

140 letters = \$130M

*Last Updated: 4:01 AM, November 21, 2009
Posted: 12:48 AM, November 21, 2009*

Despite lofty valuations by Twitter insiders of as much as \$20 per share -- or \$1.3 billion all told -- the company won't be worth that much until at least 2015, market experts said.

At best, they added, Twitter is a \$2 stock with a market value closer to \$130 million due to its lack of revenue.

"Paying \$20 a share for Twitter is a leap of faith," said Laurence Allen, CEO of NYPPEX LLC, a leading private trading network that lets institutions buy and sell blocks of investments valued at \$5 million or more.

Twitter, known for its 140-character quickie messages, is still struggling after three years to find revenue from its network of about 58 million users.

The company yesterday said it would earn about \$4 million for 2009, nearly triple a projection of \$1.3 million currently making the rounds among major Wall Street investors.

This week, co-founder Biz Stone confirmed that the company will roll out commercial accounts that will let businesses analyze traffic. And Twitter COO Dick Costolo told a Silicon Valley conference that Twitter will finally roll out an advertising business next year.

"We want to do something that's organic and in the flow of the way people already use Twitter -- and not: 'Here's the tweets and here are the ads,'" Costolo told Bloomberg.

Currently, Twitter collects fees from hundreds of entities that use its network to distribute information, ranging from US Department of Justice press releases to trendy talking points on Google and Microsoft search engines.

Analysts say it will take years for Twitter to build enough revenue to warrant the \$20 stock price being bid in recent days on some of the private trading networks for individual investors.

NYPPEX's Allen said that based on the customary formula for calculating a stock's value, Twitter would have to post revenue of \$180 million to justify that stock price -- and it may be 2015 at the earliest before that happens.