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TECH

Early Facebook Investor Peter Thiel Unloads Stake

By SHAYNDI RAICE

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Peter Thiel, Facebook Inc.'s earliest investor and a board member, has sold the majority of his shares in the social network, as restrictions on insider selling begin to lift.



Investor Peter Thiel ASSOCIATED PRESS

Mr. Thiel, a partner at venture-capital firm Founders Fund, invested \$500,000 in Facebook in 2004 as its first major investor when the company was valued at a mere \$4.9 million.

Mr. Thiel has now made more than \$1 billion from his Facebook investment, and he still owns stock worth about \$112 million. On Monday, Facebook's shares rose 5% to \$20.01.

In a filing Monday, Mr. Thiel disclosed that he sold 20.1 million Facebook shares, and distributed another 2.2 million shares to investors, as part of a selling plan known as a 10b5-1 plan that he agreed to in May. The sales leave him with about 5.6 million shares.

Mr. Thiel sold the most recent tranche of Facebook stock for an average of \$19.73 a share late last week, netting him about \$395.8 million.

Had he sold the 20.1 million shares at the time of the IPO—when the stock price was \$38—it

would have been valued at \$762 million.

FACEBOOK'S HISTORY



But Mr. Thiel will still make an immense profit on his small bet. He already sold some Facebook shares before the company went public, and in the May public offering, sold 16.8 million shares for \$638 million.

A Facebook spokeswoman declined to comment. A spokesman for Mr. Thiel declined to comment.

The sale comes at a sensitive time for Facebook. Last week, more than 271 million

Facebook shares came onto the market after the expiration of a "lock-up period" forbidding sales by insiders. The new shares caused Facebook's stock to drop to about half the value of its IPO price.

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It isn't unusual for early investors to sell their stakes in public companies, especially if the company was private for many years. Facebook Chief Executive Mark Zuckerberg was loathe to take the company public, but said he did so in part to provide liquidity to employees and early investors, like Mr. Thiel.

Facebook faces more lock-up expirations in October, November and December, which will put more than 1.4 billion Facebook shares onto the market.

Mr. Thiel is a Silicon Valley veteran who founded electronic payments company PayPal in 1998 and served as its chairman and CEO before selling PayPal to eBay Inc. for \$1.5 billion in 2002. He is also the founder of hedge fund Clarium Capital Management and has invested in other social media start-ups like social games maker Zynga Inc. and professional networking site LinkedIn Corp.

—*Scott Thurm contributed to this article.*

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