Visa hits Wall Street with $18 billion initial public offering
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In a boon for big banks and Wall Street, Visa, the credit card giant, raised $18 billion in the largest initial public offering in U.S. history, with its new shares trading Wednesday on the New York Stock Exchange under the ticker symbol V.

Shares in the offering were priced at $44 each, above the expected range of $37 to $42. While it was greeted with fanfare in the financial industry, it is unlikely to unleash a new wave of initial public offerings, given the turbulence in the markets.

Even so, the offering will generate a windfall for Visa's thousands of member banks, which own the company. JPMorgan Chase is expected to reap about $1.25 billion, while Bank of America, National City, Citigroup, U.S. Bancorp and Wells Fargo are likely to receive several hundred million dollars each.

Wall Street firms, in the meantime, stand to collect upward of $500 million in underwriting fees from the sale.

More than 406 million shares were offered, with an option to add 40.6 million over the next 30 days, meaning the size of the sale could reach $19.7 billion.

"That is a good infusion of capital," said John Fitzgibbon Jr., the founder of IPOScoop.com, a Web site that tracks the industry. "And it's no secret that Wall Street is capital-starved right now."

In going public, Visa is following in the footsteps of its smaller rival MasterCard, whose shares have risen more than 439 percent since its public offering in May 2006.

Many other companies, however, are struggling to sell stock, given turmoil in the markets.

"There are just not the buyers out there in this environment," said Scott Sweet, a partner at IPOBoutique, an industry research firm. "They are scared by the market volatility."

Just 10 companies went public during the first two months of 2008, according to Dealogic, a financial services research firm. That compares with 50 public offerings in the first three months of 2007.

Analysts say the market has essentially been closed to companies outside the fields of energy, natural resources and health care. Excluding Visa, roughly 190 deals, valued at a combined $37.7 billion, are still in the pipeline, according to IPOScoop.com data.

Several high-profile initial public offerings have been scrapped or delayed in the past few months, including one for Kohlberg Kravis Roberts, the big buyout firm. In all, about 77 percent of all public offerings have been withdrawn or postponed, according to bankers, including one this week by Pogo Jet, a jet charter service.

Many companies that have moved forward with sales have scaled back their offerings.

CardioNet, a health care technology startup that Citigroup took public Wednesday, cut the number of shares it allocated in half and lowered the price after several big shareholders backed out of the offering.

Visa, however, is the biggest player in its industry and has a brand known to nearly everyone with a credit card. Wall Street also understands the company's business.

Visa and MasterCard have prospered as Americans increasingly swipe their cards rather than use cash nearly everywhere.

The companies have not been hurt by the credit squeeze, because they do not actually make credit card loans; they merely process transactions for banks that do.

Visa, whose offering was led by JPMorgan and Goldman Sachs, with 17 other banks contributing, had been contemplating such a move for more than two years. In that time, it bolstered its management team and revamped the company.

Industry observers say investors are complaining that they are being given only a fraction of the shares they requested. "I hear that allocations are being given out with eyedroppers," Fitzgibbon said.

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