

Facebook's Zuckerberg makes \$1 billion donation to local nonprofit

20 December 2013, by Brandon Bailey

Facebook Inc. CEO Mark Zuckerberg is donating another \$1 billion worth of stock to the Silicon Valley Community Foundation, in the latest installment of the 29-year-old Internet mogul's pledge to spend more than half his wealth on philanthropy.

The donation is "by far the largest gift in our history," said Emmett Carson, CEO of the Mountain View, Calif.-based foundation, which will help Zuckerberg allocate the donated assets in coming years. Carson declined to say how the money will be used, but added: "We believe this gift will immensely improve the lives of people here and elsewhere."

Facebook announced the gift while disclosing plans for a sizable stock offering in which the company will raise almost \$1.5 billion in cash, taking advantage of the stock's current high trading price by selling 27 million new shares. Zuckerberg is also selling about \$2.3 billion worth of his own shares, which the company said he'll use to cover taxes he'll owe after exercising an option to buy more Facebook stock.

When the dust settles, the youthful CEO will have reduced his stake in the high-flying social networking company - but only slightly. Zuckerberg will control about 62.8 percent of voting power wielded by Facebook shareholders, down from 65.2 percent. He will still own about 444.2 million shares, which were worth more than \$24 billion on Thursday.

Zuckerberg has made headline-grabbing gifts to charitable works before. He gave a similar-sized block of stock to the foundation last year, although the shares were worth only about \$500 million at the time, because Wall Street was less enthusiastic about the company then. The value of that donation has more than doubled, as Facebook's booming advertising business has caused its stock to soar.

Along with receiving donations and making direct grants to charities, the community foundation advises a number of wealthy individuals on philanthropic giving. It offers a variety of custom services, such as administering charitable funds on an individual's behalf.

As part of its work with Zuckerberg, the foundation helped oversee his pledge of \$100 million to improve public schools in Newark, N.J., which he announced in 2010. It also channeled his contribution to the multi-million-dollar series of "Breakthrough Prize" awards for math and science research, which Zuckerberg has funded jointly with other tech luminaries including Sergey Brin, Yuri Milner and Jack Ma.

Zuckerberg signed on three years ago to the "Giving Pledge" campaign, promoted by billionaires Bill Gates and Warren Buffett, in which wealthy individuals vow to give at least half their assets to philanthropy over the course of their lives.

The Facebook CEO and his wife, pediatrician Priscilla Chan, have said they are interested in causes related to education and health. Zuckerberg has avoided discussing their charitable goals in detail, however. Carson declined to answer questions about how the foundation will manage or distribute the donated stock.

Facebook, meanwhile, said it has no specific plans for the money raised from its new stock offering, which will be the company's first since its trouble-plagued initial public offering in May 2012. Facebook is already flush with cash; it ended the last quarter with more than \$9 billion on hand.

But there have been reports Facebook recently offered to pay an astonishing \$3 billion to buy the messaging service Snapchat, which has become a popular rival for younger Internet users' attention. While the offer was rebuffed, word of the new stock offering prompted speculation Facebook may have

other big acquisitions in mind.

Facebook's stock has surged over the last year, as the company overcame early criticism that it was slow to catch on to the growing popularity of smartphones and tablets. At the time of its IPO, Facebook had no way of selling advertising for the smaller screens of mobile devices.

But it has subsequently built a thriving mobile ad business, which will bring the company \$3 billion in revenue this year, according to eMarketer. The research firm projects those sales will help make Facebook the second-biggest seller of online advertising in the United States, behind only Google Inc. Facebook shares closed Thursday at \$55.05.

In a related move, Facebook said Zuckerberg will exercise a long-standing option to buy 60 million new shares, at a price that is likely much lower than the public trading price. He will sell 41.35 million shares, primarily to cover tax obligations, and donate 18 million shares.

Venture capitalist Marc Andreessen, an early Facebook investor, will also sell 1.6 million shares, worth about \$87 million.

©2013 San Jose Mercury News (San Jose, Calif.)
Distributed by MCT Information Services

APA citation: Facebook's Zuckerberg makes \$1 billion donation to local nonprofit (2013, December 20) retrieved 24 January 2022 from <https://phys.org/news/2013-12-facebook-zuckerberg-billion-donation-local.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.