AMENDED Exhibit 804

PLAINTIFFS' OMNIBUS OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT

From: Hayley Fahey [redacted]
Sent: 2/5/2017 10:12:52 AM
To: [redacted]
CC: Snapchat-SVC [redacted]
Subject: Snap Media Coverage

Please see below for continuing coverage regarding Snap.

We'll follow up with a compilation of today's stories at the end of the day.

Best,
Hayley

MEDIA COVERAGE

A Rival's Shadow Looms Over Snapchat IPO
As Snap Inc. pursues its $25 billion initial public offering, Facebook is borrowing some of the moves that catapulted Snapchat to popularity with teens and young adults.
Wall Street Journal
By Deepa Seetharaman
5 February 2017

Two years ago, as Facebook Inc. was struggling to get its users to post more, the social-media giant turned for inspiration to a messaging app called Snapchat.

Facebook teams created diagrams to compare how many steps a user had to take to post on each of the two apps, according to people familiar with the matter. At least one chart was sobering: It took nearly twice as many steps to post on Facebook as it did on Snapchat, one of the people said.

Comparing Snapchat and Facebook is likely to be the latest hobby of IPO investors after the messaging app's parent, Snap Inc., filed plans for an initial public stock offering Thursday. The IPO is targeting a valuation between $20 billion and $25 billion for the five-year-old company with a coveted user base—an indication of, among other things, how desperate advertisers are to penetrate the bubble of today's smartphone-tethered teens and young adults.

Yet for all Snapchat's popularity, it has reason to worry, as Facebook rips pages out of its playbook. Facebook's launch in August of Stories on Instagram is especially ominous.

In its S-1 IPO filing Thursday, Snap warned that intensifying competition could clip its growth rate further. Growth in daily active users of Snapchat is slowing, with users growing by 5% in the last three months of 2016, compared with 11% in the year-earlier quarter. In 2009, when Facebook's daily user count was roughly the same size, its quarterly user growth was at a roughly 30% pace.

Facebook could undercut Snapchat especially outside the U.S., where Facebook and Instagram already have a running start. "Snap will have to address what is their unique selling proposition in those markets, if a legacy player already has some of the key features that someone might download Snapchat for," said Cathy Boyle, analyst at eMarketer.

Snap Inc. ended 2016 with 161 million daily users, compared with 1.2 billion for Facebook, which is about seven years older. Snapchat's annual revenue of $404.5 million compares with more than $27 billion for Facebook. Snapchat's users spend an average of 25 to 30 minutes a day on the app, compared with 50 minutes a day for users of Facebook and its Instagram and Messenger apps. Those numbers are global and include more than teens.

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But Snapchat and Instagram were neck-and-neck among more than 10,000 U.S. teens surveyed In the fall of 2016 by Piper Jaffray, with 80% saying they used Snapchat at least once a month, compared with 79% for Instagram. Slightly more than half of the teens said they went on Facebook that often. Those trends were nearly identical to a year earlier.

Facebook declined to comment for this story.

Snap and Facebook are chasing the same juicy user demographic: people under the age of 35, who have become increasingly hard to reach with ads in traditional media. Snapchat's ease of use appeals to these consumers and is a big reason why it has become teens' favorite place to hang out.

On Snapchat, the camera is available from the moment you open the app. Images disappear, creating a sense of informality and a safe zone for posting. And there is no need to "like" or comment, eliminating the popularity-contest nature of posting on Facebook and its photo-sharing app, Instagram.

Facebook executives were keenly aware of how Snapchat's core features differed from their own. Determined to out-Snap Snapchat, Facebook launched or tested several new features including Stoires on Instagram. Users create text, photo and video montages that vanish after 24 hours—remarkably similar to Snapchat's Stories feature, which was introduced a little more than three years ago. Instagram's chief executive credited Snapchat with pioneering the format.

Snapchat caught Facebook Chief Executive Mark Zuckerberg's attention early on: Facebook in 2013 offered to buy the then-two-year-old rival for more than $3 billion. Snapchat's co-founder and CEO, Evan Spiegel, rejected the offer, believing his app was worth more.

Mr. Spiegel's adviser, Michael Lynton, now chairman of the board of Snap Inc., later told his friend, the author Malcolm Gladwell, that the value of Facebook's offer was actually much higher. "If you knew the real number," Mr. Lynton wrote in an email uncovered in the 2014 Sony hack, "you would book us all a suite at Bellevue" referring to the once-infamous mental hospital in New York.

Going it alone, both companies grew rapidly. But users, especially younger ones, were posting less on Facebook even as they spent more time on the site, according to the people familiar with the matter. Internally, Facebook called this the "audience problem," where users stopped posting for fear of revealing too much to their sprawling Facebook networks, according to those people.

Meanwhile, Snapchat was gaining traction. It removed psychological barriers to sharing by allowing photos to disappear. A constantly changing variety of photo filters made even sitting on the couch worth capturing.

Although Facebook's Instagram app was making inroads with Snapchat's audience, Facebook pursued other options, building copycat apps like Poke and Slingshot. Both apps let users send disappearing messages; neither caught on widely.

At a quarterly meeting with employees in 2015, Mr. Zuckerberg fielded employees' questions about whether Snapchat was to blame for the drop in sharing on Facebook. Mr. Zuckerberg replied that the data didn't support that thesis, because Facebook sharing was declining in markets where Snapchat didn't compete, according to a person who attended the meeting.

Even so, Facebook believed imitating Snapchat's format offered a potential solution to its drop in sharing. Making the camera more readily available seemed to encourage users to post more often. Allowing photos to vanish within 24 hours made it safer to post, because items wouldn't be resurfaced years later by the wrong person.

Last spring, Mr. Spiegel started calling Snap a "camera" company, rather than a maker of an app. That seemed to intensify Mr. Zuckerberg's focus on making it easier for users to create content with the Facebook camera. "It lit a fire under him," one former employee said.

Mr. Zuckerberg pushed Facebook to launch and test different Snapchat-style features, including ephemeral messaging within Instagram and face filters for its Messenger app. In the main app, Facebook tested an easily accessible photo-messaging feature and, more recently, its own version of Stories.

In July, a few months after launching a live-streaming feature, Mr. Zuckerberg said Facebook was morphing into a "video-first" company. In November, Mr. Zuckerberg drove home the point on a call with analysts. "We believe a camera will be the main way that we share," Mr. Zuckerberg said.

Snapchat's fear: Weaker net neutrality rules
Axios
By Kim Hart
5 February 2017

Snap, the parent company of Snapchat, filed its papers to go public this week, making it the first big tech listing of the year. But it's wary of another development expected this year that would be bad news for its long-term success.

In its filing with the SEC, Snap said it relies on current FCC net neutrality rules banning mobile providers from discriminating against content providers like Snapchat, and also preventing carriers from striking deals with certain content providers for faster, better service.

"If the FCC, Congress, the European Union, or the courts modify these open internet rules, mobile providers may be able to limit our users' ability to access Snapchat or make Snapchat a less attractive alternative to our competitors' applications. Were that to happen, our business would be seriously harmed."

Why Snap is worried: Republicans at the FCC and in Congress want to dismantle the current rules that expanded the FCC's oversight of the broadband industry. Without firm rules requiring providers treat internet traffic equally, Snapchat content could be slowed down on some networks in favor of competitors' content or apps. That wouldn't go over well with its primary user base: impatient teenagers.

The latest: On Friday, a day after Snap filed for its IPO, new FCC Chairman Ajit Pai indicated he doesn't intend to go after wireless carriers over free data, or "zero rating," programs that let consumers view certain content and apps without it counting against their data limits. (Current FCC rules allow the agency to assess these plans on a case-by-case basis and intervene if necessary.) In response the Internet Association, which counts Snapchat among its members, said zero rating can promote consumer choice. But, "when done improperly or left unchecked it can also be harmful to consumers and stifle competition online."

What's next: Republican policymakers generally agree that the current rules' prohibition of blocking, throttling and fast lanes should stay in place, but they want to vanquish provisions that gave the FCC expanded regulatory power. How they'll go about doing that is still an open question. And Snapchat, like other companies who rely on broadband networks to reach consumers, knows the devil is in the details.

The rise of Snapchat from a sexting app by Stanford frat bros to a $3 billion IPO
Business Insider
By Biz Carson
4 February 2017

Snapchat's beginning sounds a lot like Facebook's from "The Social Network."

In Snapchat's case, it wasn't two ousted cofounders (the Winklevoss twins) against Mark Zuckerberg. But still, it featured the backdrop of an elite university — Stanford versus Harvard — and ended up in litigation, with Snapchat cofounders Evan Spiegel and Bobby Murphy against Reggie Brown.

At stake was the founding story of a social network to make photos disappear. Snapchat's founders ended up paying $157.5 million.

Snapchat survived its rocky starts to now be on the verge of a $20 billion IPO. Here's how Snapchat went from a million-dollar idea about disappearing photos to the giant social media company called Snap today:

Like many other startups, ground zero for Snapchat's story is Stanford University, where a young Evan Spiegel from Los Angeles befriended Reginald (Reggie) Brown. The pair decided to join Kappa Sigma fraternity — where they would meet Snapchat cofounder Bobby Murphy — although it would be a few years before they turned the idea of disappearing photos into a business.

Snapchat wasn't Spiegel's first startup. Murphy had recruited Spiegel, a Kappa Sig brother one year younger than him, to help with an idea he had about a social network. In 2010, they then launched FutureFreshman, a site meant to make applying to college easier. It never really took off, but Spiegel had caught the entrepreneurial bug.

It wasn't until Spiegel's junior year that the idea for Snapchat was born. "I wish these photos I am sending this girl would disappear," Brown told Spiegel in April 2011. His friend immediately got excited about the concept of disappearing photos and told Brown that this was a million-dollar idea. Five years later, that idea would now be worth billions.

In Summer 2011, Snapchat was born — except it wasn't called Snapchat at first. When it launched in the App Store, it was called Picaboo. Brown, Spiegel, and Murphy spent the summer working on it. Spiegel even drew the now famous Ghostface Chillah ghost icon.

But Picaboo wasn't a smash hit. By the end of the summer, it only had 127 users. Then Brown, Spiegel, and Murphy had a fight over the startup's ownership. It ended up in Spiegel hanging up the phone and locking Brown out of all the startup's accounts. The move would later cost them millions.

The now-duo changed the app's name to Snapchat in September 2011, its official birthday. It still wasn't a smash hit, but it started to slowly catch on when Spiegel's cousin started using it at a high school in Los Angeles. Teens had found a way to send photos and messages that would disappear seconds after opening.

By spring 2012, the app that once had just over 100 users now had 100,000 daily active users. That also came with a problem: rising server costs. Spiegel and Murphy were paying nearly $5,000 a month to keep the app going, and just as they were about to run out of money, Lightspeed Venture Partners' Jeremy Liew found Spiegel and gave Snapchat its first check.

When the money hit his bank account, Spiegel walked out of school. He was just three credits shy of graduation from Stanford. He and his team (which had then expanded to two other developers) moved into Spiegel's dad's house in Los Angeles. By the end of 2012, Snapchat had hit a million daily active users.

That's when Facebook gave Snapchat a huge gift. In December 2012, it launched its own Snapchat competitor, Poke. At first Spiegel was worried it was going to crush his app, but Snapchat quickly surpassed Poke. Spiegel now calls it the "greatest Christmas present" to Snapchat.

The app continued to grow and only attracted more attention from venture capitalists. But that's when Snapchat's story turns into a founder drama like "The Social Network." In February 2013, Reggie Brown — the guy who came up with the idea for disappearing photos — sued Murphy, Spiegel, and Snapchat for cutting him out of the business.

Reggie Brown, from a deposition clip obtained by Business InsiderBusiness Insider/Alyson Shontell
Read the full story of the betrayal here.

Still, the trial didn't slow Snapchat's growth down. In Fall 2013, the company unveiled Snapchat Stories — its first step to making things less ephemeral. Snapchat users could upload their snaps to a story that would last 24 hours. It's the closest Snapchat would come to recreating the Facebook timeline.

Snapchat's fast rise — and seeming defeat of Facebook Poke — soon gained the attention of Mark Zuckerberg. The Facebook CEO came to Evan Spiegel with an offer: $3 billion for the company. Spiegel famously played hard to catch before turning Facebook down.

There was also a rumor that Google tried outbid Facebook and pay $4 billion for the company. Either way, it stayed in Spiegel's hands.

A month later, Snapchat was hacked. The username and phone numbers of more than 4 million accounts were exposed and people were furious. After all, the app still had a reputation for sexting at this point — and people were afraid what else might leak. At first, the young CEO didn't see the need to apologize, but the backlash was swift. The company settled a few months later with the FTC over charges that it misled its users.

Spiegel went on "The Today Show" at the time to say that he thought the company "had done enough." The millions whose account info was exposed didn't agree.The Today Show

Sleazy emails from Spiegel's Stanford days were then posted by Valleywag, a Silicon Valley news site, in May 2014. With subjects like "F--- b------ get leid," the emails shined a negative light on the CEO who was already drawing comparisons to Steve Jobs.

Read the emails here.

But that didn't slow Snapchat's success. It finally added a chat function, and launched Live Stories, or curated perspectives from thousands of people. By July 2014, investors valued the company at $10 billion. In three years, it had gone from a million-dollar idea to a $10 billion dollar one.

According to Nick Bell, Snapchat's Live Stories feature was inspired by a visit from illusionist David Blaine to Snapchat's headquarters. He watched as all of his friends were recording video of the magic trick, and he wanted to put the different perspectives together to see if he could figure it out. That's when they realized that you could tell a better story by having the viewpoints of thousands of people on an event instead of just one.

The company started expanding from outside the Venice Beach bungalow where it moved after leaving Spiegel's dad's house and picked up more office space. It also started hiring a bunch of senior leaders to help the then-24-year-old CEO. Its Chief Strategy Officer, Imran Khan, joined in January 2015 from Goldman Sachs. Snap's CFO, Drew Vollero, joined from Mattel in August 2015. Still, Spiegel was the one clearly in charge — and mapping where it would go next.

Snapchat also started welcoming outside content in. In January 2015, it added the Discover section, which allowed publishers to post Snapchat-friendly news items. The app became not just about sharing photos with friends, but sharing everything from Discover articles to chats to life in the moment.

Snapchat also found a way to make money — much to the relief of its investors. It started out by adding ads in its geofilters. So if you were in a McDonald's, you could Snapchat a photo of yourself covered in fries.

Geofilters were just the start though. After Snapchat acquired Looksery, it added those famous lenses (like the barfing rainbows) that helped turn Snapchat into the sensation it is today. By the end of 2015, 100 million people were using it every day

Snapchat had also secretly bought Bitmoji, a popular cartoon-figure app that had once blown up on Facebook. This was only confirmed though when Spiegel got engaged in July 2016 to Miranda Kerr, an Australian model he'd been dating for a year.

While Snapchat the app took off, Spiegel and Murphy had actually started working on a new secret project: sunglasses. It was revealed in the Sony Hack of 2014 that the company had purchased Vergence Labs, the maker of Epiphany Eyewear smart glasses. The division of the company called Snap Labs was so secretive that only a few people knew that it was working on a hardware project at all.

Snapchat secretly bought the company behind Epiphany Eyewear, a pair of smart glasses.Epiphany Eyewear

It was only revealed in June 2016 that Spiegel had been photographed by the paparazzi wearing an early prototype while on vacation with his girlfriend Miranda Kerr.

It was only when Snapchat finally unveiled the Spectacles — a surprise to employees internally — that it also revealed that it changed its name to Snap Inc. in September. The change name also came with a changed motto: Snap Inc was now "a camera company."

The name change was a clear sign that the company was ready to go public: "You can search Snapchat or Spectacles for the fun stuff and leave Snap Inc. for the Wall Street crowd :)" the company said in a blog post.

On February 2, 2017, Snap Inc. finally filed to go public — ending a drought in tech IPOs. More than 158 million people use the app daily, something the company attributed to the fact that "we eat, sleep, and poop with our smartphones every day."

And in the filing we finally learned how much Snap paid to make Reggie Brown disappear: $158 million.

Read more here.

That sounds like a large number now, but Snap Inc. is planning on a $3 billion IPO. "When we were just getting started, many people didn't understand what Snapchat was and said it was just for sexting, even when we knew it was being used for so much more," the company wrote in its filing. Its journey from a million-dollar disappearing photo app to the camera company it is today certainly proves it.

[Images omitted; click here]

Mark Zuckerberg is officially the new Bill Gates — and he could rain on Snap's $3 billion parade
Business Insider
By Matt Weinberger
5 February 2017

Back in the '90s, before memes were really a thing, it was kind of a meme to pass around pictures of Bill Gates as a Borg — the cyborg baddies of "Star Trek: The Next Generation" fame.

If you're not a "Star Trek," fan, trust me, it's a sick own. Before the Borg attacked, they would issue their famous warning: "Your biological and technological distinctiveness will be added to our own. Resistance is futile."

It was a warning that resonated with the tech industry of the day.

Under Gates' leadership, Microsoft became known as a company that would win at any cost. From productivity apps to web browsers, any competitor Microsoft couldn't simply buy it would crush by making a new, competing product and win by selling to its huge existing customer base.

Now we're starting to see history repeat itself, but Facebook CEO Mark Zuckerberg has stepped in to the role once occupied by Gates.

Consider Facebook's reaction to Snapchat, the upstart social networking app that's competing with Facebook. The prospectus that Snap filed on Thursday for its $3 billion IPO revealed the sheer amount of pressure that Facebook and its Instagram subsidiary are inflicting on Snapchat's business.

Back in August 2016, Facebook launched Instagram Stories essentially a clone of Snapchat's own Stories feature — even the name is the same. Simultaneously, Snapchat's user growth stalled out for the second half of the year, as revealed in the S-1 filing. Snap blames the dip on technical glitches, but there's reason to be skeptical.

Meanwhile, just this January, Facebook started testing Snapchat-style stories in its main app, which could steal away even more users.

This fixation on copying and weaponizing the "Stories" feature wouldn't have been out of place in the Bill Gates era at Microsoft, and it establishes Mark Zuckerberg as the same kind of leader. If you can't beat them or join them, Zuckerberg is saying here, crush them. Zuckerberg has even expressed his childhood admiration for Gates.

Zuckerberg has long suffered from Snapchat envy. In 2013, when Snapchat was still very new, Facebook tried to buy the startup for $3 billion in cash. About a month later, Facebook released Poke, a Snapchat clone.

Poke didn't go anywhere, and neither did its successor, Slingshot, in 2014. But with those apps, the message from Facebook to Snapchat was made clear: There is nothing you can possess that we cannot take away, and there's nothing you can build that we can't build faster.

Snap's IPO filing is showing that while its user growth may be slowing, Snap's revenue is exploding, rising 590% from 2015 to 2016. That's a threat that Zuckerberg and Facebook take very seriously.

The platform advantage

In the days of Gates, Microsoft's killer edge was what's called the "platform advantage." Microsoft's ownership of Windows and Office, the two main ways that people got anything done on a PC in those days, made it really easy to integrate any new product in a deeper and easier-to-use way than any competitor possibly could.

Facebook itself is Facebook's platform advantage. Facebook's messaging app Messenger has thrived as a standalone app because of its ties to Facebook's vast user base. And Instagram has always succeeded where other photo-sharing services struggle because the two products are deeply integrated. It makes Instagram the easy, default option for Facebook users, and it's led the app to 600 million monthly active users.

So by building Stories into Instagram, Facebook is taking a competitor's key feature and bringing it straight to a massive, existing network of users. The specific apps and technologies are different from Microsoft of the '90s, but the playbook is very similar. And Facebook is starting to see real money from this strategy.

This new Facebook Stories test just takes it a step further, potentially bringing it to the 1.23 billion daily active users of the social network.

In the end, though, Gates' aggressive growth tactics and focus on entrenching Windows and Office led to the company being late to the rise of the internet — not to mention the antitrust case brought against Microsoft in the late '90s.

Of course, being like Gates isn't all bad. Like Gates, Zuckerberg has pledged most of his fortune to charity. Still, while the Microsoft of today is a lot friendlier toward the competition than it ever was under Gates, it's the younger and cooler Facebook that sets the pace of innovation in Silicon Valley these days.

And ultimately, it means that startups and tech companies all over should be worried — because Zuckerberg is coming. Your biological and technological distinctiveness will be added to Facebook's own. Resistance is futile.

Snap looks like it's Google Cloud's biggest customer

The soon-to-IPO company is on the hook for $400 million a year with Google — equal to the search giant's estimated 2015 cloud revenue.

Re/Code

By Tess Townsend

4 February 2017

Snap Inc. is one of Google's biggest cloud customers. The question is, just how big?

The startup, which has filed paperwork for an IPO, signed a $2 billion contract with Google last week that pays the search giant $400 million a year over the next five years.

That annual payment is roughly equivalent to the entire revenue Google's cloud division was expected to bring in for 2015, as reported by The Information last July.

At the time, Snap's business accounted for about 10 percent of Google's $400 million cloud business, or about $40 million. If those figures are accurate, Snap's cloud costs will have increased tenfold in two years.

If Google's cloud business jumped by the same rate, that would put revenue from the line of business at $4 billion. That's a big jump, but still a far cry from Amazon Web Services' roughly $10 billion in revenue.

RBC Capital previously reported an estimated run rate revenue of $1 billion for Google's cloud business, according to analyst Mark Mahaney.

But if Google hasn't matched that growth rate, then Snap's value to the search giant has only increased — it's not only paying more, it accounts for a bigger part of Google's cloud sales.

Google declined to comment for this post. If you have any insight, we'd love to chat.

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