# EXHIBIT F: ECONOMIC IMPACT ASSESSMENT OF META'S ANTICOMPETITIVE CONDUCT

## Executive Summary

This economic analysis demonstrates that Meta's anticompetitive conduct has caused substantial economic damage through:

- direct financial harm to Plaintiff
- reduced consumer choice and innovation
- reinforcement of Meta's monopoly power.

Plaintiff's rational development decisions were made during Meta's 95% market dominance (2010-2012), while API restrictions occurred during sustained 78%+ market control (2015-2018). Meta's dominance continued through 2020 when the Plaintiff first filed this action and continues until now.

## 1. Market Definition and Meta's Dominance

**1.1** Relevant Market: The relevant market is personal social networking services, characterized by network effects, high switching costs, and API dependency for third-party developers. (1) This aligns with the FTC's market definition, where expert testimony found Meta used "pretextual" justifications with "benefits not shown." (2)

**1.2** Meta's Market Position During Development Decisions (2010-2012): Critical Foundation: Veamcast's platform integration was decided when Meta held overwhelming dominance:

- 95% of all U.S. social media (Facebook's own statement to advertisers) (3)
- 156 million U.S. users averaging 441 minutes monthly vs. Myspace's 27 million users at 10 minutes monthly (3)

- Any rational developer would integrate with Facebook given complete absence of viable alternatives [4]

**1.3** Meta's Market Position During API Restrictions (2015-2018):

Contemporaneous Dominance: API restrictions occurred during sustained market control:

- 78% monthly usage (2016 survey) [5]
- 92% average time spent in social networking [5]
- 50x more engagement than LinkedIn/Twitter [5]
- 291 million combined Meta users vs. 75 million for largest competitor [5]

**1.4** Meta Recognizes Its Dominant Position and Risk from Veamcast

- "We are hard to compete with, our network effects are substantial, your friends are all here, you have made a big investment in your Facebook identity and network and that's hard to leave behind, and furthermore, every day, our users increase their investment in Facebook" – Talking points for Investor Call, May 2, 2012.
- "What we're really buying is time. Even if some new competitors spring up…those new products won't get much traction" – Mark Zuckerberg, February 28, 2012.
- "The biggest competitive vector for us is for some company to build out a messaging app for communication with small groups of people then transform that into a social network" – Mark Zuckerberg, February 11, 2013.
- "Facebook has willfully maintained and enhanced its monopoly power through its anticompetitive and exclusionary conduct, including but not limited to, the execution of its buy or-bury strategy" – FTC Complaint, December 9, 2020 [12] paragraph 258

## 2. Economic Harm to Plaintiff

**2.1** Direct Financial Impact

- 15+ years of wasted development (Exhibit E -2,132 documented code changes)
- Stranded platform-specific investment rendered unusable by API restrictions
- Infrastructure and marketing costs became ineffective when social features disabled

**2.2** Documented Growth Destruction Evidence: Veamcast achieved 108.6% monthly growth during 2016 Facebook integration, followed by 74% collapse in September 2016 when API restrictions eliminated social features [7]—precisely demonstrating Meta's strategy to eliminate "critical mass" competitive threats.

**2.3** Opportunity Cost

- First-mover advantage loss during critical social platform formation period
- Comparable platform valuations: WhatsApp $19B, Instagram $1B, Discord $15B [8]
- Venture capital disruption due to platform dependency risks

## 3. Meta's Anticompetitive Conduct

**3.1** Internal Evidence of Intent CEO-Level Strategy: Mark Zuckerberg emails:

- "I want us to use M&A to build a competitive moat around us" [9]
- "Those companies are trying to build social networks and replace us" [10]

Executive Implementation: Dan Rose (VP Partnerships):

- "We're going to continue blocking messenger apps from accessing friends.get" (11)

**3.2** Regulatory Validation

- FTC case specifically cites "cutting off API access to blunt perceived competitive threats" (12)
- $5 billion FTC penalty establishes pattern of violations (13)
- Multiple enforcement actions confirm anticompetitive conduct (14)

**3.3** Exclusionary Characteristics Meta's conduct exhibits classic exclusionary behavior: selective targeting of competitors, disproportionate impact, lack of alternatives, and timing correlated with competitive threats.

## 4. Enhanced Damages Analysis

**4.1** Valuation Methodologies:

- Direct Cost Method: 15+ years of development, 2,132 code changes, spanning multiple technology shifts (6)
- Market Comparison Method: Comparable social platform acquisitions establish valuation benchmarks (6)
- Growth Trajectory Method: Documented 108.6% monthly growth destroyed by API restrictions (7)

### 4.2 Damages Scenarios

- Conservative: $65 million (Direct costs plus minimal opportunity costs)
- Reasonable: $85 million (Market comparables and documented growth)
- Optimistic: $100+ million (Full comparable platform valuations)

Enhanced Justification: The 15+ year timeline, rational decisions during 95% market dominance, and documented growth destruction during 78%+ market control provide compelling damages foundation.

**5. Economic Incentives for Anticompetitive Conduct**

Meta's internal documents confirm economic incentives:

- Market power preservation through "competitive moat" strategy [9]
- Threat elimination before competitors achieve scale
- Platform control advantage enabling identification and elimination of threats
- Bait and Switch Strategy Distracts and Neutralizes Competitors

**6. Conclusion**

The evidence demonstrates:

1. Rational business decisions made during Meta's 95% market dominance
2. API restrictions during sustained 78%+ market control eliminating competitive justification
3. Documented growth destruction (108.6% growth → 74% collapse) (Exhibit W2)
4. Internal evidence of deliberate anticompetitive strategy
5. Regulatory validation through allegations and penalties

The substantial economic harm justifies significant monetary damages and injunctive relief to restore competitive market conditions.

**SOURCE REFERENCES**

(1) Federal Trade Commission v. Meta Platforms, Inc., Case No. 1:20-cv-03590-JEB (D.D.C.)

(2) FTC v. Meta. Plaintiff's Opening Slides, April 14, 2025

(3) Complaint for Injunctive and Other Equitable Relief, State of New York et al. v. Facebook, Inc., Case No. 3:20-cv-00363-JEB (D.D.C.), filed December 9, 2020 (Plaintiff States: AK, AZ, AR, CA, CO, CT, DE, DC, FL, GU, HI, ID, IL, IA, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, TN, TX, UT, VT, VA, WA, WV, WI, and WY)

(4) EXHIBIT U - Reveal Chat Holdco LLC v Facebook

(5) EXHIBIT U - Phhhoto v Meta

(6) EXHIBIT E - Veamcast Development History, p7

(7) EXHIBIT W2 - Veamcast Revenue Analysis

(8) EXHIBIT E - Veamcast Development History, p6

(9) FTC v Meta 1:20-cv-03590 (D.D.C.), Exhibit PX2521 (Zuckerberg competitive moat email)

(10) FTC Exhibit PX12108; Exhibits_MT.pdf page 5 (Zuckerberg block competitors' email)

(11) FTC Exhibit PX12108; (Dan Rose API blocking email)

(12) FTC v Meta Complaint December 9, 2020; FTC Press Release, December 9, 2020, "FTC Sues Facebook for Illegal Monopolization" (FTC API restrictions findings)

(13) FTC Settlement Order, July 24, 2019 (FTC $5 billion penalty)

(14) FTC Press Release, August 19, 2021, "FTC Alleges Facebook Resorted to Illegal Buy-or-Bury Scheme to Crush Competition After String of Failed Attempts to Innovate"