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Subject: Fw: FYI on new JPM fund...
Date: Mon, 14 Feb 2011 00:31:26 +0000

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To: Kevin Law; [REDACTED] <[REDACTED]>; Ken Dorward; Richard Schwartz <[REDACTED]>
Sent: Sun Feb 13 19:25:10 2011
Subject: FYI on new JPM fund...

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J.P. Morgan Plans New-Media Fund

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By Anupreeta Das

J.P. Morgan Chase (JPM 46.57, +1.04, +2.28%) & Co., riding the wave of investor interest in fast-growing, privately held technology firms such as Facebook Inc. and Twitter Inc., plans to start a fund that would invest in Internet and digital-media companies, people familiar with the matter said.

The planned investment fund, run from the New York company's asset-management unit, is expected to raise between \$500 million and \$750 million, these people said. Marketing materials were sent to prospective investors starting about two weeks ago.

It isn't clear whether J.P. Morgan plans to invest directly in target companies or buy and sell shares on behalf of clients. But the investment fund will target "late-stage" private companies, or those with an up-and-running business model, steady revenue and cash flow, according to people familiar with the situation. A J.P. Morgan spokesman declined to comment.

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The planned investment fund, being pitched mostly to wealthy investors, is the latest sign of recognition by Wall Street deal makers that social-media companies could be big money makers. Such

consumer and media sectors.

Goldman Sachs Group (GS 166.66, +1.32, +0.80%) Inc. was the first big securities firm to get there. Last month, the New York company completed a \$1 billion private offering for Facebook that valued the social-networking firm at \$50 billion. Goldman and Russian investment firm Digital Sky Technologies invested an additional \$500 million.

That deal was tarnished by Goldman's abrupt decision to limit the offering to non-U.S. investors, fearing that frenzied interest left Goldman in danger of violating U.S. securities laws.

Still, the intense demand for Facebook shares showed that many investors crave closely held Silicon Valley companies—and are willing to pour in money at gravity-defying valuations. It is a lucrative opportunity for Wall Street firms, which are scrambling to get a foot in the door.

Twitter, the online messaging service that lets users send 140-character "tweets," raised \$200 million in December that valued the San Francisco company at \$3.7 billion. In recent discussions, some potential buyers of Twitter have valued the company at \$8 billion to \$10 billion.

The levels are already getting heady. For example, Twitter had 2010 revenue of \$45 million and is unprofitable, according to people familiar with the matter.

Groupon, based in Chicago, rebuffed a \$6 billion takeover offer from Google (GOOG 624.50, +8.06, +1.31%) Inc. in December and is now planning a public offering that could value the company at more than \$15 billion.

Meanwhile, private exchanges that enable early investors and employees at technology start-ups to cash in their shares are establishing rough valuations for hot companies. Zynga Inc., the San Francisco company behind online games FarmVille and FrontierVille, is valued at \$5.51 billion, according to SharesPost Inc.

The private exchanges sprang up partly because the market for initial public offerings was in a deep slumber throughout the financial crisis. But the stock market's rebound and a revival in deal making have led Wall Street firms to pursue companies that might go public and have made investors hungry to get in on the action.

Technology stocks in general have recovered more quickly than other parts of the market, led by big gains in major companies like Apple Inc. and Google Inc. The technology-laden Nasdaq Composite Index is trading at its highest level since November 2007—compared with the Dow Jones Industrial Average, which is back at June 2008 levels.

It isn't clear when the J.P. Morgan investment fund aimed at Internet and digital-media companies might complete its fund-raising or start making investments. J.P. Morgan's asset-management unit manages about \$1.3 trillion.

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