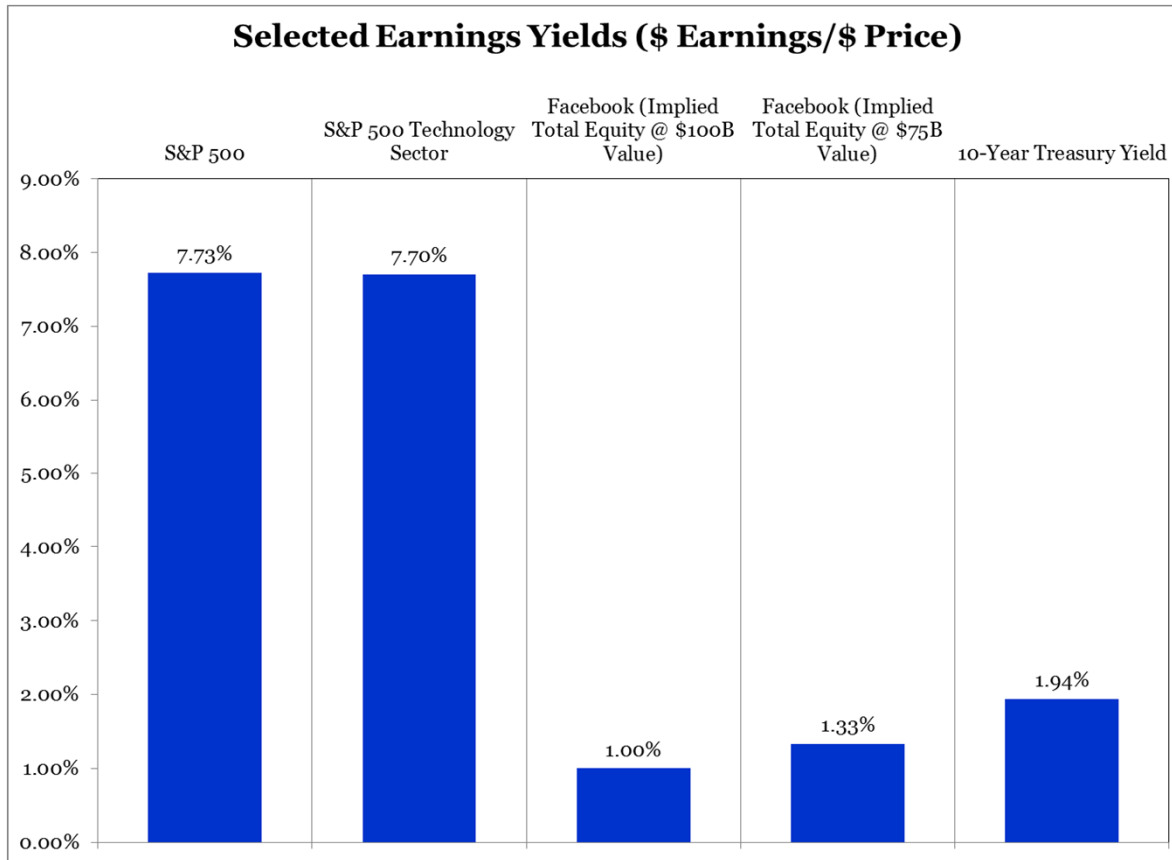
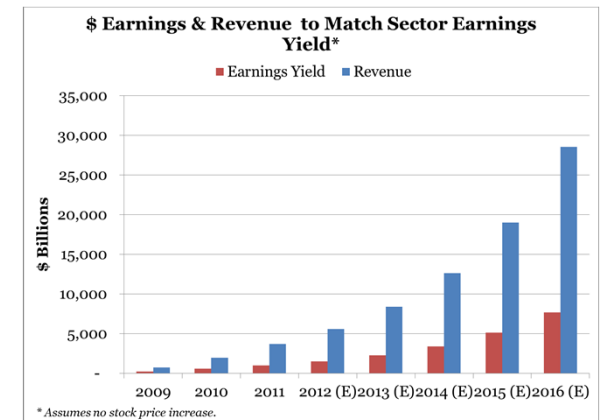


Is Facebook More Expensive Than U.S. Treasury Bonds?



Relative to other stocks, Facebook's earnings yield means investors will pay a higher price for today's earnings in anticipation of higher growth.

Facebook's Earnings Yield is also less than the 10-year Treasury Yield, meaning that investors will pay a higher price for the company's earnings than for the interest and repayment of principal guaranteed by the U.S. Treasury.



Given Facebook's 2011 earnings of \$1B, in order to reach S&P Technology Sector Earnings Yields, Facebook's earnings would have to grow at 50% for the next five years, with no change in price.