

# The NEW YORK Sun

August 15, 2007 Edition > Section: [Business](#) > Printer-Friendly Version

## Public Offerings Are Wall Street Bright Spot


BY JULIE SATOW - Staff Reporter of the Sun

August 15, 2007

URL: <http://www.nysun.com/article/60519>

ADVERTISEMENT

**CONTINENTAL.COM.**  
**YOU'LL FLY THROUGH IT.**  
 Consider it your one-stop travel center.



**SEARCH FOR FLIGHTS**

**From:**

**To:**

**Depart:**

**Return:**

**continental.com**

Those searching for a bright spot on Wall Street should look to the initial public offering market, analysts say, as at least \$1 billion worth of IPOs have hit the market every week for the past four weeks — the longest such streak since early 2005, according to Thomson Financial.

Topping off the frenetic activity, software company VMware went public yesterday, surging 76% in one of the most anticipated public offerings since Google launched three years ago.

"The Dow dropped 350 points in the past few weeks, and still, we are seeing many IPO filings," the director of capital markets at Thomson Financial, Richard Peterson, said. In the past three weeks there have been 29 IPOs filed, only slightly less than the 34 IPOs that were in the pipeline during the same period last year. "Usually, when the markets are lousy, you don't see this many IPOs," he said.

Care Investment Trust Inc., the Blackstone Group, and Dice Holdings Inc. are among the city companies to go public recently.

The rash of IPOs is occurring at a turbulent time for the market. The Dow surged to 14,000 from 13,000 in just 57 trading days in mid-July, but has seen most of its gain disappear in recent weeks, and is now up just 4.54% for the year. The S&P 500 has also lost earlier gains, and is ahead just 0.58% for the year, while the Nasdaq is up 3.47%.

Despite the chaos in the capital markets, demand for Palo Alto, Calif.-based VMware has been intense. Its shares soared by \$22 to close at \$51 yesterday, giving it a market value of \$19.1 billion, larger than Ford Motor Co. It was the biggest one-day gain following an IPO so far this year, according to Renaissance Capital's IPOhome.com.

"There has been incredible excitement around this company," a software analyst at Cowen & Co., Walter Pritchard, said.

VMware's software increases the capacity of single computers, enabling them to function like multiple machines. "Typically you can only run a server on 15% to 20% capacity, but VMware's software can increase that capacity by 85%," a software analyst at Jefferies & Co., Katherine Egbert, said. She likened the company to a new Microsoft, Oracle, or Google, all Wall Street darlings.

While investors were hungry for VMware stock, other IPOs issued this year not have fared as well.

Private equity firm Blackstone Group, for example, issued its shares at \$31 in June, only to see them plummet to \$24 before climbing to \$27.26 a share at yesterday's close. Care Investment Trust, which is managed by a unit of CIT Group, Inc., issued stock in June at \$15 a share, and closed yesterday at \$12.05. Last month, Dice Holdings, which provides online recruiting and career development services, issued shares at \$13. It closed yesterday at \$11.83.

It may be that the sudden crush of IPOs — there were 13 deals last week alone — could be a sign that bankers are concerned the market has peaked and are pushing deals through before the environment worsens.

"I'm astonished to see so many companies going public in a bad market environment," the managing director of advisory firm IPO Boutique, Scott Sweet, said. "Bankers may just feel that the window is closing and the market will get worse, so they need to come out at any cost."

August 15, 2007 Edition > Section: [Business](#) > Printer-Friendly Version

ADVERTISEMENT



ADVERTISEMENT

[Ads by Google](#)

### Go long on ideas

Risk subscribing to the business magazine for people who think.

[www.american.com](http://www.american.com)

[Advertise on this site](#)