

Facebook finds powerful 'friend' in Goldman: report

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Facebook founder and CEO Mark Zuckerberg speaks during a special event in San Francisco, California, 2010. Zuckerberg, who recently was named Time magazine's "Person of the Year," has so far resisted pressure to launch an initial public offering of stocks.

Social-networking giant Facebook could flex its growing might after reportedly raising 500 million dollars from Goldman Sachs and a Russian firm in a deal valuing the website at 50 billion dollars.

The New York Times, citing sources familiar with the deal, reported Monday that Goldman had invested 450 million dollars in Facebook and Digital Sky Technologies, a Russian investment firm that has already sunk about half a billion dollars into Facebook, invested 50 million dollars.

Facebook and Goldman, one of Wall Street's most prestigious investment banks, declined to comment on the report.

Representatives of the two US firms, and DST, which recently changed its name to Mail.ru, had declined to comment on the information, the Times said.

The new money would make the privately held Facebook, founded in 2004 by Mark Zuckerberg in his Harvard University dormitory room, worth more than US aerospace giant Boeing and media company Time Warner.

"This gives Facebook the additional capital it needs to not only fund its unprecedented growth but to also make acquisitions in the technology and the talent that they need to continue to drive the kind of growth that they're experiencing," Lou Kerner at Wedbush Securities told AFP.

The fast-growing social-networking website has more than 500 million active users per month worldwide as subscribers "friend" their contacts and share their activities.

According to comScore, the number of unique visits to the website jumped to 647.5 million in November, up 48 percent from a year ago.

And last week another firm, Experian Hitwise, said Facebook had surpassed Google, the world's Internet search leader, as the most-visited website in the United States in 2010.

Zuckerberg, 26, recently named Time magazine's "Person of the Year," has resisted pressure to launch an initial public offering (IPO) of stocks.

With this reported fresh investment, Facebook has a bigger capitalization than Boeing, at 48.7 billion dollars, or Time Warner, about

36 billion.

Yet its annual revenue, primarily based on advertising, is estimated at two billion dollars, compared with Boeing's 64.62 billion and Time Warner's 26.5 billion.

According to Kerner, Facebook's valuation is not excessive, estimating an IPO would fetch 100 billion dollars.

"I think right now Facebook is not at all concerned with an IPO, they're concerned with achieving global ubiquity, getting every Internet user on the planet to become a Facebook member and getting every website in the world to integrate with Facebook technology," he said.

"It's quite possible that they would never go public. In my view the biggest threat to Facebook is government regulation, and that threat is greatly increased if you're public, then governments around the world have a lot more rights to look into your business."

Goldman has the right to sell part of its stake, up to 75 million dollars, to the Russian firm, whose original investment in Facebook, at a valuation of 10 billion dollars, has climbed fivefold, the Times said.

As part of the deal, Goldman is expected to raise as much as 1.5 billion dollars from investors for Facebook, the Times said.

The deal could also double the personal fortune of Zuckerberg, the Times said. According to Forbes, Zuckerberg was worth 6.9 billion dollars when Facebook was valued at 23 billion dollars.

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