

Shares of Kayak jump nearly 30 percent in first day of trading on Nasdaq

Associated Press

NEW YORK (AP) -- Shares of travel website Kayak Software Corp. are up nearly 26 percent in their first day of trading on the Nasdaq.

Kayak jumped \$6.70, or 25.8 percent to hit \$32.70 around noon Friday. The stock's gain moderated somewhat in its first hours after earlier hitting as high as \$34.69.

The company raised \$91 million by selling 3.5 million shares at \$26 apiece. It will take proceeds of about \$84.6 million in the long-delayed offering after underwriting discounts and commissions.

It also granted the offering's underwriters, Morgan Stanley and Deutsche Bank, a 30-day option to buy up to 525,000 additional shares to cover possible over-allotments.

Kayak's surging stock in the first hours of trading is especially positive for the company, considering it put its plan to go public on the shelf for more than a year, saying market conditions weren't strong enough. And Facebook's disappointing initial public offering in May gave even more reason to remain on the sidelines. No technology companies have gone public since the social network's stock fell flat.

Kayak's strong debut is also seen as redemption for Morgan Stanley, which was also the lead underwriter for the Facebook IPO, which had expected to be a record-setting debut. Instead, Facebook's opening was marred with problems, leaving Morgan Stanley with a black eye in the form of angry clients, regulatory investigations and lawsuits.

Morgan Stanley also redeemed itself with another successful offering it assisted on Friday. Shares of security software company Palo Alto Networks Inc. jumped about 32 percent at midday in their debut on the New York Stock Exchange.

Kayak, based in Norwalk, Conn., is listed under the ticker symbol "KYAK." It was founded in 2004 by the same people who helped launch fellow travel sites Expedia, Travelocity and Orbitz. Kayak sorts travel information from hundreds of websites, and presents them to users in a single place. Once a would-be traveler chooses what they want to buy, Kayak re-directs them to other websites to complete the booking process. Some bookings can be made directly through Kayak's website or mobile apps.

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