Twitter Files for Initial Public Offering Sept. 13, 2013

Microblogging Site Announces Confidential S-1 Filing in a Tweet; Goldman Sachs Is Lead Underwriter

In fewer than 140 characters, **Twitter Inc.** broke the news Thursday on its own short-message service that it has **filed confidential paperwork** to begin the process **for its highly anticipated public offering.**

An IPO would mark a business milestone for seven-year-old Twitter, which is used by more than 200 million people and created a global online communication culture, but has yet to prove itself as a big and lasting business in the mold of Google Inc. and Facebook Inc.

Goldman Sachs Group Inc. is the lead underwriter on the planned initial stock sale, people familiar with the matter said. One person familiar with the matter said **other banks are expected to join Goldman in managing what is likely to be one of the highest-profile IPOs since Facebook** went public in the spring of last year.

Twitter has already achieved a valuation of more than $9 billion, as judged by private sales by employees of their stock to BlackRock Inc. earlier this year, people familiar with that transaction have said. Such a valuation would still put Twitter well behind Facebook, which went public with a valuation of about $100 billion. After initially struggling, Facebook shares hit a new all-time high this week and now trade above their IPO price.

Hits and Misses
Performance of recent tech IPOs

Company/ Pricing date	Thurs. close	Performance since IPO
LinkedIn May 18, '11	$249.70	+455%
Groupon Nov. 3, '11	$11.76	−41%
Zynga Dec. 16, '11	$3.02	−70%
Yelp March 1, '12	$63.77	+325%
Facebook May 17, '12	$44.75	+18%

Source: FactSet   The Wall Street Journal

"It's maybe a little earlier than some people suspected. A lot of people suspected first quarter of next year," said Carter Mack, president of JMP Group Inc., a San Francisco investment banking and asset management firm. "It's been a terrific IPO market for technology-related companies this year."

Under the direction of CEO Dick Costolo for the past three years, Twitter made it a priority to turn its popularity into an ad business. Through ads on its service dubbed "promoted tweets," the company is expected to take in $583 million in ad revenue this year, says EMarketer Inc.

A driver of the secret manner and possibly the timing of Twitter's filing could be the Jumpstart Our Business Startups Act, or JOBS Act. An effort to spur corporate and economic growth in the wake of the financial crisis, the JOBS Act allowed for the first time some U.S. companies to initially file IPO paperwork confidentially, so that only regulators at the SEC can see it.

Only U.S. companies defined by the act as "emerging growth companies," which meet criteria including having less than $1 billion in revenues, can use confidential filings. The act also allows those that qualify for it less stringent disclosure requirements in areas including executive compensation, and enables them to quietly withdraw their filings if they don't find the demand they expect.

If it goes public soon, Twitter could capitalize on a buoyant market and a hot period of new stock offerings. The U.S. IPO market is on track to produce almost 200 debuts this year, which would be the most since 2007, according to Dealogic. The IPOs have also performed well for investors, jumping an average of 13.1% in their first day of trading.
Twitter has raised more than $1 billion in private financing so far, including money used to cash out some early investors or employees. Twitter's stock buyers have included venture-capital investors Charles River Ventures, Benchmark, Insight Venture Partners, Andreessen Horowitz and Kleiner Perkins Caufield & Byers. Wealthy investors, including funds led by Russian billionaire Yuri Milner, and mutual-fund firm T. Rowe Price Group Inc., bought private Twitter shares more recently.