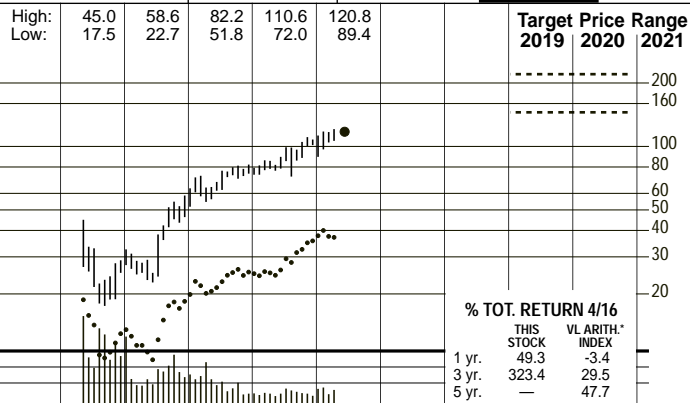


FACEBOOK, INC. NDQ-FB

RECENT PRICE **117.43** P/E RATIO **60.2** (Trailing: 72.5 Median: NMF) RELATIVE P/E RATIO **3.24** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 1 Raised 4/22/16
SAFETY 3 New 8/17/12
TECHNICAL 2 Raised 5/6/16
BETA .90 (1.00 = Market)

LEGENDS
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession



2019-21 PROJECTIONS
 Price High 220 Low 145
 Gain (+85%) (+25%)
 Ann'l Total Return 17% 6%

Insider Decisions
 J A S O N D J F M
 to Buy 0 0 0 0 0 0 0 0 0
 Options 1 1 1 6 8 1 6 7 3
 to Sell 8 11 3 6 8 2 6 7 4

Institutional Decisions
 2Q2015 3Q2015 4Q2015
 to Buy 764 810 867
 to Sell 422 464 533
 Hld's(000)153991115643601583670

Facebook was founded by Mark Zuckerberg and fellow students at Harvard University in 2004. The company was incorporated in Delaware in July of 2004. Facebook completed its initial public offering on the NASDAQ Global Select Market in May of 2012. The total offering comprised 421,233,615 shares of Class A stock, initially priced at \$38 per share. Morgan Stanley was the lead manager.

CAPITAL STRUCTURE as of 3/31/16
 Total Debt None
 Leases, Uncapitalized: Annual rentals \$209 mill.
 Pfd Stock None

Common Stock 2,846,280,476 (2,311,865,096 Class A shares and 548,439,425 Class B shares)^C as of 4/25/16

MARKET CAP: \$334 billion (Large Cap)
CURRENT POSITION 2014 2015 3/31/16 (\$MILL.)

Cash Assets	11199	18434	20621
Receivables	1678	2559	2348
Inventory (FIFO)	--	--	--
Other	793	659	843
Current Assets	13670	21652	23812
Accts Payable	176	196	149
Debt Due	114	7	--
Other	1134	1722	1660
Current Liab.	1424	1925	1809

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Revenues	--	--	30.0%
"Cash Flow"	--	--	29.0%
Earnings	--	--	34.0%
Dividends	--	--	Nil
Book Value	--	--	21.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^F				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2013	1458	1813	2016	2585	7872
2014	2502	2910	3203	3851	12466
2015	3543	4042	4501	5841	17928
2016	5382	5900	6300	7418	25000
2017	7200	7800	8400	9600	33000

Cal-endar	EARNINGS PER SHARE ^{A F}				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2013	.09	.13	.17	.20	.60
2014	.25	.30	.30	.25	1.10
2015	.18	.25	.31	.55	1.29
2016	.52	.40	.48	.80	2.20
2017	.70	.55	.65	1.00	2.90

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012					
2013					
2014					
2015					
2016					

NO CASH DIVIDENDS BEING PAID

	2006	2007	2008	2009	2010 ^D	2011 ^D	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
Revenues per sh	--	--	--	--	--	--	2.15	3.09	4.46	6.30	8.70	11.40		22.20
"Cash Flow" per sh	--	--	--	--	--	--	.30	.98	1.49	1.97	3.00	3.75		6.90
Earnings per sh ^A	--	--	--	--	--	--	.02	.60	1.10	1.29	2.20	2.90		5.75
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil
Cap'l Spending per sh	--	--	--	--	--	--	.52	.53	.65	.89	1.55	1.80		2.80
Book Value per sh ^E	--	--	--	--	--	--	4.96	6.07	12.91	15.54	17.40	20.70		37.05
Common Shs Outst'g ^{B C}	--	--	--	--	--	--	2372.0	2547.0	2797.0	2845.0	2875.0	2900.0		2700.0
Avg Ann'l P/E Ratio	--	--	--	--	--	--	NMF	59.2	62.7	68.6	<i>Bold figures are Value Line estimates</i>			32.0
Relative P/E Ratio	--	--	--	--	--	--	NMF	3.33	3.30	3.48				2.00
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--				Nil
Revenues (\$mill)	--	--	--	--	1974.0	3711.0	5089.0	7872.0	12466	17928	25000	33000		60000
Operating Margin	--	--	--	--	59.3%	56.0%	23.3%	48.5%	50.0%	45.6%	53.0%	53.0%		54.0%
Depreciation (\$mill)	--	--	--	--	139.0	323.0	649.0	1011.0	1243.0	1945.0	2200	2400		3000
Net Profit (\$mill)	--	--	--	--	606.0	1000.0	53.0	1491.0	2925.0	3669.0	6400	8500		15670
Income Tax Rate	--	--	--	--	39.9%	41.0%	NMF	45.5%	40.1%	40.5%	35.0%	35.0%		35.0%
Net Profit Margin	--	--	--	--	30.7%	26.9%	1.0%	18.9%	23.5%	20.5%	25.6%	25.8%		26.1%
Working Cap'l (\$mill)	--	--	--	--	1857.0	3705.0	10215	11970	12246	19727	25000	28000		36000
Long-Term Debt (\$mill)	--	--	--	--	367.0	398.0	1991.0	237.0	119.0	107.0	Nil	Nil		Nil
Shr. Equity (\$mill) ^E	--	--	--	--	2162.0	4899.0	11755	15470	36096	44218	50000	60000		100000
Return on Total Cap'l	--	--	--	--	24.3%	19.3%	.6%	9.7%	8.1%	8.3%	13.0%	14.0%		15.5%
Return on Shr. Equity	--	--	--	--	28.0%	20.4%	.5%	9.6%	8.1%	8.3%	13.0%	14.0%		15.5%
Retained to Com Eq	--	--	--	--	39.2%	23.3%	.5%	9.6%	8.1%	8.3%	13.0%	14.0%		15.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil

BUSINESS: Facebook, Inc. operates the world's leading social networking service through its flagship Web site. The company's Web-based tools allow users to connect and communicate with each other. Had about 1.65 billion monthly active users at 3/31/16. Generates substantially all revenue from selling advertising placements to marketers. Had 12,691 full-time employees at 12/31/15.

Officers and directors own 3.8% of Class A shares and 84.5% of Class B shares (includes Mark Zuckerberg, 75.5%); Dustin Moskovitz, 8.7% of Class B; Eduardo Saverin, 8.4% of Class B (4/15 Proxy). Chairman and CEO: Mark Zuckerberg. Incorporated: DE. Address: 1601 Willow Road, Menlo Park, CA 94025. Telephone: 650-543-4800. Internet: www.facebook.com.

Shares of Facebook continue to trade higher. The company reported impressive results for the March quarter. The top line increased over 50%, year to year. Share net of \$0.52 was a dramatic improvement from the prior-year tally. Non-GAAP earnings per share advanced over 80%, to \$0.77. Monthly active users grew 15%, year over year, to 1.65 million. Mobile monthly active users increased 21%. Mobile advertising revenue represented about 82% of total ad revenue, up from 73% in the first quarter of 2015. **The board of directors has approved a proposal to create a new class of non-voting capital stock.** Assuming shareholder approval, Facebook would issue two shares of Class C capital stock as a one-time stock dividend for each outstanding share of its Class A and Class B stock. The motivation here appears to be to allow founder and chief executive Mark Zuckerberg to retain voting power while, over time, giving away a large portion of his stock for charitable purposes. **Strong performance ought to continue in the coming quarters, and we expect that revenues and earnings will**

advance considerably in the current year. Growth will probably continue at a good pace from 2017 onward. The company occupies an enviable position in the social networking space, and should experience favorable trends in member engagement in the coming years. We look for strong growth from several different avenues, though mobile advertising will likely remain the most important performance driver in the near term. **This stock is well ranked for year-ahead relative price performance.** Long-term appreciation potential is above average here. Note that we have substantially raised our 3- to 5-year earnings projection and Target Price Range. This assumes impressive bottom-line growth at Facebook, and that the shares will continue to trade at a premium valuation. Risk-tolerant subscribers seeking exposure to the social media space may want to take a closer look. Conservative investors can probably find more-suitable choices elsewhere, given the dynamic environment in which the company operates and the equity's rich valuation. *Michael Napoli, CFA* May 13, 2016

(A) Diluted earnings. Next earnings report due late July. (B) In millions. (C) Class A stock is entitled to one vote per share and Class B stock is entitled to ten votes per share. (D) Data pro forma. (E) Includes intangibles. At 3/31/16, \$21,096 mill., \$7.38 per share. (F) Totals may not sum due to rounding. **Company's Financial Strength** A+ **Stock's Price Stability** 20 **Price Growth Persistence** NMF **Earnings Predictability** NMF