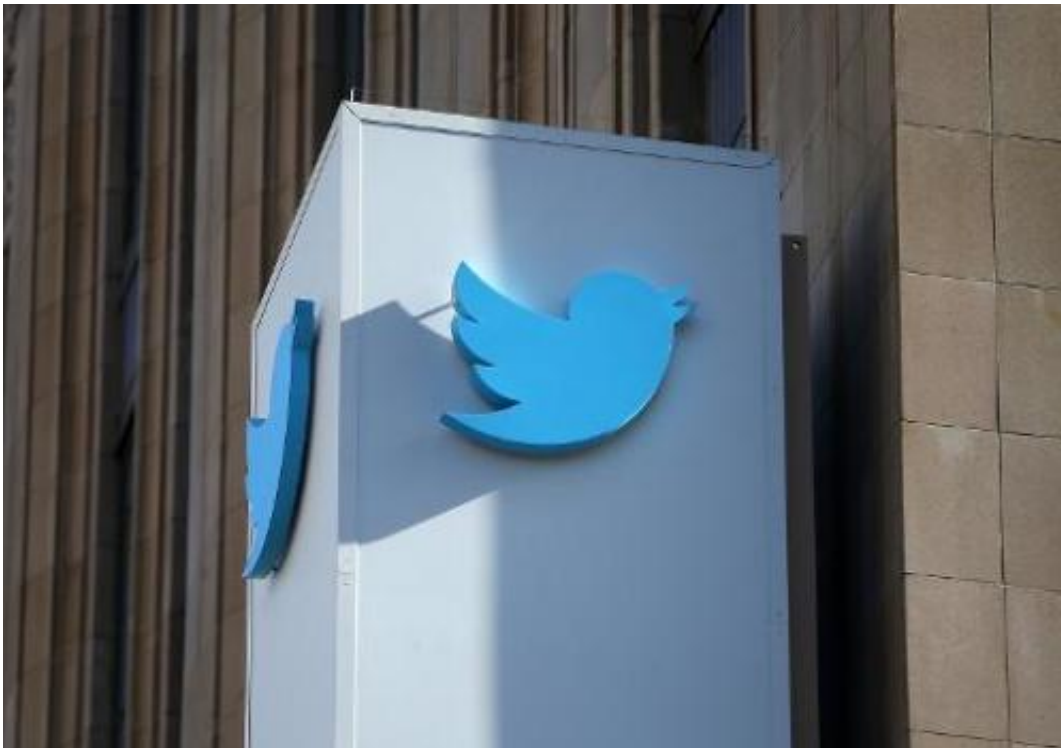


# Twitter hikes IPO share price range (Update 2)

November 4 2013, by Sophie Estienne

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The Twitter logo outside its headquarters in San Francisco pictured on October 25, 2013

Twitter boosted its public stock offering to as much as \$2 billion Monday, suggesting strong demand for its shares and a higher overall value for the one-to-many messaging platform.

The regulatory filing raises the share price for the popular messaging

platform to a range of \$23 to \$25 from an earlier estimate of \$17 to \$20.

The new share price range would give Twitter a market value between \$12.76 billion and \$13.87 billion.

The higher value "says a lot about the success of the company's road show," said Paul Ausick of the stock market blog 24/7 Wall Street.

"While this IPO has not engendered the frenzy that the Facebook IPO sparked last year, there is clearly plenty of interest, and it would not be surprising to see the stock price at the top or even above the new range."

Richard Greenfield at BTIG Research said he still has a positive view on Twitter, but that it now appears on the pricey side.

"We would participate within the \$23-\$25 range, albeit, simple math would dictate that management should price at the bottom end of the new range," he said in a research note.

"Previously, we had assumed pricing at the high-end of the \$17-\$20 range."

Greenfield said Twitter is unlikely to become as big as Facebook but has some advantages over other platforms: "What makes Twitter so powerful is that it can be fine-tuned to your specific interests."

A date has not been set for initial public offering (IPO) of the big social network, but some reports say it could be as early as this week.

Shares will trade under the symbol TWTR on the New York Stock Exchange.

Twitter is offering 70 million shares in most hotly anticipated IPOs since

Facebook's last year. Investment banks have an option to sell an additional 10.5 million shares if demand warrants.

The update filed with the Securities and Exchange Commission also disclosed that IBM is alleging Twitter infringed on three patents, one of several risk factors for the social network.

"Based upon our preliminary review of these patents, we believe we have meritorious defenses to IBM's allegations, although there can be no assurance that we will be successful in defending against these allegations or reaching a business resolution that is satisfactory to us," the document said.

Analysts said Twitter's first price range appeared conservative and that the price was likely to rise because of heavy demand.

Still, Twitter is taking a conservative approach in its IPO, in contrast to Facebook, which flooded the market with shares and saw a sharp decline in the following months.

Twitter still must convince investors of its business model, having lost more than \$440 million since 2010.

But with 232 million users and growing, it is expected to be able to reach profitability by delivering ads in the form of promoted tweets, and from its data analytics.

The research firm eMarketer estimates that Twitter will bring in \$582.8 million in global ad revenue this year, and nearly \$1 billion in 2014.

A research note by Topeka Capital Markets was upbeat about Twitter's prospects.

"We believe Twitter's user and advertising monetization platform is in the early innings," the analysts said.

"We see a well-defined ecosystem with strong network effects developing around Twitter that should lead to out-sized shareholder returns for years to come."

A study released Monday showed Twitter is finding a niche among younger American adults who monitor the messaging service for news on mobile devices.

The Pew Research Center report said 16 percent of US adults use Twitter, and that much of what gets passed on is breaking news.

Some 52 percent of Twitter users say they use it for news.

While Americans use other social networks such as Facebook to follow news, "Twitter news consumers stand out as younger, more mobile and more educated," the Pew report said.

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