AMENDED Exhibit 954

PLAINTIFFS' OMNIBUS OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT

Discover Content Strategy

VISION

Discover will be the destination where our users experience the fastest way to be entertained and informed. It will combine short-form premium news and entertainment content with content made with the Snap camera from creators and our community.

INTRODUCTION

Today, Discover is a leading mobile video storytelling platform and engagement with content from creators and publishers is growing. But our user base viewing their friends' stories at the top of the Discover page largely drives this engagement. At its core, Snapchat is a durable and enduring communications platform, but we believe this kind of social sharing by users may decline over time as it has on peer platforms. For this reason, it is critical to our business that Snap invest in and grow Discover into a premier mobile content destination to both replace declining friend story engagement and capture a rapidly growing market for mobile-native content. This document lays out strategic options to accomplish this goal.

QUARTER OVER QUARTER METRICS COMPARISON

KEY METRICS	Q42018	Q12019	% change QoQ
Daily total avg. time spent on Discover, Overall (hrs)	10.8M	12.2M	12%
Daily total avg. time spent on Premium Content[1] (hrs)	2.9M	3.2M	11%
Unique publishers posting a story (#)	457	488	7%
Avg. users per day posting to Stories[2] (#)	39.6M	38.3M	-3%
Avg. Snaps posted to Stories per user daily (#)	4.5	4.4	-1%
Total Direct Snaps sent (#)	1.9B	2.0B	6%

TRENDS IN CONTENT CREATION AND CONSUMPTION

We see two potential converging trends that could create both a strategic imperative and opportunity for us to invest in the future of our content business.

First, declines in My Stories posting could be long term. In Q1 of 2018, users posted an average of 190M My Story posts each day. In Q1 2019, that number dropped to 169M on average, a drop of 11% YoY during a time period with relatively flat DAU.[3] This decline in personal posting mirrors similar drops that competitor platforms experienced as they grew. For example, Facebook saw the sharing of original,

[1] Premium Content includes Shows, Publisher Stories and Originals
[2] "Stories" include My Story, Group Story, Our Story, and any other type of 1-to-many sharing
[3] See Source Data

personal content by its users decline by 21% between mid-2014 and mid-2015, and by 15% between April 2015 and April 2016.[4]

Although we fundamentally believe in the long-term power and durability of our visual communication platform, we see these declines in personal, public sharing as potentially irreversible. On any social platform, users initially share freely and openly. However, as their networks grow, the platform's novelty can wear off. And as more professional forms of storytelling emerge, users face a "context collapse" that reduces their willingness to share so openly.

If My Story posting continues to decline, the available friend content for each user will also decline, leading to a corresponding decrease in engagement. This could significantly challenge our advertising business.

Similarly, because friend story consumption acts as a lead-in to content consumption, any declines in My Story posting may also lead to declines in premium content consumption. To address this risk, we must explore new funnels that take Snapchat users from communication into premium content.

Simultaneous with the anticipated decline in My Stories creation and consumption, mobile will surpass TV this year as the medium attracting the largest share of entertainment minutes for US adults.[5] US adults spent an average of 3.5 hours daily on mobile in 2018, with approximately an hour spent watching videos. Trends are even stronger with Gen Z and Millennials, who spend nearly 5 hours per day on their phones, with two hours spent watching videos.[6] Short-form video is particularly popular with 47% of all time spent watching mobile video dedicated to short-form.[7] Among 13-34 year olds, 78% reported consuming short-form video on mobile every day.[8]

Newer, more native mobile experiences are already beginning to emerge that take advantage of the unique aspects of mobile consumption such as a vertical screen, and short and frequent sessions. New winners will emerge and many legacy players will struggle to capitalize on the opportunity. Competition to create the best mobile content will intensify further with more players, more innovation, and more capital.

The convergence of these two forces - the decline of public My Story sharing on Snapchat and the growing importance of premium content made for mobile - present both an opportunity and a need for Snap to strengthen its content business to ensure long-term success.

SNAP'S POSITIONING AND APPROACH

As we move through this significant shift in media consumption, Snapchat is positioned to lead as a short-form mobile video distributor for three reasons:

1. Our massive penetration in the demographics that are leading the shift to mobile video consumption. Today we reach 75% of 13-34 and 90% of 13-24 year olds in the US.

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[4] The Information, "Facebook Struggles to Stop Decline in 'Original' Sharing" (April 7, 2016)
[5] eMarketer, Mobile Time Spent 2018 (June 18, 2018)
[6] ibid.
[7] National Research Group, State of the Small Screen, 2018
[8] Trendera Research, Discover User Survey (December, 2018)

2. Our opportunity to convert the high frequency of chat-focused user visits into content sessions. ~40% of Snapchat users consume non-friend content each day and half of those consume Discover every day of the week. Thus, our user adoption shows both market fit and considerable upside (the ~60% that don't consume non-friend content each day).

3. Our market position as a leading platform focused exclusively on premium mobile short-form video provides us better insights and data about what performs well on mobile devices.

As with any massive change in behavior, taking advantage of this opportunity requires considering what we can learn from the past and where it's necessary to think in new ways. We believe in taking an approach that balances **premium professional content** that has the scarcity and scale of early television and brings top media brands and video producers onto our platform and **user-generated content** that empowers creators and our community to participate in the content creation process. Together these will allow us to serve our users' appetite for three distinct content experiences: (a) **News**, (b) **Entertainment**, and (c) Snapchat camera-created **Community Content.**

We believe that Discover can and should meet our audience's needs for each of these three distinct content experiences. Rather than thinking about formats and products, we will think about the different needs of our audience. **These behaviors should inform and drive our approach to building a world class mobile content platform—from the user experience to content programming, business models, tooling, and content merchandising.**

NEWS, ENTERTAINMENT, AND COMMUNITY

Traditionally, two distinct and widespread motivators drive premium content consumption across all formats and mediums: people want to (1) stay in the know or (2) be entertained. In a survey, 83% of Gen Z and Millennials said watching mobile video keeps them "in the know," 89% said it helps them discover new interests, and 92% said it's a welcome distraction.[9] Audiences consume fundamentally different kinds of content, in different ways, in pursuit of each goal.

When we want information about what's happening in the world, we need timely and topical **News** content. This content must be produced quickly to meet this need and to help drive frequent and habitual consumption. However, such content typically has a short window of relevance and value.

When we want pure entertainment and more timeless information, storytelling quality is more important than recency. **Entertainment** content can be valuable for years and even decades.

Being a camera company has allowed us to pioneer a powerful form of content - **Community Content** - that is dynamic, collaborative, and unfolds in real time. While Community Content can be news-based (*Notre Dame Fire*) or purely entertaining (*Oddly Satisfying*). Most importantly, the Snapchat camera creates Community Content making it a reflection of our community.

A. News

News content is information-based and covers categories such as current events, sports, and popular culture. This content helps our audience stay informed and learn about what's happening in the world

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[9] 2019 U.S. NRG Study commissioned by Snap Inc.

today. We intend to limit our News offering to a select set of partners that frequently update to build loyalty and ensure Discover users always see something new.

- **Goals/Success Metrics**
    - Make Discover a place that informs users at any point throughout the day
    - Drive habitual behavior and increase the frequency of content sessions throughout the day (duration of engagement less important)
    - Future: Stimulate conversations/chat amongst friends around current events
- **Key Content Formats**
    - High frequency Original Shows (daily, hourly, live) (e.g. *Stay Tuned*)
    - Content from Cable TV, newspapers and topical magazines (highlights, clips)
    - Real-time ingested articles from select publishers (e.g. Washington Post)
- **Content Supply Considerations**
    - A select number of anchor titles in each category to drive habitual behavior - in theory one title in a given category updating 10x a day is better than 10 titles updating once a day, both for name recognition, timeliness and partner economics
    - Similar show formats can work across categories like news, sports and entertainment (e.g., StayTuned, The Rundown and Sportscenter share similar format)
- **Product and Merchandising Considerations**
    - It is likely necessary to explicitly merchandise News (News! Latest! Breaking! Trending!) in a dedicated surface (vs. a ranked feed) to build a habitual behavior
    - Personalization and/or user interest on-boarding to improve relevancy
    - Tooling to allow for fast, easy, and frequent updating
- **Business Considerations**
    - Revenue share likely supports most of this content
    - Value expires quickly, limited future/library value
    - Franchise exclusivity (*Stay Tuned*, *The Rundown*) and exclusive release windows (e.g., 24 hours) have long-term value
    - Limited opportunity for exploitation in secondary windows due to quick expiration of content; foreign market opportunity limited in many categories due to limited cultural relevance
- **Risks**
    - Increasing the visibility of news content on Discover might carry a certain amount of “reputational risk”, particularly against claims of bias, unfair coverage or “fake news”. Close editorial supervision mitigates this risk
- **International Considerations**
    - In markets with low audience and/or revenue opportunities, our approach to News will start with no-cost content ingestion and/or small minimum guarantees
    - As these markets substantially increase their potential revenue pool and audience size, we may experiment with localized frequently updating shows

B. Entertainment

Entertainment content has long-term relevance and value. It is content that users can return to and we can merchandise to new users over a long period. It covers categories from cooking shows to docuseries to scripted narrative series. To grow engagement in our content long-term, we need a deep library of this evergreen content that appeals to a wide range of user interests, inspires passion, and encourages longer “lean back” viewing sessions.

- **Goals/Success Metrics**
  - Establish Discover as an entertainment destination
  - Drive increased depth of engagement, time spent and binging behavior
  - Build a valuable library of exclusive content
- **Key Formats**
  - Snap Originals (*Dead Girls Detective Agency*, *Endless Summer*)
  - Most syndicated shows (*Ridiculous Rides*, *Dog Dynasty*)
  - Select publisher content (Nifty, Tastemade)
- **Content Supply Considerations**
  - Medium scarcity
  - Regularly introduce new titles
  - Build a larger library over time
- **Product and Merchandising Considerations**
  - Entertainment content is typically merchandised in a “programmed platform” experience - a dedicated space that is an intuitively organized and discoverable library destination. Examples include iTunes, Netflix, Hulu, and Spotify
  - Recommendation engine
  - Repromotion tooling and targeting
  - Search functionality that is clear, actionable, and accurate
- **Business Considerations**
  - Requires multiple funding models (cost-plus or revenue share) at different levels of cost per episode and exclusivity to build a library
  - Originals drive a strong press narrative and provide a halo for brand advertisers
  - Exclusive evergreen content can differentiate Discover from other platforms
  - Long-term consumption and monetization value may warrant higher upfront investment from Snap to secure long-term rights
  - Greater opportunity for exploitation in secondary windows (e.g. marketing and revenue opportunities across platforms) and foreign markets
- **Risks**
  - As the market for premium content heats up due to demand from a growing number of distributors, prices for entertainment content on mobile are likely to rise
  - Syndicated short form content is likely to remain available for licensing via rev share though market pressures may force us into less favorable revenue share splits in future
- **International Considerations**
  - We will continue to expand our library of Entertainment content by leveraging our horizontal-to-vertical formatting tools to onboard high-quality, localized, syndicated content
  - We may need to fund localized low-cost Creator Shows in the short term

C. Community Content

Community Content comes from building a healthy ecosystem of individual stories created by **popular creators (Snap Stars)** who amass large followings and **group storytelling (Community Stories)** that blurs the lines between creator and consumer by prompting the community to participate. Community Content consumption often stimulates new content creation, with many Community Stories acting as inspiration for users to produce Snaps on the same theme.

- **Goals/Success Metrics**
  - Higher Snap Star story posting and audience engagement

    - Drive frequent and habitual behavior via Series Stories (e.g., *Oddly Satisfying*)
    - Drive larger audiences to the best Community Content
    - Create positive network effects that drive creation and available supply of public Snaps
- **Key Content Formats**
    - Popular Stories from Creators and Celebrities
    - Community Stories including series (e.g., *10 Second Talents*), News and Responsive Stories (e.g., *Beyonce Drops Homecoming*) and Events (e.g., *The Oscars)* including stories curated by Snap editors and third-party curation partners
    - Community Challenges, stories that prompt the community to participate in the content via new creation
- **Content Supply Considerations**
    - Large base of high quality popular users that can thrive in a search and subscribe model
    - Despite a large pool of potential content (~3M Community Story submissions + Popular and Official), our current capacity is limited because the majority is either not high quality (community) or not available to be used (Popular and Official)
    - Content submitted to Community expires after 90 days
- **Product and Merchandising Considerations**
    - Typically merchandised in a “feed-based” environment - one that is ephemeral, includes content acquired for low to zero cost, churns quickly, monetizes quickly, and has a large and nearly “endless” content supply. Feed-based platforms work particularly well when consumption happens directly in the feed. Examples are the FB newsfeed, Instagram, Twitter, and TikTok
    - Enhanced video editing tools for creators
    - More Community Story submission flows (e.g., Swipe up to camera)
    - Successful submissions should gratify and reward creators and incentivize new submissions
    - More efficient tooling for Community and third-party curation partners to find quality submissions
- **Business Considerations**
    - Potentially secure creation commitments and exclusivity with select creators
    - When necessary, revenue share supports partnerships related to community content
    - Community Content is relatively inexpensive with low production costs
    - High revenue potential with successful franchises and events
    - Opportunity for exploitation in foreign markets is largely limited to local partners
- **Risks**
    - Creators stop posting to their accounts and our community submits less public Snaps
- **International Considerations**
    - Popular and Official Stories provide substantial Community Content and expansion may require new investment and headcount
    - Our in-house team will continue to curate Community Stories in English and Arabic speaking markets, and we will partner with local media companies in non-English speaking markets

STRATEGIC OPTIONS TO EXECUTE THIS VISION

We will need to secure a high quality supply of Community, News and Entertainment content to successfully execute this vision. Our short and medium term strategies to increase the supply of Community Content largely focus on relationship management and product development (e.g., Highlights, Swipe-up-to-camera, less friction in submitting public Snaps). However, successfully executing our News and Entertainment strategy requires building long-term, economically sustainable relationships with a broad and complex set of players in the media ecosystem including news organizations, studios, production companies, networks and individual creators.

Our current approach to securing access to content primarily consists of (a) term licenses in exchange for a revenue share on advertising sales, and (b) a relatively modest amount of funding for Snap owned original content. Additionally, we recently started implementing a number of initiatives to help stabilize certain segments of our partner ecosystem who were having difficulty publishing profitably—mainly partner-funded Originals, a limited number of news publications and international partners.[10]

To secure longer term access to great content and stay ahead of our competitors, we are exploring a number of additional strategic options, none of which are mutually exclusive:

A. Increase investment in Snap Originals
B. License third-party content
C. Expand Snap's production capabilities
D. Focus promotion and investment on a select group of creators
E. Build new media brands via strategic investments and joint venture agreements
F. Acquire companies with IP catalogs and/or production capabilities

Each option provides us a different set of benefits and risks, which we consider in further detail below:

A. Increase investment in Snap Originals

In 2019, we are on track to invest ~$20M into Originals, which is considerably less than other platforms spend on original content (e.g., Netflix spent ~$12B in 2018, Quibi expects to spend ~$500M by 2020).

A larger Originals budget increases the number of "swings" our team can take every year in generating hit shows that can create cultural conversation around content on our platform and drive more intentional viewing behaviors. Successful Originals raise Discover's profile as a major content destination for our users and a home for top creative talent. They also give us an opportunity to build a brand around our content business with notable marketing and press.

Expanding our Originals efforts allows us to permanently secure a larger library of evergreen content and generate a more significant and differentiated halo effect for advertisers and partners. The largest risk of significantly increasing our Originals budget is that the library value of long-term consumption behavior never materializes, thereby decreasing the overall margin of our content business.

Our investment in Originals will be a component of our portfolio approach to programming, employing different levels of investment for different types of content. At the base of the portfolio is Community Content created by our users and non-exclusive syndicated content provided by partners under revenue share agreements—generally without financial commitment. This content has the lowest financial risk in our portfolio. Because of the volume of this content, they serve to offset the risk of our Originals investment.

[10] See Partner Profitability Analysis (April, 2019)

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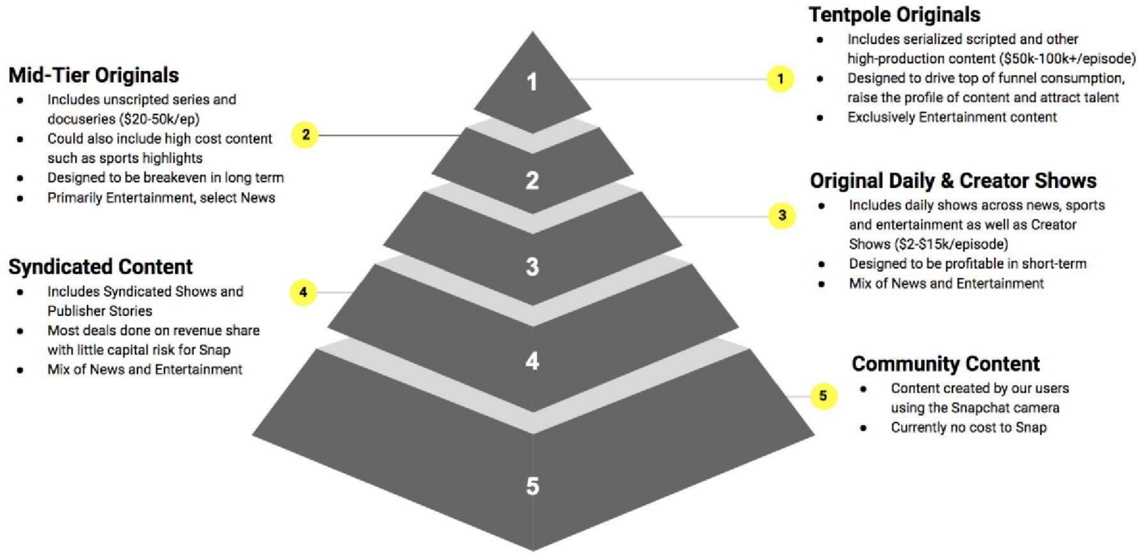


Tentpole Originals are at the top of the pyramid. These are bigger bets on serialized scripted and other super premium programming designed to drive top of funnel consumption, raise the profile of content on Discover and attract creative talent to the platform. This is content that will likely cost anywhere from $50-$100k+ per episode and we do not expect it to be profitable on a unit basis in the near term. While we believe in taking several big swings with this new type of programming, it will represent a relatively small content volume in our portfolio. We view tentpole Originals as a marketing investment in Discover as much as programming.

Next are mid-tier Originals. These are popular unscripted series, docuseries, and lower-cost scripted series costing between $20-50k per episode that not only drive significant top of funnel engagement, but also have the potential to be break-even or be marginally profitable in the long term if we drive significant audience and engagement (driving ad impressions per episode). Examples of hits in this category include *Endless Summer* and *Bringing Up Bhabie*.

The majority of our Original programming will likely be daily shows across news, sports and entertainment as well as Creator Shows, all of which will come at a lower price point due to formats and production efficiencies. We expect this type of programming to cost between $2-$15k per episode and generally be profitable in the short term.

Margin per Episode Sensitivity - By Content Type

Cost

					Mid-Tier Originals			
Audience	$2k	$4k	$8k	$15k	$20k	$50k	$100k	$200k
0.5M	$1k	-$1k	-$5k	-$12k	-$17k	-$47k	-$97k	-$197k
1.0M	$5k	$3k	-$2k	-$9k	-$14k	-$44k	-$94k	-$194k
2.0M	$11k	$9k	$5k	-$2k	-$7k	-$37k	-$87k	-$187k
5.0M	$31k	$29k	$25k	$18k	$13k	-$18k	-$68k	-$168k
8.0M	$50k	$48k	$44k	$37k	$32k	$2k	-$48k	-$148k
10.0M	$63k	$61k	$57k	$50k	$45k	$15k	-$35k	-$135k
16.0M	$102k	$100k	$96k	$89k	$84k	$54k	$4k	-$96k

Daily Shows (News, Sports, Entertainment) + Creator Shows ($2k–$15k) | Tentpole Originals ($50k–$200k)

Assumes US audience and revenue metrics, eCPMs of $10, inventory per viewer of 1.3, and sell-through rates of 50%.

B. License third-party content

The majority of syndicated show partners provide content for distribution on Discover through revenue share based licenses that are at least a year in length. This is similar to most of the content uploaded to platforms such as YouTube and Facebook. While this commercial relationship incentivizes partners to provide certain types of content, it does not support the most premium content. Using minimum guarantees and license fees to guarantee partner revenue allows Snap to compete for distribution rights (and sometimes exclusivity) for the most premium News and Entertainment content owned/controlled by third parties. Examples of potential content include things like (i) real-time updating mobile highlight rights for NCAA March Madness (Turner asked for $3M for a non-exclusive license), (ii) *James Corden Carpool Karaoke*, (iii) premiere rights to the most popular music videos from Vevo, and (iv) exclusivity for digital rights for events like Coachella (currently YouTube pays AEG for this right).

This strategy is especially relevant in securing rights to marquee events (sports and music) as well as talent-driven shows and known valuable IP. Similar to hit Originals, this type of premium content will raise Discover's profile as a content destination to users and as a premium environment for our advertising partners. Given the types of programming on competitive platforms, having some of this content is table stakes.

Revenue guarantees and license fees present a few potential downside risks. The biggest risk is that we are unable to differentiate this business model from our standard revenue share model, and current revenue share partners stop distributing under our current terms and ask for revenue guarantees and license fees. One way to mitigate this risk is to continue to ensure that the content ecosystem supports a revenue share structure e.g., through increased monetization, merchandising, and tools to minimize publishing resources. The second risk is that Snap over values content and does not generate enough revenue or engagement to justify the license commitments. This has the potential to have a substantial negative impact on our margin without the benefit of owning an asset.

Acquiring the mobile rights to real-time updating highlights for 2019 NCAA March Madness provides a helpful example of marquee third-party content that the rightsholder was unwilling to distribute on Discover without a substantial revenue guarantee. Amortizing the $3M revenue guarantee across 67 games -- assuming healthy commercial demand ($10 CPM and 50% STR) -- requires that we generate ~6.1M audience per game to breakeven—meaningfully higher than the ~440k audience per story that the actual 2019 NCAA March Madness Our Stories generated. For this strategy to succeed long term, the benefits derived from raising Discover's profile as a major content destination, our sales team representing this premium advertiser opportunity, and increased engagement related to this content will need to outweigh the potential revenue shortfall.

C. Expand Snap's production capabilities

The primary motivation for producing a show in-house is to provide Snap with ownership, total creative control, and an ability to rapidly test and innovate new concepts.

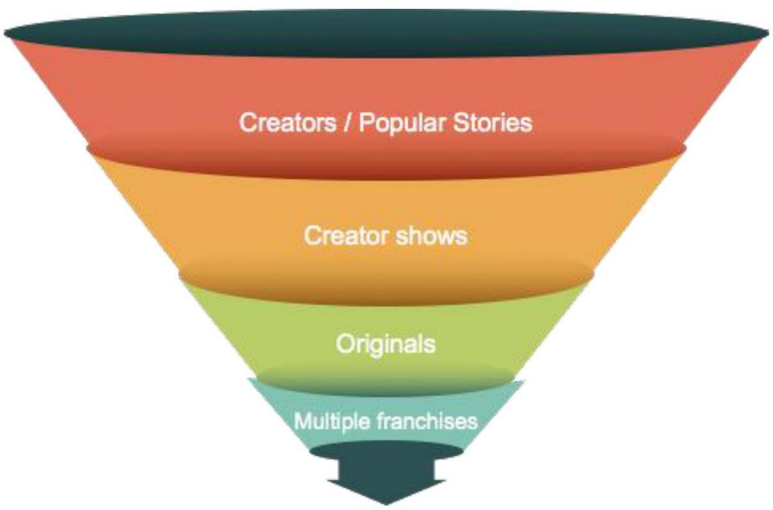
We would likely focus initial in-house production efforts on News content as it does not require multiple sets and locations. It also provides greater flexibility to experiment across different formats and news categories to find what resonates with our audience. In the short term, we can also use our in-house production resources for certain Entertainment content, like Creator Shows, that don't require multiple locations, and are relatively easy to produce. Over time, Snap could reduce its costs through scaled in-house production due to producing "at cost" rather than paying fees to production partners.

Despite these benefits, there are some downsides to expanded in-house production (e.g. build out of current studio effort, guild compliance). For example, the fixed cost investment required and the added cost and complexity of managing a full-time production staff take time to efficiently support. This means that it will likely take some time before our in-house team would be able to reach the same level of output as an existing company of similar size. The second is that we will be building franchises from the ground up, not benefitting from the brand recognition of partners like ESPN, E! and NBC News. There is also the risk of upsetting strategically important partner relationships if partners believe that we are creating shows to directly compete with their own franchises (e.g., NBC feels we are encroaching on *Stay Tuned* if we launch our own news show). Finally, there are the reputational risks that come with producing news in any form such as reporting inaccuracies.

If we produce three twice daily shows at an average cost of $5,000[11] per episode, our total production cost for the year would be ~$7.5M. If we are able to monetize these shows through commercials at a $10 CPM and 50% STR, each episode would break even at ~1M audience. We believe this is a reasonable expectation, because our top twice-daily shows (ESPN *Sportscenter/ESPN Daily* and *Stay Tuned*) average >2M audience per episode.

D. Focus promotion and investment on a select group of creators

We could rapidly expand our talent relations efforts to develop a stable of creators that we nurture as storytellers on Discover. These creators would come from a wide range of backgrounds: writers, comedians, podcasters, influencers, musicians, artists, etc. We would provide funding and a home on Discover to experiment and tell stories in new and powerful ways. Over time, we would create a “funnel” for creators, bringing them in to experiment with low cost formats like single camera Creator Shows, and then selecting the most successful to develop more expensive formats like unscripted and scripted Snap Originals.



The end-state vision would be to build a robust and sustainable capability (e.g., a dedicated team) at Snap to identify, recruit, train, and nurture the next generation of mobile-first creators and storytellers.

[11] Estimated as a middle point between Creator Shows ($1k-$3k) and partner daily originals ($5k - $15k)

This would provide us with a consistently refreshed slate of exclusive content at a lower price-per-minute than alternative premium content options, with the potential to develop valuable franchises.

As an example, if we launched the effort in the U.S. with 100 creators and each generated 3 episodes per week at a cost of $2k per episode on average, our total effort would cost approximately ~$31M per year on top of overhead and headcount costs. Assuming healthy commercials demand, a $10 CPM and 50% STR, each episode would break even at ~500K audience. Shows average >1M audience in the US so we believe this strategy would be profitable long term. We would slowly ramp up volume of content over time to ensure that Discover and advertiser demand support them.

A healthy talent relations model will help build lasting partnerships with creators, and the pathway described above provides creators incentive to work with Snap across multiple projects as they move down the funnel from smaller Creator Shows to bigger franchises. The goal is not to make creators exclusive to Snap (most if not all will work across multiple platforms), but rather to ensure we build a steady pipeline of content we own while building strong ties to the next generation of storytellers.

While the economics would vary by market, we would be able to replicate this model around the globe with localized talent and creators based on market size and content mix.

E. Build new media brands via strategic investments and joint venture agreements

Joint ventures and strategic investments are another means for Snap to drive our Content strategy. They enable us to add new capabilities, generate economies of scale, and distribute capital risk. Additionally, joint ventures and strategic investments allow Snap to capture the upside of franchises popularized on Discover created by third parties.

JVs are not without challenges. They take a significant amount of time and energy to establish and manage given the various priorities of the JV participants and complexity of setting up a new business. Furthermore, if creating content franchises that can only be seen on Discover is our ultimate goal, there can be inherent tensions with JVs because partners will be motivated to exploit the IP (or derivatives) on other platforms. For example, NBCU would like to exploit content created by Indigo on YouTube to drive awareness and incremental revenues. Finally, unless the JV is exploiting content beyond Snapchat, the economics are the same as any other programming created for Snapchat.

Snap currently has three joint venture partners, none of which are currently generating a profit. Notwithstanding, each provides Snap specific strategic benefits including exclusive access to content:

- NBCUniversal (“Indigo”) - We partnered with NBC to fund a studio focused on Original scripted shows like *Dead Girls Detective Agency* and *Co-Ed*. Prior to this investment, Snap had not produced any original scripted programming. Both NBCU and Snap each own 50% and committed $8M in funding through the end of 2019 ($5.75M funded to date). While the Indigo is loss generating to date, both Snap and NBCU are continuing their investment in the venture based on the belief in the long-term potential value created by owning this content and exploiting it on their respective platforms. By way of illustration, Indigo invested ~$1.25M producing the first two cycles of *Dead Girls Detective Agency*, generating 14.7M uniques, 1M of which watched every episode. Although the show only generated $125k to date in advertising revenue, we are continuing our investment under the belief that the combination of product and targeting improvements to Discover (driving audience), better monetization through Commercials and Snap

Select, and the value of downstream exploitation (driving revenue) will make the franchise worth supporting.

- Vertical Networks - In 2016 we partnered with Liz Murdoch to create Vertical Networks. Vertical operates *Brother*, one of our most subscribed and successful Publisher Stories, as well as a number of popular unscripted shows including *Phone Swap* and *Parental Guidance*. Snap has utilized the relationship with Vertical to test new formats, tools, and strategies. The programming created within Vertical is a great example of Snap's ability to launch new media brands. Snap owns 40% and committed 4M GBP in Vertical Networks (3M GBP funded to date).

- Hearst - In 2015, we partnered with Hearst to create *Sweet*. Late in 2015, *Sweet* was originally aimed at creating a daily culture magazine exclusively for Discover. Today *Sweet* publishes a popular weekly show called *Dressing Room Challenge*. Snap owns 55% and committed $2.75M ($2.5M funded to date).

To fund more projects out of joint ventures, Snap will either need to (a) invest additional capital into existing JVs or (b) take on additional partners. Ideal partners for joint ventures and strategic investments have both the desire to invest in creating new programming for the Snapchat audience as well as monetization capabilities for franchises created by the JV through unique ad sales channels, secondary windows including OTT platforms and foreign distribution.

F. Acquire companies with IP catalogs and/or production capabilities

Exploring acquisitions of companies with libraries of existing content provides Snap the ability to quickly grow its content catalog. Likewise, an acquisition of production capabilities provides Snap with the ability to produce new content utilizing production expertise and infrastructure that we currently lack.

Employing this strategy requires that we believe that (i) content acquisition costs (both licensing and production) will materially increase over time, (ii) our content business benefits from a volume of content that we do not currently have and cannot quickly license or develop, and (iii) Discover's long-economics (merchandising, monetization, etc.) will support the acquisition over time.

The ideal catalog acquisition will have (i) a varied catalog of digital content unencumbered by pre-existing licensing obligations and (ii) content, characters, franchises, etc. that Snap can repurpose or reimagine as vertical short-form content. Production-focused acquisitions should have a proven production infrastructure with meaningful experience in short-form digital content. While we have yet to develop a formalized list of targets, we are primarily focused on companies that have both catalogs and production capabilities.

Acquisition strategies have inherent challenges. Due diligence, negotiation, and integrating the new company into Snap will likely take significant time, energy and resources. Additionally, an existing catalog that is successful on other platforms might not succeed as repurposed Discover content, and production resources can take time to master producing content for Discover. Lastly, Snap's current inability to meaningfully exploit IP off-Snapchat negatively impacts the value we can create from acquired content/IP—nonetheless, any acquisition price will reflect these off-Snapchat exploitation rights.

Pursuing this strategy requires further detailed analysis on a case-by-case basis.

CRITICAL DEPENDENCIES FOR CONTENT STRATEGY

Successfully executing the vision and strategies outlined above substantially depends on several factors outside the direct control of the Content team.

A. Discover product improvements, especially building a highly effective user funnel into content
B. Commercials and Snap Select are successful at driving premium content revenue
C. Marketing Snap's content offering to both consumers and the media industry
D. Snap's willingness to support the strategy

A. Discover product improvements, especially building a highly effective user funnel into content

There are several product dependencies for the content strategy. We need a way to merchandise Entertainment content (especially Originals) beyond release windows in order to derive more value and engagement. Additionally, building habitual behaviors around frequently updated News will likely be very difficult without a consistent and dedicated place to merchandise news content.

Most importantly, however, we must build new powerful user funnels to drive people from our sticky communication platform into our content. Today, Discover relies heavily on Friend Story consumption to drive users into the content consumption funnel. 82% of Discover visits have a friend story view while only 35% have a content story view. And 48% of Discover visits with a non-friend story view[12] also have a friend story view.[13] This implies that the strong appeal of friend story viewing supports a substantial volume of content viewing—acting to widen the funnel into content. Given our belief in the power of our communication platform and the continued decline of My Story posting, we must invest heavily to preserve, and even grow, the top of the content funnel. This should be done along several vectors:

- A deeper layering of the social aspects of Snapchat into the content experience, and potentially the content experience into the social
- New design concepts focused on supporting the unique needs of Community, News, and Entertainment content
- New drivers to content such as badging and notifications

Overall, a combination of high quality content and an optimized user experience is needed to drive improvements across all major growth levers (e.g., content DAU, sessions per user, average time spent per session, etc.) in order to increase total content time spent and support these increased content investments.

B. Commercials and Snap Select are successful at driving premium content revenue

Despite significantly scaling our advertising business, our focus on performance marketers drove CPMs in content[14] from ~$7.33 in Q1 2018 to $3.02 in Q1 2019. The launch of commercials (our six-second non-skippable ad unit) and Snap Select create opportunity for our sales organization to tap budgets from top-of-funnel brand advertisers willing to pay a premium for differentiated ad formats, placements, and buy models. Snap Select allows advertisers to buy commercials on a reserved basis, similar to Google Preferred, an offering meant to ensure that advertisers only appear in the top YouTube shows. We

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[12] Non friend stories include Publisher Stories, Shows, Originals, Curated Our Stories, Official Stories, Popular Stories and all unidirectional friend stories (i.e., User A's story for User B when User A does not follow User B)
[13] Internal data
[14] Includes Publisher Stories, Shows, Originals, Our Stories & Partner Curation

estimate that Google Preferred was approximately a $1B business in 2018. Facebook also has a similar premium tier of buying ads, "In-Stream Reserve," which launched this year for Watch, their video platform. This method of selling commercials provides brands a fixed rate and guarantees on audience size so that media buyers can plan ad campaigns more efficiently. With success, we can attract online video budgets from new and existing advertisers and elevate the yield coming from Shows to a $10 eCPM or more, driving more revenue from our content investments.

C. Marketing Snap's content offering to both consumers and the media industry

For any platform seeking to grow a content business, marketing plays two crucial roles. First, it leverages the brand power of marquee properties to attract new users. Secondly, it signals to the creative community that the platform is a serious entertainment player. Netflix reaped tremendous benefits with the entertainment community by putting a substantial advertising budget behind *House of Cards* - especially out-of-home throughout Los Angeles. This largely normalized the star-driven Netflix original and ensured that other high profile talent would be interested in working with Netflix without hurting their reputation in their respective industry. Television shows similarly spend up to 20% of their budgets on marketing. We should anticipate spending similarly on our efforts to market our content.

D. Our willingness to invest the strategy

The potential decline of social sharing on Snapchat through Friend Stories combined with the growth of mobile content consumption provides Snap both the opportunity and imperative to strengthen its Content business. While we are incredibly well positioned to do this given our user base, penetration in key audiences, ability to drive content sessions from users, and first-mover advantage, we must recognize the competitive landscape, how they are investing in content, and what it will take for Snap to pursue this strategy.

Competitors, willing to incur losses for an extended period of time, are making significant investments in content. Streaming services like Netflix, Hulu, and Amazon Prime Video have large user bases, growing libraries and scaled budgets to acquire content. Amazon's profit centers easily fund its Prime Video content acquisition efforts. Netflix continues to support their content budget through low-cost debt and Hulu heavily leverages its joint-venture member's resources (e.g., "next day" television rights, access to funding, etc.) to acquire content. New entrants like Apple, Disney, and Comcast have a combination of these advantages as well. All of them together are fueling what some analysts describe as a content arms race.[15]

Targeting users' time on mobile devices specifically, Quibi and TikTok are driving hard as well. Quibi is in the market spending aggressively. According to published reports based on Quibi investment documents as well as management research, the company could spend $500M or more on content before it launches in April 2020 publishing more than 100 pieces of original content every week.[16] Based on their own projections, we estimate that Quibi could generate up to $3B in total operating losses between 2019 and 2024.[17] Quibi is also armed with the internal knowledge of a handful of former Snapchat employees who are well versed in the types of content that resonates with our audience.

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[15] Variety Viacom Prepares for Content Arms Race

[16] Business Insider, Launching mobile-first TV is an uphill battle- here's how Quibi could succeed (March, 2019)

[17] Based on recently published reports (Source: Digiday, Inside Jeffrey Katzenberg's plan to spend up to $1b by 2025 on programming for Quibi). Quibi is targeting 20 million subscribers by 2024 and has some

While we know less about TikTok's aspirations in professional content, we do know they are having very early conversations with content providers about using the platform and have a significant amount of cash on hand.

With a growing cast of services armed with differing competitive advantages, all striving to create content that users love, Snap must both be willing to invest and get comfortable with such investments generating losses. To be clear, our recommendation is not to enter an arms race with the streaming services who can easily outspend us. Rather, it is to have the freedom to win a greater amount of our users' time spent on mobile by using our unique strengths: a powerful mix of user-generated Community Content, daily, habitual use of News and a lead to market making made-for-mobile Entertainment content.

NEXT STEPS

At the May 16th meeting of Snap's Board of Directors, we're hoping to engage in a robust discussion of the overall content strategy and gather strategic input.

From there, we will further explore the various strategic options in greater detail to execute on our vision, assessing the following factors for each:

- Impact on key user metrics: Discover DAU, average Discover sessions per user per day, content consumption per user per Discover session and per day, and total time spent in content
- How each strategic option fits in with our overall content mix and the potential impact on other content
- Investment required and financial impact
- Optimal deal structures
- Accounting treatment
- Headcount and other resources required

In addition, we will start testing some of the strategies outlined above to identify those where we gain traction against key user metrics.

We will continue to work closely with the product and design teams who in parallel are developing and exploring future states for Discover.

DISCUSSION: BOARD OF DIRECTORS MEETING, MAY 2019

1. The Vision: News, Entertainment and Community content
    a. Are each of these content categories essential to a renewed Discover experience?

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preliminary estimates on base case financials. Target subscription pricing is $5 per month with advertising and $8 without. Based on subscriptions and advertising, total revenue is estimated to be $1B-$2B+ by 2024 or ~$5B in aggregate through 2024. Based on estimated cost of revenues (hosting, etc.) and operating expenses, total expenses can be estimated at ~$1B+ by 2024 or ~$4B in aggregate over the next 5 years. If we add projected content expenses, which are an estimated ~$500M prior to launch (April 2020) and growing to ~$1B per year by 2024, total content expenses can be estimated at ~$4B in aggregate over the next 5 years. These financial estimates imply Quibi could generate up to $3B in total operating losses between 2019 and 2024.

2. Strategic options to execute on the vision, a discussion of the relative benefits of each:
    a. Increase investment in Snap Originals
    b. License third party content
    c. Expand Snap's production capabilities
    d. Focus promotion and investment on a select group of creators
    e. Build new media brands via strategic investments and joint venture agreements
    f. Acquire companies with IP catalogs and/or production capabilities

3. Competitive considerations
    a. How real and threatening is the competitive landscape for our strategy?
    b. How far should we be willing to go to "lock-up" franchises made popular on Discover?
    c. How important is it to own IP and franchises vs. having long term rights?
    d. Are we comfortable distributing our Originals on other platforms to drive revenue and/or marketing after an initial exclusive window on Discover?

4. Critical Dependencies
    a. Discover product improvements to build a highly effective user funnel into content
    b. Commercials and Snap Select are successful at driving premium content revenue
    c. Marketing Snap's content offering to both consumers and the media industry
    d. Snap's willingness to support the strategy

5. Short term versus long term thinking and the Content business' impact on Snap's P&L
    a. What impact to margin is acceptable to drive the strategy?
    b. How do we position increased content spending to the market?

APPENDIX

A Note About Platform Environments for Content

It's possible we may need distinct platform surfaces to support these kinds of content. While a given partner can exist in both, it's worth calling out the uniqueness of the underlying dynamics of each.

A **"feed-based platform"** is typically one that is ephemeral and includes content that is acquired for low to zero cost, churns quickly, monetizes quickly, organizes as a feed, has a large and nearly "endless" content supply, and typically monetizes over short periods of time and favors direct response (Snap Ads, Auction based) advertising. Feed-based platforms work particularly well when consumption happens directly in the feed. Examples are the FB newsfeed, IG, Twitter, and TikTok. This type of environment works well for frequently updating, thematically consistent content like *Oddly Satisfying* or daily Publisher Stories.

A **"programmed platform"** is one that is permanent and discoverable. It usually involves a more select supply of content, allows for larger content investments, organizes as a library destination with consistent sections, typically monetizes and sees engagement with content over longer periods of time and better supports brand advertising (Commercials, Reserved/Fixed Buys) and subscription models. Examples include broadcast and cable television, Netflix, Hulu, and Spotify. A "programmed" environment is ideal for more evergreen content like our Snap Funded Originals (e.g., *Endless Summer*, *Two Sides*, etc.).