

## Alibaba: The Biggest IPO in U.S. History

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China's e-commerce giant Alibaba began trading its shares Friday, September 19 on the New York Stock Exchange, becoming a publicly traded technology powerhouse. [Its first trade changed hands at \\$92.70](#), well above the \$68 initial price that some investors paid, creating a 38% first-day gain. Now, Alibaba has a market capitalization of roughly \$219.8 billion, making the company bigger than Facebook, eBay and Amazon.com. Wall Street firms, including Credit Suisse Group, Deutsche Bank, JP Morgan Chase, Morgan Stanley, and Goldman Sachs, will have collected [fees in excess of \\$300 million](#).

In its latest fiscal year, [Alibaba had \\$8.5 billion in sales, with a net income of \\$3.8 billion](#). In comparison, the same year, Amazon had \$74.4 billion in sales, yet only made \$274 million in profits. Beyond its profitability, investors are attracted to Alibaba's all-in-one business portfolio. Its subsidiaries include [Alipay](#), similar to Paypal, [Tmall](#), similar to Amazon.com, and [Taobao](#), similar to eBay.

The e-commerce empire dominates the Chinese market. Founded in Executive Chairman Jack Ma's apartment in 1999, Alibaba first connected China's entrepreneurs with overseas clients, and then with hundreds of millions of domestic consumers. [Ma sold nearly \\$1 billion worth of stock in the IPO](#) and still holds an \$18 billion stake in the company, making him the 34th richest person in the world.

Alibaba has not been as well known outside of China, although Yahoo's early investment in the company has turned into a multibillion-dollar windfall. In 2005, Yahoo acquired its stake in Alibaba for \$1 billion. Now [Yahoo stands to receive \\$5.1 billion](#) (after capital-gains taxes), from selling 121.7 million shares in the deal. Yahoo still owns 401.8 million shares. There are rumors that [Yahoo will utilize the Alibaba cash to acquire AOL](#).

[It's the biggest IPO in U.S. history](#), putting Alibaba on the global stage. If Alibaba does well for investors, it will be an exception to the trend for Chinese companies on the NYSE.