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## Internet IPOs Conclude a Sensational Year in 1999

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The Internet is probably the most profound cultural, economic and financial development since the Industrial Revolution. The countless examples during 1999 of the pervasive impact of the Internet included:

- Merrill Lynch, the largest full-service stock brokerage in the world, introduced discount online trading;
- IBM announced that it would stop selling PCs through retailers in the U.S. and would sell PCs only over the Web;
- Encyclopedia Britannica placed its encyclopedia for free on the Internet, swapping two centuries of book sales for an online advertising strategy; and
- Microsoft and Intel became the first "new economy" companies, and the first Nasdaq issuers, to be included in the Dow Jones Industrial Average.

Against this backdrop, it is hardly surprising that initial public offerings by Internet-related companies dominated the new-issues market in 1999. Still, the extent of the domination was remarkable:

- 289 Internet-related IPOs raised \$24.66 billion in 1999, compared to 42 Internet-related IPOs raising \$1.96 billion in 1998;
- Internet-related IPOs represented 60% of the total number of IPOs in 1999, compared to 14% of IPOs in 1998;
- the average Internet-related IPO ended the year 266% above its offering price, compared to an average appreciation during 1999 for non-Internet related IPOs of only

59%; the Nasdaq Composite was up 86% in 1999 and the Dow increased 25% for the year;

- the average Internet-related IPO closed 90% above its offering price on its opening day;
- of the 30 largest first-day gains in IPO history, 29 occurred during 1999, and nearly all were Internet-related IPOs.

Hale and Dorr's Internet and E-commerce Law Group has just published its review of Internet company IPOs in 1999. The review includes discussions of:

- trends and observations from 1999;
- monthly data on Internet-company IPOs;
- valuation shifts from traditional businesses to their online counterparts;
- winners and losers in the aftermarket;
- regional differences in Internet-company IPOs;
- the leading managing underwriters and law firms on Internet-company IPOs; and
- an outlook for the year 2000.

To read the complete article, click [here](#). If you have any questions about this article, feel free to contact its author [David Westenberg](#) at 617-526-6626 or [david.westenberg@haledorr.com](mailto:david.westenberg@haledorr.com).