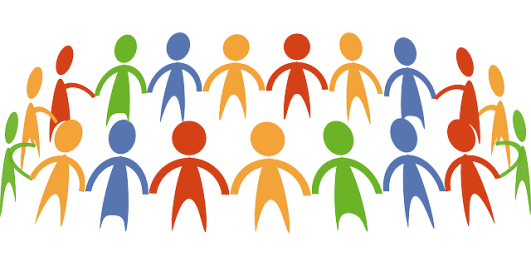
**Chapter 4: EQUITIES**

**Initial Public Offering**

Complete the table below indicating 5 key facts about how an IPO works and an example.

**Extension: Alibaba IPO**

**Research and read up about the Alibaba IPO.**

**Summarise your findings into 6-8 sentences.**

**Be prepared to feedback your findings to the class.**

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**Summary: Why an IPO?**

**From what you have looked at already about IPOs, have a think about the reasons behind it.**

What benefits can the issuing company gain?

Are there any potential dangers they must also consider?

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**Further Examples of IPOs:**



Facebook sold more than 400 million shares at $38 per share in May 2012, raising almost $7 billion for the company and allowing some earlier investors to sell their shares at a substantial profit.

As well as the early investors, the found and CEO Mark Zukerberg sold some of his shares in the IPO, receiving more than $1 billion. However, six months after the IPO, the investors were not doing so well, with the Facebook share price falling to about half of the $38 IPO price. Since then the shares have recovered and, in January 2015, they were traded at $75, almost double their initial sale price.

It was in 2004 when Google became a listed company. Like Facebook, Google chose to list on NASDAQ, and Google sold around 19.5 million shares at $85 each to raise approximately $1.7 billion.

Most of the money raised went to the company. On the first day of trading, Google shares rose to $1000, and the shares were changing hands for $500 each in Jan 2015. The investors who purchased Google shares in the IPO have done rather well.

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