

Table 15**Long-run Returns on IPOs Categorized by the Pre-issue Sales of the Firm**

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2005 purchasing power using the Consumer Price Index. IPOs from 1980-2006 are used, with returns calculated through the end of December, 2008. The sample size is 7,071 firms for which sales data is available and for which a post-issue book value of equity is available. For post-book values we use the post-issue common equity numbers from SDC with corrections by checking the prospectus, for remaining missing numbers we use the equity book values reported for the nearest quarter after the IPO on COMPUSTAT, and further missing numbers are calculated using the reported pre-IPO equity book values plus the amount of the proceeds (assuming that over-allotment option shares and costs of issuing offset each other) times the fraction of the primary shares. For dual-class shares, the post-issue book-to-market ratio is calculated using the larger of the post-issue number of shares reported from SDC (with corrections to account for all share classes) and the total shares outstanding reported from CRSP at end of the IPO date. IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. mm is millions of dollars. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 31 of 2008 for IPOs from 2006). Market-adjusted returns use the CRSP value-weighted index. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns.

Sales	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
0-9.999 mm	1,504	25.2%	-12.3%	-49.5%	-30.8%
10-19.999 mm	762	26.0%	6.0%	-36.2%	-17.1%
20-49.999 mm	1,508	20.8%	23.3%	-21.6%	-2.7%
50-99.999 mm	1,111	15.0%	39.6%	-5.1%	3.2%
100-499.999 mm	1,570	10.7%	41.6%	-2.6%	8.1%
500 mm and up	616	9.0%	37.7%	1.2%	1.7%
0-49.999 mm	3,774	23.6%	5.6%	-35.7%	-16.4%
50 mm and up	3,297	11.8%	40.2%	-2.7%	5.2%
1980-2006	7,071	18.1%	21.8%	-20.3%	-6.3%

Table 16**Long-run Returns on IPOs Categorized by VC-backing or Buyout Fund-backing**

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2006 purchasing power using the Consumer Price Index. IPOs from 1980-2006 are used, with returns calculated through the end of December, 2008. In Panel A, the sample size is 7,071 firms for which sales data is available. IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. In Panel B, two additional screens are implemented, reducing the sample size. These two additional screens are that the last twelve months (LTM) sales of the issuing firm is at least \$50 million (2005 purchasing power) and that the IPO occurred in 1985-2006, since I do not have information on buyout-backed IPOs from 1980-1984. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 31 of 2008 for IPOs from 2006). Market-adjusted returns use the CRSP value-weighted index. All returns include dividends and capital gains. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns. Jerry Cao of Singapore Management University has assisted in providing data on the classification of IPOs as buyout-backed.

Panel A: IPOs from 1980-2006 categorized by venture capital backing

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	2,463	28.1%	24.9%	-12.9%	2.5%
NonVC-backed	4,608	12.7%	20.1%	-24.3%	-11.0%
NonVC and nonBuyout	3,749	13.6%	16.7%	-31.1%	-14.4%
All	7,071	18.1%	21.8%	-20.3%	-6.3%

Note: The nonVC- and nonBuyout-backed IPOs do not include a minimum sales screen, unlike in Panel B.

Panel B: IPOs with at least \$50 million in LTM sales (2005 purchasing power) from 1985-2006 categorized by private equity (buyout fund) backing

Buyout-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
Buyout-backed	746	8.7%	36.8%	7.1%	5.0%
NonBuyout-backed	2,216	13.7%	40.1%	-5.0%	3.7%
All	2,962	12.5%	39.3%	-1.9%	4.0%

Table 17
Long-run Returns on IPOs Categorized by VC-backing, by Subperiod

IPOs from 1980-2006 are used, with returns calculated through the end of December, 2008. In Panel A, the sample size is 7,094 firms. (Unlike Table 16, information on sales is not required for this table, which adds 23 IPOs.) IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, SPACs, most partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 31 of 2008 for IPOs from 2006). Market-adjusted returns use the CRSP value-weighted index. All returns include dividends and capital gains. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns. Only IPOs for which the post-issue book value of equity information is available are included.

Panel A: IPOs from 1980-2006 categorized by venture capital backing

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	2,465	28.1%	24.9%	-12.9%	2.6%
NonVC-backed	4,629	12.7%	20.4%	-23.9%	-10.7%
All	7,094	18.1%	22.0%	-20.1%	-6.0%

Panel B: 1980-1989

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	510	8.5%	32.3%	-13.4%	15.5%
NonVC-backed	1,516	6.8%	18.8%	-26.0%	-2.2%
All	2,026	7.2%	22.2%	-22.8%	2.2%

Panel C: 1990-1998

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	1,229	17.5%	59.7%	-2.3%	26.3%
NonVC-backed	2,310	13.3%	28.9%	-31.0%	-12.9%
All	3,539	14.8%	39.6%	-21.0%	0.7%

Panel D: 1999-2000

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	487	82.3%	-62.1%	-40.3%	-62.5%
NonVC-backed	347	37.9%	-36.4%	-15.7%	-51.5%
All	834	63.8%	-51.4%	-30.1%	-57.9%

Panel E: 2001-2006

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	239	14.2%	7.4%	-10.3%	-14.4%
NonVC-backed	456	10.2%	26.4%	12.6%	4.1%
All	695	11.6%	19.9%	4.7%	-2.3%

Table 18

Table I of Ritter and Welch 2002 *Journal of Finance* article Number of IPOs, First-day Returns, and Long Run Performance, IPOs from 1980-2005

The equally weighted (EW) average first-day return is measured from the offer price to the first CRSP-listed closing price. EW average three-year buy-and-hold percentage returns (capital gains plus dividends) are calculated from the first closing market price to the earlier of the three-year anniversary price, the delisting price, or December 31, 2007. Buy-and-hold returns for initial public offerings (IPOs) occurring after Dec. 31, 2005 are not calculated. Market-adjusted returns are calculated as the buy-and-hold return on an IPO minus the compounded daily return on the CRSP value-weighted index of Amex, Nasdaq, and NYSE firms. Style-adjusted buy-and-hold returns are calculated as the difference between the return on an IPO and a style-matched firm. For each IPO, a non-IPO matching firm that has been CRSP-listed for at least five years with the closest market capitalization and book-to-market ratio as the IPO is used. If this is delisted prior to the IPO return's ending date, or if it conducts a follow-on stock offering, a replacement matching firm is spliced in on a point-forward basis. For 74 IPOs, data on book values of equity are missing, and the style-adjusted returns are calculated using the smaller sample size. IPOs with an offer price below \$5.00 per share, unit offers, REITs, closed-end funds, banks and S&Ls, ADRs, and IPOs not listed on CRSP within six months of issuing have been excluded. Data is from Thomson Financial Securities Data, with supplements from Dealogic and other sources, and corrections by the authors.

Table 18, continued

Year	Number of IPOs		Average First-day Return	Average 3-year Buy-and-hold Return		
	Market	Style		IPOs	Market-adjusted	Style-adjusted
1980	73	70	13.9%	87.3%	33.8%	39.2%
1981	196	189	6.2%	12.2%	-27.0%	6.7%
1982	80	75	10.5%	38.4%	-31.2%	-18.6%
1983	451	445	9.9%	16.0%	-37.5%	-4.0%
1984	178	171	3.2%	46.6%	-32.1%	22.0%
1985	185	183	6.2%	6.0%	-40.9%	-13.2%
1986	397	396	6.1%	17.6%	-22.0%	-0.4%
1987	290	290	5.5%	-1.8%	-18.2%	-9.5%
1988	102	101	5.7%	58.5%	10.5%	34.9%
1989	110	109	8.3%	50.1%	15.4%	14.3%
1990	110	108	10.8%	9.7%	-35.9%	-38.7%
1991	280	280	11.8%	30.9%	-2.0%	5.4%
1992	397	396	10.2%	38.8%	1.5%	14.5%
1993	489	488	12.8%	44.6%	-8.1%	-8.1%
1994	405	390	9.8%	74.0%	-9.7%	-1.0%
1995	458	455	21.2%	28.4%	-58.1%	-25.8%
1996	675	670	17.2%	25.2%	-56.9%	6.6%
1997	473	471	14.1%	58.3%	-2.1%	26.7%
1998	283	282	21.7%	23.5%	5.8%	-5.4%
1999	468	463	70.8%	-45.5%	-30.3%	-59.0%
2000	374	371	55.7%	-59.0%	-29.9%	-56.7%
2001	80	79	14.0%	16.5%	13.1%	-31.9%
2002	66	66	9.1%	68.5%	38.9%	-4.4%
2003	63	62	12.2%	35.9%	-6.2%	-8.3%
2004	173	173	12.2%	51.8%	7.2%	-1.4%
2005	161	160	10.2%	40.0%	9.6%	21.0%
1980-1989	2,062	2,029	7.2%	22.5%	-22.7%	2.1%
1990-1994	1,681	1,662	11.2%	45.7%	-7.0%	-0.8%
1995-1998	1,889	1,878	18.0%	34.0%	-34.1%	2.0%
1999-2000	842	834	64.1%	-51.5%	-30.2%	-57.9%
2001-2005	543	540	11.5%	43.3%	11.1%	-0.4%
1980-2005	7,017	6,943	18.2%	23.9%	-20.3%	-6.0%