board of directors approved and implemented an annual compensation program (Annual Compensation Program) following a review of a report of non-employee director compensation prepared by Radford, a national compensation consulting firm. The Annual Compensation Program was initially disclosed in our proxy statement filed with the SEC on March 31, 2014. With respect to the cash component, which has applied to non-employee director compensation since October 2013, the Annual Compensation Program provides for an annual cash retainer of: (i) \$50,000 per year for each non-employee director (other than the members of our audit committee), (ii) \$70,000 per year for each member of our audit committee (other than the chair), and (iii) \$100,000 per year for the chair of our audit committee. New non-employee directors receive cash retainer fees on a pro rata basis based on the number of days remaining in the quarter in which they join the board of directors and are eligible to receive an initial grant of RSUs in an amount and on terms to be approved by our board of directors at the time of appointment.

With respect to the equity component, which has applied to non-employee director compensation since January 2014 (when the equity component became effective), the Annual Compensation Program provides that each of our non-employee directors who is an existing member of our board of directors as of the date of our annual stockholder meeting for each such year also will be eligible to receive an annual grant of RSUs equal to \$300,000 divided by the average daily closing price of our Class A common stock in May of such year. These awards will be approved each year automatically on the later of June 1 or the date of our annual meeting of stockholders for the particular year. These awards will vest fully on the earlier of (i) May 15 of the following year or (ii) the date of our annual meeting of

stockholders of the following year if the director does not stand for re-election or is not re-elected at such annual meeting, so long as the recipient is a director on such date. As further described in Proposal 4, we also awarded RSUs to our non-employee directors in October 2013 that were made on terms consistent with the terms of our Annual Compensation Program, except such awards had a different grant date (October versus June) and used a different month for

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determining the number of RSUs to be granted (August versus May) than the awards made since January 2014 under our Annual Compensation Program.

The RSUs granted to our non-employee directors under our Annual Compensation Program are made pursuant to our 2012 Equity Incentive Plan (2012 Plan). Our 2012 Plan was adopted by our board of directors in January 2012, approved by our stockholders in April 2012, and became effective in May 2012 in connection with our initial public offering. The 2012 Plan provides for the grant of awards to eligible employees, directors (including our non-employee directors), consultants, independent contractors, and advisors in the form of stock options, restricted stock awards, stock bonuses, stock appreciation rights, RSUs, and performance shares. Any eligible recipient, including non-employee directors, may receive stock options or RSUs.

Our board of directors has authority to modify the terms of our Annual Compensation Program from time to time. Such modifications will not be subject to stockholder approval unless otherwise provided by the board of directors or to the extent that stockholder approval may be required by law or under the rules of NASDAQ.

We currently have eight directors serving on our board of directors, five of which are non-employee directors who are eligible to receive compensation under the Annual Compensation Program. Our employee directors do not receive compensation for their service as directors.

Certain Interests of Directors

In considering the recommendation of our board of directors with respect to Proposals Four through Six, stockholders should be aware that our non-employee directors have certain interests, which may present them with conflicts of interest in connection with these proposals, and they have agreed to abstain from voting in their capacity as stockholders on these proposals as required by the terms of the Proposed Settlement.

PROPOSAL FOUR:

RATIFICATION OF 2013 GRANTS TO NON-EMPLOYEE DIRECTORS

Background

In November 2013, each non-employee director who was a member of our board of directors at such time received a grant of 7,742 restricted stock units, which was equal to \$300,000 divided by the average daily closing price of our Class A common stock in August 2013 (2013 Equity Awards). The 2013 Equity Awards were made on terms consistent with the terms of our annual compensation program for non-employee directors (Annual Compensation Program), except such awards had a different grant date (November versus June) and used a different month for determining the number of RSUs to be granted (August versus May) than the awards made since January 2014 under our Annual Compensation Program, reflecting the fact that the Annual Compensation Program was adopted mid-year. The 2013 Equity Awards were in addition to the \$50,000 per year annual cash retainer (\$70,000 for the chair of our audit committee).

At the time we granted the 2013 Equity Awards, we had eight directors serving on our board of directors, six of which were non-employee directors who received the 2013 Equity Awards. Our employee directors at the time we granted the 2013 Equity Awards, Mark Zuckerberg and Sheryl K. Sandberg, did not receive compensation for their service as directors.

Requested Stockholder Approval

The board of directors believes that stockholder ratification of the 2013 Equity Awards is in the best interests of us and our stockholders because it appropriately rewarded our highly qualified non-employee directors who we believe were critical to our long-term success for services rendered to us during the period that the awards were subject to vesting. Notwithstanding the claims in the derivative action, we believe that the 2013 Equity Awards were reasonable and appropriate, in line with market practice, and compensated our non-employee directors for services as non-employee directors and aligned the interests of us and our stockholders. The board of directors believes that ratifying the 2013 Equity Awards is in the best interests of us and our stockholders.

We are asking our stockholders to ratify the 2013 Equity Awards for calendar year 2013. If our stockholders do not ratify the 2013 Equity Awards, we will consider our stockholders' concerns and our board of directors will consider whether any actions are necessary to address those concerns. We believe failure to approve the 2013 Equity Awards may have an adverse effect on our ability to retain the directors who received such awards on our board of directors. The board of directors recommends a vote FOR ratification of the 2013 Equity Awards for non-employee directors.

PROPOSAL FIVE:

RATIFICATION OF 2014 AND 2015 GRANTS TO NON-EMPLOYEE DIRECTORS

Background

In June 2014 and 2015, each non-employee director who was a member of our board of directors at such time received a grant of 4,993 and 3,778 restricted stock units (RSUs), respectively. The awards were granted in accordance with our annual compensation program for non-employee directors (Annual Compensation Program). The awards granted in 2014 are hereinafter referred to as the 2014 Equity Awards and the awards granted in 2015 are hereinafter referred to as the 2015 Equity Awards. Together, these awards are hereinafter referred to as the 2014 and 2015 Equity Awards. In accordance with our Annual Compensation Program, the number of RSUs awarded to our non-employee directors was equal to \$300,000 divided by the average daily closing price of our Class A common stock in May of the year of grant. These awards were in addition to the \$50,000 per year annual cash retainer to directors other than members of our audit committee, \$70,000 for members of our audit committee (other than the chair of our audit committee), and \$100,000 to the chair of our audit committee provided in our Annual Compensation Program.

At the time we granted the 2014 Equity Awards, we had eight directors serving on our board of directors, six of which were non-employee directors who received the 2014 Equity Awards. Our employee directors at the time we granted the 2014 Equity Awards, Mark Zuckerberg and Sheryl K. Sandberg, did not receive compensation for their service as directors.

At the time we granted the 2015 Equity Awards, we had nine directors serving on our board of directors, five of which were non-employee directors who received the 2015 Equity Awards. Mr. Graham, who was a non-employee director at the time we granted the 2015 Equity Awards, did not receive an award because he reached our mandatory retirement age by the time of the 2015 annual meeting of stockholders and therefore was not nominated for reelection to our board of directors at such meeting. Our employee directors at the time we granted the 2015 Equity Awards, Mark Zuckerberg, Sheryl K. Sandberg, and Jan Koum, did not receive compensation for their service as directors.

Requested Stockholder Approval

The board of directors believes that stockholder ratification of the 2014 and 2015 Equity Awards is in the best interests of us and our stockholders because it appropriately rewarded our highly qualified non-employee directors who we believe were critical to our long-term success for services rendered to us during the period that the awards were subject to vesting. We believe that the 2014 and 2015 Equity Awards were reasonable and appropriate, in line with market practice, and compensated our non-employee directors for services as non-employee directors and aligned the interests of us and our stockholders. The board of directors believes that ratifying the 2014 and 2015 Equity Awards is in the best interests of us and our stockholders.

If our stockholders do not ratify the 2014 and 2015 Equity Awards, we will consider our stockholders' concerns and our board of directors will consider whether any actions are necessary to address those concerns. We believe failure to approve the awards may have an adverse effect on our ability to retain the directors who received such awards on our board of directors.

The board of directors recommends a vote FOR ratification of the 2014 and 2015 Equity Awards for non-employee directors.

PROPOSAL SIX:

APPROVAL OF OUR ANNUAL COMPENSATION PROGRAM FOR NON-EMPLOYEE DIRECTORS

Requested Stockholder Approval

The board of directors believes that stockholder approval of the annual compensation program for non-employee directors (Annual Compensation Program) is in the best interests of us and our stockholders because it allows us to attract and retain highly qualified non-employee directors which we believe are critical to our long-term success. We believe that the compensation paid to non-employee directors pursuant to the Annual Compensation Program is reasonable and appropriate, in line with market practice, and compensates our non-employee directors for services as non-employee directors and aligns the interests of us and our stockholders. The board of directors believes that approving the Annual Compensation Program for non-employee directors is in the best interests of us and our stockholders.

In January 2016, we engaged Compensia, Inc., a national compensation consulting firm, to advise the compensation & governance committee of the board of directors regarding the amount and type of compensation to be paid to non-employee directors pursuant to the Annual Compensation Program in 2016, including a review of comparative data from the peer group of companies that we benchmark against for executive compensation purposes. Overall, based on Compensia's analysis of this peer group, average cash compensation per director approximated the 20th percentile of our peers and annual equity compensation per director approximated the 80th percentile of our peers. In addition, Compensia's analysis concluded that our overall board of director compensation approximated the 15th percentile of our peers, which was in part driven by the size of our board of directors being relatively smaller than our peers, and our average compensation, including both the cash and equity components, approximated the 75th percentile of our peers. The compensation & governance committee then conducted a review and assessment of compensation paid to non-employee directors pursuant to the Annual Compensation Program and recommended to the board of directors that no changes be made to the Annual Compensation Program for 2016. The board of directors then reviewed the recommendation of the compensation & governance committee and resolved to make no changes to the Annual Compensation Program for 2016.

As part of the Proposed Settlement, we have agreed that the compensation & governance committee and the board of directors will conduct an annual review of all compensation to be paid to non-employee directors in future calendar years based on the same process undertaken in 2016.

We are asking our stockholders to approve the Annual Compensation Program for calendar year 2016 and future calendar years or until otherwise modified by our board of directors. If the Annual Compensation Program is not approved by our stockholders, we will not provide our non-employee directors with compensation under the Annual Compensation Program until such time, if any, as stockholder approval of a subsequent similar proposal is obtained. We believe this will have an adverse effect on our ability to attract and retain qualified directors to our board of directors.

Annual Compensation Program Benefits

Except for our non-employee directors, no other person is eligible to participate in the Annual Compensation Program. While the compensation to be paid under our Annual Compensation Program will be made in accordance with the terms described above under "Proposals Four Through Six: Director Compensation—Background Regarding Annual Compensation Program for Non-Employee Directors," the specific amounts that will be received by our non-employee directors under the Annual Compensation Program will depend on a number of factors, including the number of non-employee directors on our board of directors during any particular time and, with respect to the equity component, the market price of our Class A common stock which is used to determine the number of RSUs to be granted in any particular year. As a result, the value of the equity component that will be awarded under the Annual Compensation Program is not determinable at this time and, therefore, the table below shows only the aggregate cash and number of awards granted under the Annual Compensation Program described above during 2015:

| Name and Position | Fees Earned or Paid in Cash (\$) | Number of Securities Underlying RSUs |
|--|--|---|
| Mark Zuckerberg, CEO | — | — |
| Sheryl K. Sandberg, COO | — | — |
| David M. Wehner, CFO | — | — |
| Christopher K. Cox, CPO | — | — |
| Mike Schroepfer, CTO | — | — |
| All current executive officers (7 persons) | — | — |
| All current non-executive directors (6 persons) ⁽¹⁾ : | 340,000 | 18,890 |
| Marc L. Andreessen | 70,000 | 3,778 |
| Erskine B. Bowles | 100,000 | 3,778 |
| Reed Hastings | 50,000 | 3,778 |
| Susan Desmond-Hellmann | 70,000 | 3,778 |
| Jan Koum ⁽¹⁾ | — | — |
| Peter A. Thiel | 50,000 | 3,778 |
| All current non-executive employees | — | — |

(1) Includes Mr. Koum who is not eligible to participate in the Annual Compensation Program because he is a non-executive employee director not eligible to receive awards under our Annual Compensation Program. The official closing price per share of our Class A common stock as reported by NASDAQ on April 29, 2016 was \$[•]. The equity awards that were granted in 2014 and 2015 under our Annual Compensation Program are described in Proposal Five above.

The board of directors recommends a vote FOR approval of the Annual Compensation Program for non-employee directors.

PROPOSAL SEVEN:

APPROVAL OF THE ADOPTION OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

General

Our board of directors, after receiving the unanimous recommendation of the special committee (Special Committee), has determined that it is advisable and in our best interests, and in the best interests of our stockholders (other than Mr. Zuckerberg and certain of his affiliates that hold shares of our capital stock, as to whom no determination was made), to adjust our capital structure by establishing a new class of non-voting capital stock, which will be known as Class C capital stock, and potentially declaring and paying a dividend of two shares of this new class of capital stock for each outstanding share of Class A common stock and Class B common stock (Dividend). As further described below, our board of directors believes that adding the Class C capital stock to our capital structure will, among other things, benefit the company and its minority stockholders by (1) allowing the company to maintain focus on Mr. Zuckerberg's long-term vision for the company, (2) encouraging Mr. Zuckerberg to remain in a leadership role at the company, (3) mitigating succession risk, (4) allowing the company to better mitigate future potential voting dilution, and (5) providing other benefits to the holders of shares of Class A common stock, in each case as described further below. In addition, the Class C capital stock will be available for use for, among other things, strategic initiatives, including financings and acquisitions, and the issuance of future equity awards to our service providers.

In order to establish the Class C capital stock, it is necessary to amend and restate our existing restated certificate of incorporation (Current Certificate). Our board of directors unanimously (with the employee directors, including Mr. Zuckerberg, not participating) adopted resolutions approving and declaring advisable, and recommending that our stockholders approve, the adoption of the amended and restated certificate of incorporation (New Certificate). The principal amendments to our Current Certificate, which are further described in the proposals set forth below, are as follows:

- the creation of the non-voting Class C capital stock, of which there will be 15,000,000,000 authorized shares;
- an increase to the number of authorized shares of Class A common stock to 20,000,000,000 (from 5,000,000,000) to accommodate the potential conversion of all shares of Class C capital stock, including shares of Class C capital stock issued in connection with the proposed Dividend, into Class A common stock;
- to provide for the equal treatment of shares of Class A common stock, Class B common stock, and Class C capital stock in connection with certain transactions and upon our liquidation, dissolution, or winding up; and
- to provide for additional events upon which all of our shares of Class B common stock will automatically convert to Class A common stock and to provide for additional instances where Class B common stock would not convert to Class A common stock in connection with a Transfer (as defined in the New Certificate).

Stockholders will vote to approve the adoption of our New Certificate, the full text of which is attached to this proxy statement as Appendix A-1. As part of their vote on the New Certificate, our stockholders are being asked to vote separately on each of the following proposals, which describe the principal amendments to our Current Certificate and which collectively comprise this Proposal Seven:

Proposal 7A—The approval of the adoption of amendments to the Current Certificate to establish the Class C capital stock and to make certain clarifying changes. This proposal is to approve the adoption of amendments to the Current Certificate to authorize 15,000,000,000 shares of Class C capital stock, to establish the powers, preferences and rights and qualifications, limitations, and restrictions of the shares of Class C capital stock, and to set forth certain other clarifying changes as set forth in the New Certificate, including the requirement of certain approvals of our board of directors and our stockholders to amend or repeal the powers, preferences and rights and qualifications, limitations, and restrictions of the shares of Class C capital stock.

Proposal 7B—The approval of the adoption of amendments to the Current Certificate to increase the number of authorized shares of Class A common stock from 5,000,000,000 to 20,000,000,000. This proposal is to approve the adoption of amendments to the Current Certificate to accommodate the potential conversion of all shares of Class B common stock and Class C capital stock, including shares of Class C capital stock issued in connection with the proposed Dividend, into Class A common stock by increasing the number of authorized shares of Class A common stock from 5,000,000,000 to 20,000,000,000.

Proposal 7C—The approval of the adoption of amendments to the Current Certificate to provide for the equal treatment of shares of Class A common stock, Class B common stock, and Class C capital stock in connection with dividends and distributions, certain transactions, and upon our liquidation, dissolution, or winding up. This proposal is to approve the adoption of amendments to the Current Certificate to provide that, except as provided in the New Certificate, the holders of Class A common stock, Class B common stock, and Class C capital stock shall share ratably on a per share basis in connection with any dividends or distributions. However, our board of directors may pay or make a disparate dividend or distribution per share of Class A common stock, Class B common stock, or Class C capital stock if such disparate dividend or distribution is approved in advance by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock, Class B common stock, and Class C capital stock, each voting separately as a class. See "Description of Capital Stock-Dividend Rights" for more information. Moreover, in the event of any merger or similar business combination, or in the event of a tender or exchange offer by a third party pursuant to an agreement to which we are a party or that we recommend, the holders of shares of Class A common stock, Class B common stock, and Class C capital stock will receive the same form of consideration and the same amount of consideration on a per share basis. However, shares of one or two of such classes may receive or have the right to elect to receive different or disproportionate consideration in connection with any such merger, combination or tender or exchange offer if the only difference in the per share consideration is that any securities distributed to the holder of a share of Class B common stock have ten times the voting power of any securities distributed to the holder of a share of Class A common stock and that any securities distributed to the holder of a share of Class C capital stock have no voting rights or power. See "Description of Capital Stock—Equal Status" for more information.

In addition, upon a liquidation, dissolution, or winding up, all shares of Class C capital stock will automatically be converted into Class A common stock, and the Class A common stock and Class B common stock will be entitled to receive ratably all of our assets available for distribution to the stockholders unless different treatment of each such class with respect to distributions upon any such liquidation, dissolution, or winding up is approved in advance by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting separately as a class. See "Description of Capital Stock—Right to Receive Liquidation Distributions" for more information.

Proposal 7D—The approval of the adoption of amendments to the Current Certificate to provide for additional events upon which all of our shares of Class B common stock will automatically convert to Class A common stock, to provide for additional instances where Class B common stock would not convert to Class A common stock in connection with a Transfer, and to make certain related changes to the Class B common stock conversion provisions. This proposal is to approve the adoption of amendments to our Current Certificate to provide that all shares of Class B common stock will automatically convert into Class A common stock within specified periods of time following (i) the death of Mr. Zuckerberg, (ii) a Disability Event of Mr. Zuckerberg, (iii) the termination of Mr. Zuckerberg as an Approved Executive Officer for Cause, or (iv) the Voluntary Resignation of Mr. Zuckerberg as an Approved Executive Officer (as such capitalized terms are defined in the New Certificate). In addition, this proposal is to approve the adoption of amendments to the Current Certificate to provide that certain transfers of, or other transactions with respect to, shares of Class B common stock would not constitute a Transfer and, therefore, would not result in an automatic conversion to Class A common stock. See "Description of Capital Stock—Conversion" for more information.

The approval of each of these proposals is required to approve the adoption of the New Certificate, and each is an integral element of the Reclassification (as defined below). Accordingly, each of the proposals comprising this Proposal Seven is cross-conditioned upon the approval by our stockholders of all of the proposals comprising this Proposal Seven. None of the actions contemplated by this Proposal Seven will proceed if any of Proposal 7A, 7B, 7C, or 7D is not approved by our stockholders. In this proxy statement, when we refer to the approval of the adoption of the New Certificate, we are referring to our stockholders approving the adoption of the amendment and restatement of our Current Certificate by approving each of the proposals comprising this Proposal Seven, which will collectively constitute approval of this Proposal Seven. The proposals set forth above describe the principal amendments to our Current Certificate. Even if specific amendments to the New Certificate are not fully described above, the approval of each of the proposals comprising Proposal Seven shall constitute the requisite approval of the adoption of the New

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Certificate, in the form attached to this proxy statement as Appendix A-1, as required by Delaware law. Accordingly, you should read the full text of the New Certificate.

The description of the New Certificate in this proxy statement is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the New Certificate which is attached to this proxy statement as Appendix A-1. For convenience of reference, a copy of the New Certificate showing the changes from the Current Certificate, with deleted text shown in strikethrough and added or moved text shown as underlined, is attached to this proxy statement as Appendix A-2.

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If the New Certificate is adopted by the required vote of our stockholders, we intend to file the New Certificate with the Secretary of State of the State of Delaware. The New Certificate will be effective immediately upon acceptance of filing by the Secretary of State (Effective Date). Our board of directors reserves the right to abandon or delay the filing of the New Certificate even if it is approved by our stockholders. In this proxy statement, we refer to the transactions contemplated by the adoption of the New Certificate, including the proposed Dividend, as well as the execution of the Founder Agreement (as defined below), and certain amendments to our corporate governance guidelines, as the Reclassification.

Our board of directors has expressed its intention, subject to stockholder approval of the adoption of the New Certificate and the filing and effectiveness of the New Certificate, to declare and pay a Dividend of two shares of Class C capital stock for each share of Class A common stock and Class B common stock outstanding as of a record date to be determined by our board of directors at a future date. At this time, our board of directors is not aware of any factors other than the approval of the adoption of the New Certificate by our stockholders that may impact its decision as to whether to declare and pay the Dividend. Stockholder approval of the Dividend is not required and is not being solicited by this proxy statement. Even if the New Certificate is approved by our stockholders, our board of directors may decide not to immediately declare and pay the Dividend and there can be no assurance that our board of directors will elect to proceed with the Dividend. We intend to announce the Dividend on a future date, when and if, it is declared.

Following the payment of the Dividend, our board of directors intends that all outstanding stock options and restricted stock units (RSUs) granted pursuant to our 2005 Stock Plan, 2012 Equity Incentive Plan (2012 Plan), and any equity awards granted outside of such equity-based plans will be adjusted as described under "Certain Other Effects of Reclassification—Effect on Equity-Based Incentive Plans and Outstanding Equity Awards." In addition, as described in Proposal Eight, we are also asking our stockholders to approve the amendment and restatement of our 2012 Plan to accommodate our new capital structure and make certain other amendments.

As part of the approval of the adoption of the New Certificate, Mr. Zuckerberg and certain of his affiliates that hold shares of our capital stock have agreed to enter into a founder agreement with us (Founder Agreement) pursuant to which they will agree, among other things, not to sell, assign, transfer, convey, hypothecate, or otherwise dispose of any shares of Class B common stock if, as a result of such sale, transfer, assignment, conveyance, hypothecation, or other disposition, Mr. Zuckerberg, together with such affiliates, would own less than a majority of the then outstanding shares of Class B common stock, unless Mr. Zuckerberg and such affiliates first cause all shares of the outstanding Class B common stock to automatically convert into an equivalent number of shares of Class A common stock (under our Current Certificate, the holder of a majority of the outstanding shares of Class B common stock has, and under the New Certificate will have, the ability to cause all shares of the outstanding Class B common stock to automatically convert into an equivalent number of shares of Class A common stock). In addition, pursuant to the Founder Agreement, Mr. Zuckerberg will agree to meet with our board of directors from time to time and, upon the reasonable request of any member of the board of directors, to discuss succession planning with respect to the transfer, voting, and conversion of Mr. Zuckerberg's shares during any "sunset" transition period following (i) the death of Mr. Zuckerberg, (ii) a Disability Event of Mr. Zuckerberg, (iii) the termination of Mr. Zuckerberg as an Approved Executive Officer for Cause, or (iv) the Voluntary Resignation of Mr. Zuckerberg as an Approved Executive Officer. Furthermore, pursuant to the Founder Agreement, Mr. Zuckerberg will agree that during any such "sunset" transition period, a vice president or more senior officer of our company or any of our subsidiaries (selected by Mr. Zuckerberg following discussion with the independent members of our board of directors) will hold the sole proxy over the transfer, voting, and conversion of Mr. Zuckerberg's shares.

In addition, pursuant to the Founder Agreement, Mr. Zuckerberg and his affiliates will agree to equal treatment of shares held by him and certain of his affiliates in the event of any merger or similar business combination, or in the event of a tender or exchange offer by a third party, as described in more detail in "Founder Agreement" below. As more fully explained below, the Reclassification and the Dividend, if it is declared and paid, will not initially affect the relative voting power or economic interest of any stockholder. However, if the Dividend is distributed, we expect that the market price for the shares of our Class A common stock will generally reflect the effect of a three-for-one stock split.

The shares of Class A common stock will continue to trade on NASDAQ after the Reclassification and the Dividend, if it is declared and paid. We have been advised that the shares of Class C capital stock will be eligible to be listed on NASDAQ, and we intend to qualify the shares of Class C capital stock for listing on NASDAQ upon their issuance as a result of the Dividend, if it is declared and paid.

The Special Committee and our board of directors believe that the Reclassification and the Dividend, if it is declared and paid, will have a number of benefits for us and our minority stockholders. See "Reasons for the Reclassification" below. The Reclassification and the Dividend, if it is declared and paid, also involve a number of potential negative consequences. See "Potential Negative Consequences of the Reclassification" below.

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As a result of his beneficial ownership of more than a majority of each of our total outstanding voting power and the outstanding voting power of the Class B common stock as of the record date, Mr. Zuckerberg has the power to approve the adoption of the New Certificate without the affirmative vote of any other stockholder.

The Special Committee

The Special Committee was established in August 2015 as a committee of our board of directors to (i) review, analyze, evaluate, and negotiate a potential reclassification of our capital or voting structure in order to maintain our founder-controlled structure, (ii) make a recommendation to our board of directors regarding such a reclassification, and (iii) to the extent delegable by our board of directors to the Special Committee under applicable law, approve or disapprove such a reclassification on behalf of the board of directors.

Among other things, our board of directors authorized the Special Committee to retain, at our expense, such legal, financial, and other advisors, consultants, and experts as the Special Committee determined to be necessary or appropriate to assist and advise the Special Committee in performing its responsibilities, and to enter into contracts with such advisors, consultants, and experts for their compensation, reimbursement of expenses, and indemnification. The board of directors also resolved that the Special Committee would have the power to authorize and direct the appropriate officers of the company to provide such information and assistance as may be requested by the Special Committee in the exercise of its responsibilities.

Our board of directors (with the employee directors abstaining) appointed Susan Desmond-Hellmann, Marc Andreessen, and Erskine B. Bowles as members of the Special Committee. Following the establishment of the Special Committee, the members of the Special Committee appointed Dr. Desmond-Hellmann as Chairperson of the Special Committee. Our board of directors (with the employee directors abstaining) determined that the members of the Special Committee (i) were not members of our management, (ii) were independent of Mr. Zuckerberg, and (iii) were disinterested with respect to a reclassification, except with respect to any interest they may have by virtue of their ownership of shares of our Class A common stock (subject to obtaining their (and any affiliated funds') irrevocable commitment to cause any of their shares of, or securities convertible into or exchangeable for, our Class B common stock to be converted to Class A common stock to the extent that they beneficially owned shares of, or securities convertible or exchangeable into, our Class B common stock as further described in "Background" below).

Background

Mr. Zuckerberg has held a controlling voting interest in our company since its inception. As of the record date, Mr. Zuckerberg beneficially owned [•] shares of Class A common stock and [•] shares of Class B common stock, collectively representing approximately [•]% of our total outstanding voting power and [•]% of our total outstanding economic interests. Mr. Zuckerberg also exercises voting control over [•] shares of Class B common stock pursuant to a voting proxy from Dustin Moskovitz, representing an additional approximately [•]% of our total outstanding voting power.

During August 2015, Mr. Zuckerberg discussed with our board of directors that if he were to donate or otherwise dispose of a significant number of his shares of our capital stock to further his philanthropic aims, if we were to make one or more large stock-based acquisitions, or if we were to issue a significant amount of equity-based compensation awards to our service providers, we might no longer be founder-controlled. Mr. Zuckerberg subsequently announced publicly, on December 1, 2015, that during his lifetime, through the Chan Zuckerberg Initiative, LLC, he will gift or otherwise direct substantially all of his shares of our capital stock, or the net after-tax proceeds from sales of such shares, to further the mission of advancing human potential and promoting equality by means of philanthropic, public advocacy, and other activities for the public good.

On August 20, 2015, our board of directors established the Special Committee to (i) review, analyze, evaluate, and negotiate a potential reclassification of our capital stock or voting structure in order to maintain our founder-controlled structure, (ii) make a recommendation to the board of directors regarding such a reclassification, and (iii) to the extent delegable by our board of directors to the Special Committee under applicable law, approve or disapprove such a reclassification on behalf of the board of directors.

Our board of directors (with the employee directors abstaining) appointed Dr. Desmond-Hellmann and Messrs. Andreessen and Bowles as members of the Special Committee and determined that such Special Committee members (i) were not members of management, (ii) were independent of Mr. Zuckerberg, and (iii) were disinterested with respect to a reclassification, except with respect to any interest they may have by virtue of their ownership of shares of

Class A common stock (subject to obtaining their (and any affiliated funds') irrevocable commitment to cause any of their shares of, or securities convertible into or exchangeable for, our Class B common stock to be converted to Class A common

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stock to the extent that they beneficially owned shares of, or securities convertible or exchangeable into, our Class B common stock). Following the establishment of the Special Committee, the members of the Special Committee appointed Dr. Desmond-Hellmann as Chairperson of the Special Committee.

Dr. Desmond-Hellmann and Messrs. Andreessen and Bowles do not currently beneficially own any shares of, or securities convertible into or exchangeable for, our Class B common stock (except certain funds affiliated with Mr. Andreessen currently hold shares of our Class B common stock in escrow, or that may be received pursuant to the contingent payment earn-out, in connection with our acquisition of Oculus VR, Inc., which shares such funds have irrevocably committed to convert into shares of Class A common stock upon receipt).

To date, the members of the Special Committee have not been compensated for their service. However, our board of directors has delegated to the compensation & governance committee the authority to approve compensation for the members of the Special Committee.

The Special Committee considered several potential candidates to act as its legal counsel and financial advisor. Following careful consideration and review of these candidates, the Special Committee selected Wachtell, Lipton, Rosen & Katz (Wachtell Lipton) to act as its legal counsel and Evercore Group L.L.C. (Evercore) to act as its financial advisor. The Special Committee selected each of Wachtell Lipton and Evercore based upon their respective qualifications, previous experience, and absence of conflicts with respect to the potential reclassification (including the absence of any conflicting prior engagements with respect to Mr. Zuckerberg). Pursuant to an engagement letter entered into in November 2015, we paid Evercore an initial fee of \$1,000,000 and an additional monthly fee of \$125,000 during the pendency of their engagement, subject to a minimum engagement period of 12 months. Pursuant to this engagement letter, we have also agreed to indemnify Evercore and certain related persons against certain liabilities and expenses relating to or arising out of their engagement. Evercore is not entitled to any fees from us that are contingent on a potential reclassification being approved.

Since its formation in August 2015, the Special Committee has met numerous times and also has had frequent conversations. The Special Committee has sought advice from its advisors (i) in evaluating the benefits and disadvantages of the company implementing a reclassification versus maintaining the status quo and (ii) in assisting the Special Committee in its deliberations and negotiations with respect to the terms of a potential reclassification. The Special Committee has considered, and received advice from its advisors on, the likely effects of a reclassification on our share price, capital structure, governance, management, operations, and investor relations. Furthermore, the Special Committee has reviewed and discussed several recent reclassifications effected by other founder-controlled companies with dual-class common stock and has considered the terms of those reclassifications as well as the effects of those transactions on the reclassifying company's share price, capital structure, governance, management, operations, and investor relations.

It is the Special Committee's belief that a significant portion of the success realized by us has been attributable to Mr. Zuckerberg's leadership, creative vision, and management abilities, and that Mr. Zuckerberg's continued leadership role in our company is likely to provide substantial benefits to us and to our stockholders. The Special Committee also believes that our current dual-class capital structure considerably contributes to our stability and reduces pressure on our board of directors and management to deliver short-term results, which allows them to focus on our mission and long-term success.

In light of Mr. Zuckerberg's publicly-announced plans of gifting or otherwise directing substantially all of his shares of our capital stock, or the net after-tax proceeds from sales of such shares, during his lifetime, and the expected impact of voting dilution due to potential future financings, acquisitions, and equity awards to service providers by our company, the Special Committee has unanimously recommended the Reclassification of our capital stock, including the creation of the Class C capital stock and the issuance of the Dividend, which the Special Committee believes will help ensure that our capital structure will continue to provide us with these critical benefits, including Mr. Zuckerberg's leadership, creative vision, and management abilities, even as Mr. Zuckerberg sells or transfers a significant number of his shares.

The Special Committee and its advisors considered many different potential terms and structures for the Reclassification, and engaged in extensive negotiations about the terms of the Reclassification with Mr. Zuckerberg and his advisors. The Special Committee also consulted with our management and advisors with respect to the potential terms and structure for the Reclassification. At all times, the members of the Special Committee had the

power to say "no" and the power to reject a potential Reclassification, and Mr. Zuckerberg made clear that he would not pursue a reclassification without the consent of the Special Committee.

Throughout the course of the negotiations, the Special Committee exercised this power and leverage to insist that, in connection with any Reclassification, (i) we implement the New Certificate, (ii) we make certain amendments to our corporate governance guidelines (which amendments are described under "Executive Officers, Directors, and Corporate Governance—Board of Directors—Controlled Company Status") and (iii) we enter into the Founder Agreement with Mr. Zuckerberg and certain of his affiliates that hold shares of our capital stock (which

agreement is described under "Founder Agreement" below). The Special Committee believed that the New Certificate, the amendments to our corporate governance guidelines and the Founder Agreement help achieve certain benefits to the company and its stockholders, including by (i) linking Mr. Zuckerberg's control of our company to Mr. Zuckerberg's continued service in a leadership role (subject only to certain limited exceptions for government service or office) and (ii) conferring certain new protections and benefits not available under the Current Certificate. See "Reasons for the Reclassification" below.

Moreover, during the course of these negotiations, the Special Committee and Mr. Zuckerberg engaged in sustained negotiations with respect to the terms of the Reclassification. Among other matters, the Special Committee negotiated to include the four new automatic "sunset" triggers described in Proposal 7D, to reduce the length of the "sunset" transition period proposed originally by Mr. Zuckerberg for several of the "sunset triggers" described in Proposal 7D and to reduce the scope of certain exceptions to the "sunset" trigger for voluntary leaves of absence or a resignation as an Approved Executive Officer by Mr. Zuckerberg, as a result of which Mr. Zuckerberg can avoid triggering an automatic "sunset" only if he takes a voluntary leave of absence or resigns in connection with government service or office, subject to certain terms and conditions. The Special Committee made clear to Mr. Zuckerberg that it would not negotiate further with respect to these terms and that they were essential to their being able to recommend the Reclassification. Mr. Zuckerberg agreed to the Special Committee's proposals. At the conclusion of these negotiations, the Special Committee was satisfied that the proposed terms of the Reclassification were in the best interests of our company and our minority stockholders. At the conclusion of these negotiations, the Special Committee was satisfied that the proposed terms of the Reclassification were in the best interests of our company and our minority stockholders. See "Reasons for the Reclassification" below.

On April 13, 2016, the Special Committee unanimously (i) determined that the creation of the Class C capital stock and the issuance of the Dividend, together with the New Certificate, the amendments to our corporate governance guidelines, and the Founder Agreement, are advisable and in the best interests of us and our stockholders (other than Mr. Zuckerberg and certain of his affiliates that hold shares of our capital stock, as to whom no determination was made), (ii) recommended that the board of directors adopt resolutions approving the creation of the Class C capital stock, the issuance of the Dividend, the adoption of the New Certificate, the amendments to our corporate governance guidelines, and the Founder Agreement, and (iii) recommended that the board of directors approve, declare advisable, and submit the adopting of the New Certificate for approval by our stockholders.

On April 14, 2016, our board of directors unanimously (with the employee directors, including Mr. Zuckerberg, not participating) decided to proceed with the Reclassification and finalize the documentation in connection therewith.

On April 22, 2016, the Special Committee unanimously reiterated its recommendation to proceed with the Reclassification and the board of directors unanimously (with the employee directors, including Mr. Zuckerberg, not participating) (i) determined that the creation of the Class C capital stock and the issuance of the Dividend, together with the adoption of the New Certificate, the amendments to our corporate governance guidelines, the Founder Agreement, and the amendment and restatement of our 2012 Plan, are advisable and in the best interests of us and our stockholders (other than Mr. Zuckerberg and his affiliated entities, as to whom no determination was made), (ii) approved the creation of the Class C capital stock, the adoption of the New Certificate, amendments to our corporate governance guidelines, the Founder Agreement, and its intention to issue the Dividend, and (iii) approved, declared advisable, and recommended for approval by our stockholders, the adoption of the New Certificate and the amendment and restatement of our 2012 Plan.

Reasons for the Reclassification

The Special Committee and our board of directors believe that the Reclassification, the adoption of the New Certificate, and the potential declaration and payment of the Dividend are advisable and in our best interests and in the best interests of our stockholders (other than Mr. Zuckerberg and his affiliated entities as to whom no determination is made). Our board of directors unanimously recommends a vote "FOR" the approval of the adoption of the New Certificate in connection with the Reclassification and Dividend. The Special Committee and our board of directors believe that the potential advantages of the Reclassification and the Dividend, if it is declared and paid, include, but are not limited to, the factors listed below. These factors are not intended to be exhaustive, but include the material factors considered by the Special Committee and our board of directors in deciding to proceed with the Reclassification and the Dividend, if it is declared and paid. In light of the variety of factors considered, neither the

Special Committee nor our board of directors found it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching their respective determinations and recommendations.
Allow Us to Maintain Focus on Mr. Zuckerberg's Long-Term Vision for our Company

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The Special Committee and our board of directors believe that a significant portion of the success realized by us has been attributable to Mr. Zuckerberg's leadership, creative vision, and management abilities. The Special Committee and our board of directors also believe that Mr. Zuckerberg's continued leadership role in our company will provide substantial benefits to us and to our stockholders.

Since our company's formation, our management team has focused on and prioritized long-term goals. The Special Committee and our board of directors want us to continue to be an innovative company, emphasizing long-term growth while appropriately mitigating short-term performance pressures.

Our current corporate governance structure, which uses a dual-class stock structure, allows Mr. Zuckerberg to determine the outcome of substantially all matters submitted to a vote of our stockholders, including the election of directors, amendments to our certificate of incorporation, and matters involving mergers, acquisitions, and other transactions resulting in a change of control of our company. The Reclassification will facilitate the continuation of our current corporate governance structure, which the Special Committee and our board of directors believe has served us well by enabling us to continue to focus on pursuing our mission and meeting the long-term best interests of our stockholders.

The Special Committee and our board of directors believe that this ability to focus on the long term has generated, and will continue to generate, substantial benefits for us and our stockholders and has been an important competitive advantage for us. A focus on the long-term is critical to our ability to succeed in a highly competitive industry, where long-lasting success depends on creative vision and strong direction. The Special Committee and our board of directors believe that our current dual-class structure has mitigated pressure to deliver short-term results and reduced outside influences, in each case, that could have distracted our management team from its long-term vision and objectives.

Further, we operate in a highly competitive industry that includes many new competitors as well as increased competition from established companies expanding their existing platforms. To continue to service our business, maintain our competitive position, and drive our market penetration, the Special Committee and our board of directors believe that we must continue to have the ability to execute on our strategy with agility. Because it will likely prolong our existing corporate governance structure, the Special Committee and our board of directors believe the Reclassification will preserve our ability to act quickly and decisively to seize opportunities for growth and innovation, even if those opportunities may not yield immediate financial results or may have near-term adverse effects on our stock price. We believe this strategy is one that will allow us to remain on the cutting edge of our industry.

The Reclassification will provide our board of directors with the ability to prolong the period of time during which Mr. Zuckerberg maintains majority voting control over us, which, as noted above, the Special Committee and the board of directors believe is in the best interest of us and our stockholders (other than Mr. Zuckerberg and his affiliated entities, as to whom no determination is made). The Reclassification will allow Mr. Zuckerberg to sell or transfer shares of Class C capital stock without affecting Mr. Zuckerberg's majority voting control over us, and will also allow us to make one or more large stock-based acquisitions and to continue to grant equity awards to our service providers, without affecting Mr. Zuckerberg's majority voting control over us. Being able to issue shares of Class C capital stock in the future, instead of shares of Class A common stock or Class B common stock, will enable our board of directors to issue shares of capital stock without affecting our existing voting and governance structure.

The Special Committee and our board of directors believe the Reclassification is an appropriate way to make it more likely that Mr. Zuckerberg will remain in a position to influence our direction for many years, and we believe that this influence has been and will be beneficial to our growth, strategy, and stability. Mr. Zuckerberg will still lose voting power when he sells or transfers shares of Class A common stock or Class B common stock, or when we issue additional Class A common stock or Class B common stock, which we may choose to do from time to time.

Encouraging Mr. Zuckerberg to Remain Involved with Our Company in a Leadership Role

Under our Current Certificate, Mr. Zuckerberg would continue to hold the shares of Class B common stock, and be able to exercise his majority voting control, if he were to resign from our company or be terminated. In an effort to reduce the likelihood that Mr. Zuckerberg would leave our company (and, moreover, potentially utilize his talents to compete against us), the Special Committee required the new automatic "sunset" conversion triggers, which they believe provide significant value to our company by incenting Mr. Zuckerberg to remain with our company.

Mitigating Succession Risk

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If Mr. Zuckerberg were to leave us or if his employment with us were to be terminated for "cause," under the Current Certificate, he would not be required to relinquish majority voting control. Moreover, under the Current Certificate, Mr. Zuckerberg would be able to pass along his shares of Class B common stock (and potentially his majority voting control depending on sales or transfers by Mr. Zuckerberg, as well as changes in our share count) to his descendants after his death, thus leading to potential multi-generational majority voting control of the company.

The Special Committee and the board of directors believe that attracting a qualified chief executive officer to succeed Mr. Zuckerberg would be significantly more difficult if Mr. Zuckerberg, our founder and (in that event) former chief executive officer, continued to retain majority voting control of us in such a circumstance. The Special Committee and the board of directors also believe that the quality of a chief executive officer who would step into the role under these circumstances is likely to be significantly lower than it would be if we were no longer controlled by Mr. Zuckerberg, which could result in the potential loss of significant value for us and our shares of Class A common stock. If Mr. Zuckerberg were to depart, the impact on us could be highly negative, unless a high-quality replacement was hired.

To address this issue, the new automatic conversion triggers described above would provide for the unwinding of the multi-class stock structure and the relinquishment of Mr. Zuckerberg's majority voting control of us in certain circumstances if Mr. Zuckerberg were to resign from his executive positions with us, or to be terminated by our board of directors for Cause. The Special Committee and the board of directors believe that without these new terms (i.e., if Mr. Zuckerberg could leave us and maintain majority voting control, which is currently the case), it could make it exceedingly difficult to attract and retain a high-quality replacement for Mr. Zuckerberg.

Better Mitigating Future Potential Voting Dilution

The Special Committee and our board of directors believe that the shares of Class A common stock have been an important tool for equity-based employee compensation and may be an important form of currency to help us further our strategic initiatives (such as the acquisition of complementary businesses). However, any new issuances of shares of Class A common stock for either of these key purposes will result in automatic dilution to both the economic and voting interests of all our stockholders. The economic dilution can be mitigated by endeavoring to receive value commensurate with the capital stock that we issue, but the voting dilution cannot be mitigated absent a significant use of cash or the creation of a new class of non-voting shares such as the Class C capital stock. Not only are the voting interests of all stockholders diluted by the issuance of Class A common stock, but issuances of shares of such stock have the additional negative effect of making it more likely that Mr. Zuckerberg would lose majority voting control. It is the Special Committee's belief that a significant portion of the success realized by us has been attributable to Mr. Zuckerberg's leadership, creative vision, and management abilities, and Mr. Zuckerberg's continued leadership role in our company is likely to provide substantial benefits to us and to our stockholders. The Special Committee also believes that our current dual-class capital structure considerably contributes to our stability and reduces pressure on our board of directors and management to deliver short-term results, which allows them to focus on our mission and long-term success. We currently have several ways to mitigate voting dilution, including with respect to Mr. Zuckerberg's majority voting control, to the extent that our board of directors deems it appropriate, including using cash to finance acquisitions, repurchasing shares of Class A common stock in the market, and granting cash-settled equity incentives. Each of these ways of managing voting dilution, however, requires us to expend cash, which in some circumstances may be better used to reinvest in the growth of our business. The ability to issue non-voting shares of Class C capital stock will provide our board of directors with a significant new tool to mitigate voting dilution without requiring us to use cash.

From time to time, we consider acquiring complementary companies, technologies, and other assets as a means to fuel growth and innovation in our businesses, and we may want to use shares of our capital stock as consideration in such acquisitions. The shares of Class C capital stock will provide us with an attractive additional currency to use for acquisitions that will be free of the voting dilution associated with issuances of additional shares of Class A common stock. Although it is true that the use of capital stock (even shares of Class C capital stock) as currency for acquisitions may cause economic dilution to existing stockholders, the ability to offer stock consideration that better mitigates voting dilution will provide us with important additional flexibility. Of course, we will still be able to issue shares of Class A common stock or Class B common stock in connection with acquisitions if it makes sense to do so.