Facebook Inc. (FB) is boosting the number of shares for sale in its initial public offering to 421 million, letting it raise as much as $16 billion, two people with knowledge of the deal said.

The world’s largest-social networking website is increasing by 25 percent an offering that was initially set at 337.4 million shares, the people said, asking not to be identified because the change hasn’t been publicly disclosed.

Facebook, gearing up for the largest-ever IPO of a technology company, had already increased the offering’s price range to $34 to $38 apiece, from $28 to $35 previously. Investors are betting that Chief Executive Officer Mark Zuckerberg can overcome slowing sales growth by expanding into areas such as mobile advertising and e-commerce, said Samuel Schwerin, managing partner at New York-based Millennium Technology Value Partners.

“An increasing number of institutional investors are looking beyond the value of the business today and looking at the future growth,” Schwerin, whose firm oversees $1 billion, including Facebook stock, said yesterday. “Those drivers are extraordinary in size, including international and mobile and commerce.”

At $16 billion, Facebook’s debut would surpass that of General Motors Co. to be the second-largest in U.S. history, excluding so-called over-allotments, which let underwriters buy more shares at a later date, data compiled by Bloomberg show.

**GM, Visa Sales**

GM raised $15.8 billion in November 2010, before expanding the sale to $18.1 billion when underwriters exercised the over-allotment option. Visa Inc. raised $17.9 billion in its 2008 IPO, the biggest in the U.S., and later expanded the sale to $19.7 billion.

Facebook’s underwriters will have the option to buy an additional 50.6 million shares from the company and its holders after the IPO, the company said in a filing yesterday, before people said the company will enlarge the offering.

Zuckerberg celebrated his 28th birthday this week, during the final leg of a marketing tour aimed at building demand for the IPO and convincing investors that Facebook can make money from mobile users.

Some institutional investors had balked at buying into Facebook early in the road show over concern about the site’s growth prospects, people with knowledge of the matter said last week. In a Bloomberg Global Poll of more than 1,250 investors, analysts and traders taken before the price range increase, 79 percent said Facebook didn’t deserve such a high valuation.

Facebook’s shares are set to price tomorrow and begin trading under the symbol FB on the Nasdaq Stock Market the following day. The Menlo Park, California-based company is expected to announce the increased IPO size in a filing today, CNBC reported yesterday.
Mike Buckley, a spokesman for Facebook, declined to comment yesterday.

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