

# Some Factoids about the 2009 IPO Market

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Only 41 operating companies went public in the U.S. in 2009, excluding ADRs. Of these 41 operating companies, only 38 were from the U.S. A higher volume figure has been reported in many sources (76 counting all firm commitment and best efforts offerings), but the higher numbers typically include banks and S&Ls (3 offerings, including one ADR), 3 best efforts offers (one of which was a domestic bank), oil & gas partnerships or unit trusts (0 offerings), ADRs (9 offerings), REITs (9 offerings), special purpose acquisition companies (SPACs, 0 offerings), closed-end funds (10 offerings), other unit offerings, and IPOs with an offer price below \$5.00 (2 offerings), as well as (mainly domestic) operating companies.

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**Table 1****Mean First-day Returns and Money Left on the Table, 1990-2009**

The sample is IPOs with an offer price of at least \$5.00, excluding ADRs, unit offers, closed-end funds, REITs, partnerships, banks and S&Ls, and stocks not listed on CRSP (CRSP includes Amex, NYSE, and NASDAQ stocks). Proceeds excludes overallotment options, but includes the global offering size. The amount of money left on the table is defined as the offer price to closing market price on the first-day of trading, multiplied by the number of shares offered (excluding overallotment options) on a global basis.

Year	Number of IPOs	Mean First-day Return		Aggregate Amount Left on the Table	Aggregate Proceeds
		Equal-weighted	Proceeds-weighted		
1990	110	10.8%	8.1%	\$0.34 billion	\$4.27 billion
1991	287	11.9%	9.7%	\$1.50 billion	\$15.36 billion
1992	412	10.3%	8.1%	\$1.82 billion	\$22.61 billion
1993	509	12.7%	11.3%	\$3.52 billion	\$31.28 billion
1994	404	9.8%	8.5%	\$1.47 billion	\$17.36 billion
1995	458	21.2%	14.5%	\$4.38 billion	\$30.16 billion
1996	675	17.2%	16.1%	\$6.80 billion	\$42.25 billion
1997	473	14.1%	14.4%	\$4.54 billion	\$31.58 billion
1998	284	21.7%	15.5%	\$5.25 billion	\$33.80 billion
1999	477	70.9%	57.0%	\$36.94 billion	\$64.79 billion
2000	381	56.3%	45.6%	\$29.69 billion	\$65.07 billion
2001	79	14.2%	8.7%	\$2.97 billion	\$34.24 billion
2002	66	9.1%	5.1%	\$1.13 billion	\$22.03 billion
2003	62	12.1%	10.5%	\$1.00 billion	\$9.53 billion
2004	174	12.3%	12.2%	\$3.86 billion	\$31.53 billion
2005	160	10.2%	9.3%	\$2.64 billion	\$28.27 billion
2006	157	12.1%	13.0%	\$3.95 billion	\$30.48 billion
2007	160	13.9%	13.9%	\$4.95 billion	\$35.69 billion
2008	21	6.4%	24.8%	\$5.65 billion	\$22.76 billion
2009	41	9.8%	11.1%	\$1.46 billion	\$13.17 billion
1990-1998	3,613	14.8%	13.0%	\$29.63 billion	\$228.74 billion
1999-2000	858	64.4%	51.4%	\$66.64 billion	\$129.86 billion
2001-2009	920	11.9%	12.1%	\$27.60 billion	\$227.70 billion
<b>1990-2009</b>	<b>5,391</b>	<b>22.2%</b>	<b>21.1%</b>	<b>\$123.87 billion</b>	<b>\$586.30 billion</b>

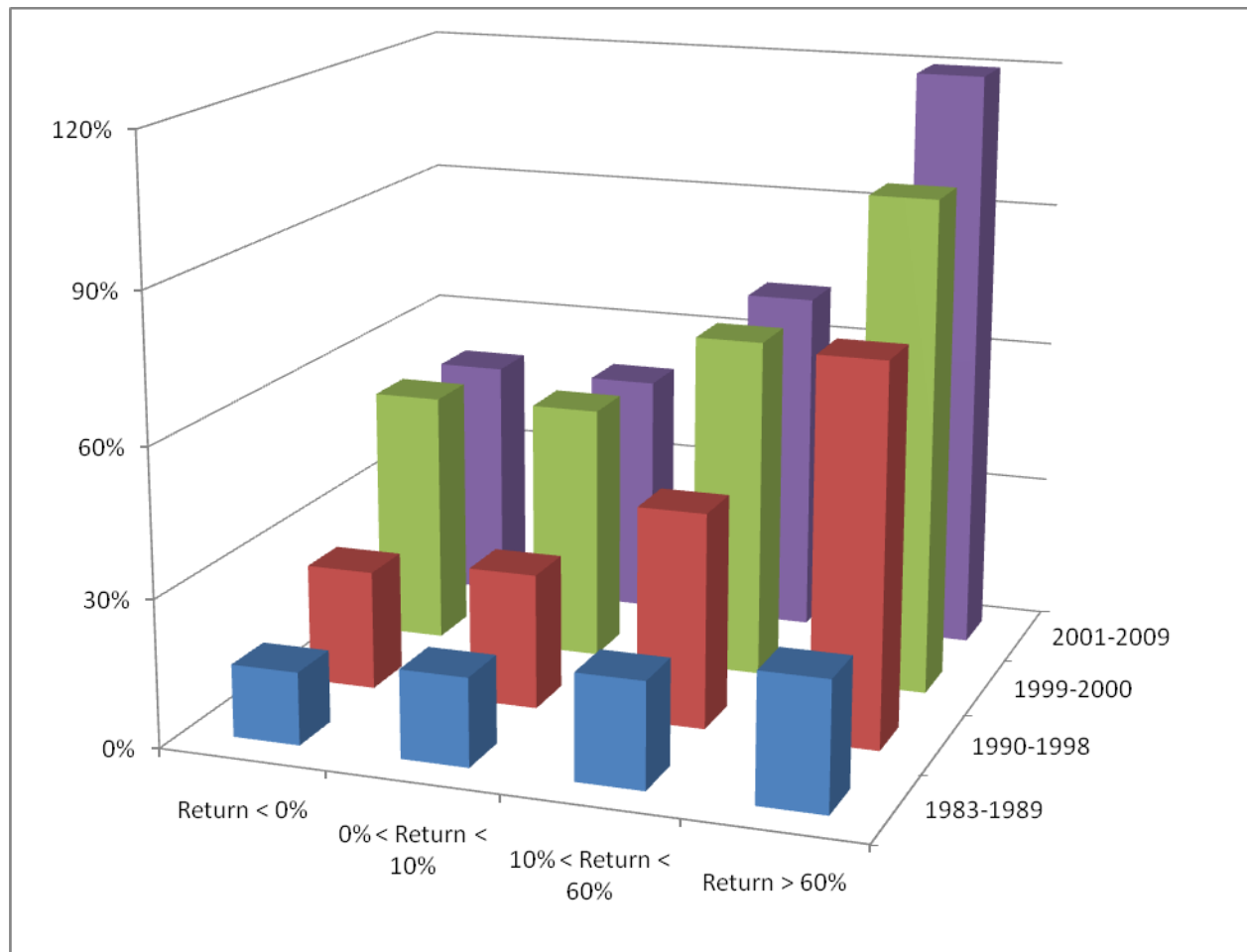
**Table 2****Mean First-day Returns, Categorized by Sales, for IPOs from 1980-2009**

Sales, measured in millions, are for the last twelve months prior to going public. All sales have been converted into dollars of 2003 purchasing power, using the Consumers Price Index. There are 7,436 IPOs, after excluding IPOs with an offer price of less than \$5.00 per share, units, REITs, ADRs, closed-end funds, banks and S&Ls, firms not listed on CRSP, and 30 firms with missing sales. Sales are from Thomson Financial's SDC, Dealogic, EDGAR, and the Graeme Howard-Todd Huxster collection of pre-EDGAR prospectuses. The average first-day return is 18.1%.

	<u>1980-1989</u>		<u>1990-1998</u>		<u>1999-2000</u>		<u>2001-2009</u>	
	Return	N	Return	N	Return	N	Return	N
0≤sales<\$10m	10.4%	424	17.4%	744	68.8%	334	6.1%	136
\$10m≤sales<\$20m	8.5%	255	18.4%	392	80.7%	138	8.3%	41
\$20m≤sales<\$50m	7.7%	495	18.7%	792	75.7%	154	13.5%	132
\$50m≤sales<\$100m	6.6%	353	12.9%	585	60.4%	87	16.8%	140
\$100m≤sales<\$200m	4.8%	238	11.9%	451	39.1%	58	14.7%	130
\$200m≤sales	3.4%	288	8.6%	641	22.6%	87	10.8%	341
All	7.2%	2,053	14.8%	3,605	64.4%	858	11.9%	920

**Figure 1**

**IPO Turnover Categorized by Time Period and First-Day Return, 1983-2009**



Turnover is calculated as the CRSP-reported first day volume divided by the number of shares issued (global issuance, excluding over allotment options). Nasdaq volume numbers are divided by 2 for 1983-January 2001, by 1.8 for the rest of 2001, and by 1.6 for 2002-2003 to make them comparable to Amex and NYSE volume. The four subperiods are 1983-1989, 1990-1998, 1999-2000, and 2001-2009. Returns are the first-day return, measured from the offer price to the closing market price. Closed-end funds, REITs, SPACs, unit offers, all IPOs by foreign firms, and bank and S&L IPOs are excluded.

**Table 3****IPO Turnover Categorized by Decade and First-Day Return, 1983-2009**

IPOs with an offer price below \$5.00 per share, unit offers, closed-end funds, REITs, bank and S&L IPOs, all foreign companies, and those with missing volume numbers on CRSP (12 IPOs) are excluded. Turnover is defined as the maximum of the first three days' CRSP trading volume divided by the number of shares issued (not including the overallotment option). The highest of these first three days is almost always the first day. For Nasdaq-listed IPOs, the trading volume is divided by 2 for January 1983-January 2001, by 1.8 for February 2001-December 2001, and by 1.6 for 2002-2003 to allow more meaningful comparisons with NYSE and Amex-listed IPOs. As explained in Appendix B of Gao and Ritter's forthcoming *Journal of Financial Economics* article "The Marketing of Seasoned Equity Offerings," in 2001, Nasdaq changed its trade-reporting rules, and in 2002, institutions changed the way they reported Nasdaq trades. IPOs before 1983 are not included because CRSP has volume for very few of these stocks. For 34 IPOs, observation is deleted because the (adjusted) turnover is less than 1%.

For Republic Airways Holding (20040526), the CRSP volume of 131,952 is replaced with Bigcharts volume of 1,203,600; and for Nucrust Pharmaceuticals (2051222), the CRSP volume of 49,056 is replaced with Bigcharts volume of 714,500.

**Panel A: Percentage of IPOs with Turnover Greater Than 100%**

Time Period	Number of IPOs	Percentage with Turnover > 100%	Percentage of IPOs on Nasdaq
1983-1989	1,660	0.0%	87%
1990-1998	3,399	1.1%	83%
1999-2000	785	21.3%	91%
2001-2009	834	11.3%	67%
Total	6,678	4.4%	83%

**Panel B: Average Turnover Categorized by First-Day Returns**

Return Categories	Number of IPOs	Average First-Day Returns	Average Turnover
Return $\leq$ 0%	1,888	-2.5%	25.8%
0% < Return $\leq$ 10%	1,971	4.6%	29.0%
10% < Return $\leq$ 60%	2,366	25.4%	47.2%
Return > 60%	453	132.8%	91.5%
Total	6,678	18.7%	38.8%

**Panel C: Average Turnover Categorized by First-Day Returns & Decade**

Return Categories	1983-1989	1990-1998	1999-2000	2001-2009
Return $\leq$ 0%	14.8%	24.4%	51.9%	50.3%
0% < Return $\leq$ 10%	18.0%	27.6%	52.4%	50.1%
10% < Return $\leq$ 60%	21.6%	43.8%	69.7%	71.1%
Return > 60%	26.2%	77.0%	101.0%	120.4%
Total	17.6%	35.3%	75.4%	60.9%

**Table 3b**  
**Mean First-day Turnover for NYSE and Nasdaq IPOs, 1983-2009**

The sample is composed of the IPOs of U.S.-based companies with an offer price of at least \$5.00 and listed on the NYSE or Nasdaq (excluding Nasdaq small cap issues before October 2005 and, after Sept. 2005, Nasdaq capital market issues), excluding ADRs, unit offers, closed-end funds, REITs, partnerships, banks and S&Ls, and stocks not listed on CRSP (CRSP includes Amex, NYSE, and NASDAQ stocks). Turnover is volume divided by shares issued. Volume is the maximum of the first three days, which is almost always the first day. Shares issued excludes over allotment options, but includes the global offering size. To adjust for institutional features of the way that Nasdaq and NYSE-Amex volume are computed, we use the procedure discussed in Appendix B of Xiaohui Gao and Jay Ritter's forthcoming *Journal of Financial Economics* article "The Marketing of Seasoned Equity Offerings." Prior to February 1, 2001, we divide Nasdaq volume by 2.0. This accounts for the practice of counting as trades both trades with market makers and trades among market makers. On February 1, 2001, a "riskless principal" rule went into effect, that resulted in a reduction of approximately 10% in reported volume. Thus, for February 1, 2001 to December 31, 2001, we divide Nasdaq volume by 1.8. During 2002, securities firms began to charge institutional investors commissions on Nasdaq trades, rather than the prior practice of merely marking up or down the net price, resulting in a further reduction in reported volume of approximately 10%. Thus, for 2002 and 2003, we divide Nasdaq volume by 1.6. For 2004 and later years, in which much of the volume of Nasdaq (and NYSE) stocks has been occurring on crossing networks and other venues, we use a divisor of 1.0, reflecting the fact that there are no longer important differences in the reporting of Nasdaq and NYSE volume. Approximately 40 IPOs with adjusted first-day turnover of less than 1% of the issue size are excluded.

Year	Number of IPOs			Unadjusted			With Nasdaq Adjustment	
	Total	NYSE	Nasdaq	Total	NYSE	Nasdaq	Nasdaq	Total
1983	425	10	415	24.2%	19.1%	24.6%	12.3%	12.4%
1984	161	9	152	22.1%	11.0%	23.1%	11.6%	11.5%
1985	167	10	157	31.2%	17.1%	32.4%	16.2%	16.2%
1986	360	31	329	37.0%	23.7%	38.5%	19.3%	19.7%
1987	250	25	225	39.6%	22.9%	42.2%	21.1%	21.3%
1988	75	14	61	43.2%	22.3%	48.0%	24.0%	23.7%
1989	96	18	78	51.7%	24.2%	58.1%	29.1%	28.1%
1990	97	15	82	59.0%	22.0%	65.8%	32.9%	31.2%
1991	264	43	221	64.0%	37.1%	69.2%	34.6%	35.0%
1992	367	68	299	57.2%	31.9%	63.0%	31.5%	31.6%
1993	445	66	379	64.7%	42.3%	68.7%	34.3%	35.5%
1994	338	48	290	53.3%	28.5%	57.6%	28.8%	28.8%
1995	380	46	334	75.6%	43.4%	80.1%	40.0%	40.4%
1996	575	76	499	73.1%	52.0%	76.3%	38.2%	40.0%
1997	374	68	306	62.9%	46.2%	66.8%	33.4%	35.6%
1998	224	50	174	90.3%	50.8%	101.6%	50.8%	50.8%
1999	438	39	399	158.8%	65.5%	167.9%	84.0%	82.3%
2000	328	22	306	133.6%	55.9%	139.2%	69.6%	68.7%
2001	71	24	47	85.6%	51.6%	102.9%	56.8%	55.0%
2002	60	25	35	71.1%	61.0%	78.4%	49.0%	54.0%
2003	57	15	42	77.0%	59.1%	83.3%	52.1%	53.9%
2004	157	42	117	65.7%	56.7%	68.9%	68.9%	65.7%
2005	132	44	88	63.5%	62.4%	64.1%	64.1%	63.6%
2006	133	37	96	65.5%	77.6%	60.9%	60.9%	65.5%
2007	134	37	97	63.5%	64.4%	63.2%	63.2%	63.5%
2008	18	7	11	58.1%	73.8%	48.1%	48.1%	58.1%
2009	38	20	18	71.2%	65.1%	77.9%	77.9%	71.2%
1983-2000	5,364	658	4,706	68.9%	39.8%	72.9%	36.5%	36.9%
2001-2003	188	64	124	78.0%	57.1%	88.8%	53.0%	54.4%
2004-2009	614	187	427	64.8%	65.2%	64.7%	64.7%	64.8%
<b>Total</b>	<b>6,166</b>	<b>909</b>	<b>5,257</b>	<b>68.8%</b>	<b>46.2%</b>	<b>72.7%</b>	<b>39.1%</b>	<b>40.2%</b>

## Table 4

### Median Age and Fraction of IPOs with VC and Buyout Backing, 1980-2009

There are 7,456 IPOs after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, and the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-2006. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Age is defined as the year of the IPO minus the year of founding. For buyout-backed IPOs, the founding date of the predecessor company is used. VC-backed firms exclude private equity firms that are mainly buyout firms. Private equity (PE) or buyout-backed IPOs were restricted to "reverse LBOs" in the 1980s and 1990s. Jerry Cao has provided information on which IPOs are buyout-backed.

(table on the next page)

Year	Number of IPOs	IPOs w/ Missing Age	Median Age	VC-backed		Buyout-backed		Technology IPOs	
				No.	%	No.	%	No.	% VC-backed
1980	73	0	6	24	33%	n.a.	n.a.	23	61%
1981	197	0	8	56	28%	n.a.	n.a.	73	40%
1982	80	0	5	21	26%	n.a.	n.a.	42	36%
1983	449	1	7	115	26%	n.a.	n.a.	172	38%
1984	178	2	7.5	45	25%	n.a.	n.a.	51	51%
1985	185	0	8	38	21%	15	8%	35	46%
1986	397	3	7	78	20%	42	11%	74	42%
1987	291	7	6	69	24%	39	13%	59	66%
1988	102	0	7.5	33	32%	8	8%	26	62%
1989	113	2	7	40	35%	10	9%	34	65%
1990	110	4	8	44	40%	13	12%	30	77%
1991	287	3	9	111	39%	77	27%	70	63%
1992	412	3	9	139	34%	97	24%	111	60%
1993	509	8	8	172	34%	79	16%	123	70%
1994	404	1	8	132	33%	21	5%	114	56%
1995	458	0	7	183	40%	29	6%	195	57%
1996	675	0	7	259	38%	35	5%	264	56%
1997	474	1	8	126	27%	33	7%	169	42%
1998	284	0	7	73	26%	33	12%	112	47%
1999	477	0	4	267	56%	35	7%	368	65%
2000	381	0	6	239	63%	31	8%	261	68%
2001	79	0	12	29	37%	25	32%	23	70%
2002	66	0	14.5	14	21%	28	42%	20	45%
2003	62	0	11	24	39%	21	34%	17	59%
2004	174	0	8	78	45%	44	25%	61	66%
2005	160	0	11	45	28%	67	42%	45	49%
2006	157	0	13	53	34%	69	44%	46	52%
2007	160	0	9	65	41%	33	21%	72	61%
2008	21	0	14	9	43%	3	14%	5	80%
2009	41	0	15	12	29%	18	44%	11	55%
1980-1989	2,065	15	7	519	25%	n.a.	n.a.	589	46%
1990-1994	1,722	20	8	598	35%	287	17%	448	63%
1995-1998	1,891	0	7	641	34%	130	7%	740	52%
1999-2000	858	0	5	506	59%	66	8%	629	66%
2001-2009	920	0	10	329	36%	308	33%	300	58%
<b>1980-2009</b>	<b>7,456</b>	<b>35</b>	<b>8</b>	<b>2,593</b>	<b>35%</b>	<b>905</b>	<b>14%</b>	<b>2,706</b>	<b>57%</b>

**Table 5**  
**Number of U. S. IPOs with an offer price of greater than \$5.00**  
**that doubled (offer to close) in price on the first day of trading, 1997-2009**

<u>Quarter</u>	<u>Number</u>	<u>Quarter</u>	<u>Number</u>
1997, first	0	2003, first	0
1997, second	2	2003, second	0
1997, third	0	2003, third	0
1997, fourth	0	2003, fourth	0
1998, first	0	2004, first	0
1998, second	2	2004, second	1 (Jed Oil)
1998, third	3	2004, third	0
1998, fourth	7	2004, fourth	0
1999, first	19	2005, first	0
1999, second	24	2005, second	0
1999, third	27	2005, third	0 (Baidu.com is ADR)
1999, fourth	45	2005, fourth	0
2000, first	48	2006, first	1 (Chipotle Mexican)
2000, second	9	2006, second	0
2000, third	20	2006, third	0
2000, fourth	1 (Transmeta)	2006, fourth	1 (Nymex)
2001, first	0	2007, first	0
2001, second	0	2007, second	0
2001, third	0	2007, third	0
2001, fourth	0	2007, fourth	0
2002, first	0	2008, first	0
2002, second	0	2008, second	0
2002, third	0	2008, third	0
2002, fourth	0	2008, fourth	0
		2009, first	0
		2009, second	0
		2009, third	0
		2009, fourth	0

**Table 6**  
**Number of Initial Public Offerings, First-Day Return, and**  
**Revisions from the File Price Range by Cohort Year, 1990-2009**

Cohort Year	Number of IPOs	Percentage First-day Return	Percentage of IPOs with OP < Lo	Percentage of IPOs in the Middle	Percentage of IPOs with OP > Hi
1990	95	9.6	25.3	51.5	23.2
1991	263	11.0	20.2	55.5	24.3
1992	363	9.9	38.0	40.5	21.5
1993	458	11.6	21.4	54.4	24.2
1994	335	8.6	37.3	49.9	12.8
1995	387	19.9	19.9	45.0	35.1
1996	599	16.1	24.9	50.2	24.9
1997	421	13.8	29.9	46.1	24.0
1998	285	21.3	27.7	49.8	22.5
1999	466	70.2	14.8	37.6	47.6
2000	371	57.2	21.8	39.4	38.8
2001	77	14.3	26.0	57.1	16.9
2002	67	8.7	32.8	53.7	13.4
2003	65	12.4	15.4	55.4	29.2
2004	171	12.1	38.0	40.9	21.1
2005	160	10.1	34.4	43.1	22.5
2006	155	11.6	39.4	40.6	20.0
2007	157	14.3	32.5	41.4	26.1
2008	21	6.4	47.6	38.1	14.3
2009	43	10.6	32.6	41.9	25.6
<b>1990-2009</b>	<b>4,959</b>	<b>22.1</b>	<b>26.8</b>	<b>46.3</b>	<b>26.9</b>

Banks and S&Ls are included in this table. This table excludes IPOs with a midpoint of the original file price range of less than \$8.00, as well as unit offers, ADRs, closed-end funds, REITs, partnerships, acquisition companies (SIC=6799), and stocks not listed on CRSP (CRSP includes firms listed on the NYSE, Amex, and NASDAQ). If a \$5.00 offer price screen was used instead of the \$8.00 midpoint screen, the sample size would increase by, for example, 20 IPOs in 1999 and 13 in 2000. The file price range is the original file price range. Lo and Hi are the minimum and maximum of the original file price range. For 2005, the sample size of 161 firms is coincidentally the same as in other tables, because there are exactly as many IPOs with a file price range midpoint of less than \$8.00 that are deleted as there are banks and S&Ls that are added. Because the average first-day return is lower on the firms that are added than on those that are deleted, the 10.1% average first-day return in 2005 is less than the 10.2% reported in other tables, such as Table 1.

**Table 7**

**Percentage of IPOs relative to file price range:**

	<b>Below</b>	<b>Within</b>	<b>Above</b>
<b>1980-1989</b>	<b>30%</b>	<b>57%</b>	<b>13%</b>
<b>1990-1998</b>	<b>27%</b>	<b>49%</b>	<b>24%</b>
<b>1999-2000</b>	<b>18%</b>	<b>38%</b>	<b>44%</b>
<b>2001-2009</b>	<b>34%</b>	<b>45%</b>	<b>22%</b>
<b>1980-2009</b>	<b>28%</b>	<b>49%</b>	<b>23%</b>

**Average first-day returns relative to file price range:**

	<b>Below</b>	<b>Within</b>	<b>Above</b>
<b>1980-1989</b>	<b>0%</b>	<b>6%</b>	<b>20%</b>
<b>1990-1998</b>	<b>4%</b>	<b>11%</b>	<b>32%</b>
<b>1999-2000</b>	<b>9%</b>	<b>26%</b>	<b>121%</b>
<b>2001-2009</b>	<b>3%</b>	<b>10%</b>	<b>30%</b>
<b>1980-2009</b>	<b>3%</b>	<b>11%</b>	<b>51%</b>

The sample used in this table is described in Table 6.

**Table 8****Number of Offerings, Average First-day Returns, and  
Gross Proceeds of Initial Public Offerings in 1960-2009**

Data from 1960-1974 is taken from Table 1 of Roger Ibbotson, Jody Sindelar, and Jay R. Ritter's 1994 *Journal of Applied Corporate Finance* article "The Market's Problems with the Pricing of Initial Public Offerings" Vol. 7, No. 1 (Spring 1994), pp. 66-74. Data from 1975-2009 is compiled by Jay R. Ritter using Thomson Financial, Dealogic, and other sources. The 1975-1992 numbers are different from those reported in the *JACF* article because the published article included IPOs that did not qualify for listing on Nasdaq, the Amex, or NYSE (mainly penny stocks).

<b>Year</b>	<b>Number of Offerings<sup>1</sup></b>	<b>Average First-day Return<sup>2</sup></b>	<b>Gross Proceeds, \$ Millions<sup>3</sup></b>
1960	269	17.8%	553
1961	435	34.1%	1,243
1962	298	-1.6%	431
1963	83	3.9%	246
1964	97	5.3%	380
1965	146	12.7%	409
1966	85	7.1%	275
1967	100	37.7%	641
1968	368	55.9%	1,205
1969	780	12.5%	2,605
1970	358	-0.7%	780
1971	391	21.2%	1,655
1972	562	7.5%	2,724
1973	105	-17.8%	330
1974	9	-7.0%	51
1975	12	-0.2%	261
1976	26	1.9%	214
1977	15	3.6%	128
1978	19	12.6%	207
1979	39	8.5%	313
1980	75	13.9%	934
1981	197	6.2%	2,367
1982	82	10.6%	1,064
1983	524	8.9%	11,332
1984	222	2.5%	2,841
1985	214	6.2%	5,125
1986	481	6.0%	15,793
1987	344	5.6%	13,300
1988	130	5.4%	4,141
1989	122	7.8%	5,406

1990	115	10.5%	4,325
1991	295	11.7%	16,602
1992	416	10.2%	22,678
1993	527	12.7%	31,599
1994	412	9.8%	17,560
1995	461	21.1%	30,230
1996	688	17.2%	42,425
1997	487	14.0%	32,441
1998	318	20.2%	34,614
1999	486	69.7%	64,927
2000	382	56.2%	65,088
2001	79	14.2%	34,241
2002	70	8.6%	22,136
2003	67	12.3%	10,068
2004	184	12.2%	32,269
2005	168	10.1%	28,593
2006	162	11.9%	30,648
2007	162	13.8%	35,762
2008	21	6.4%	22,762
2009	43	10.6%	13,307
1960-69	2,661	21.2%	7,988
1970-79	1,536	7.1%	6,663
1980-89	2,391	6.8%	62,303
1990-99	4,205	21.0%	297,441
2000-09	1,338	24.4%	294,873
<b>1960-2009</b>	<b>12,111</b>	<b>16.9%</b>	<b>669,268</b>

<sup>1</sup> Beginning in 1975, the number of offerings excludes IPOs with an offer price of less than \$5.00, ADRs, best efforts, units, and Regulation A offers (small issues, raising less than \$1.5 million during the 1980s), real estate investment trusts (REITs), partnerships, and closed-end funds. Banks and S&Ls and non-CRSP-listed IPOs are included.

<sup>2</sup> First-day returns are computed as the percentage return from the offering price to the first closing market price.

<sup>3</sup> Gross proceeds exclude overallotment options but include the international tranche, if any. No adjustments for inflation have been made.

## Table 9

### Fraction of IPOs with Negative Earnings, 1980-2009

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP within six months of the offer date are excluded. When available, we use the earnings per share for the most recent twelve months (commonly known as LTM for last twelve months) prior to going public. When a merger is involved, we use the pro forma numbers (as if the merger had already occurred). When unavailable, we use the most recent fiscal year EPS numbers. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, and EPS information from Dealogic for IPOs after 1991, and Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Updated listings of founding dates can be found on Jay Ritter's web site. (updated Jan. 11, 2010)

(on the next page)

Year	Number of IPOs	No. of IPOs with missing EPS	Percentage Tech Stocks	Percentage of IPOs with EPS<0	Mean First-day Returns	
					EPS<0	EPS≥0
1980	73	1	32%	26%	6.3%	16.6%
1981	197	4	37%	17%	8.1%	5.7%
1982	80	12	53%	22%	6.5%	10.9%
1983	449	5	38%	21%	14.6%	8.9%
1984	178	6	29%	16%	8.8%	1.8%
1985	185	2	19%	15%	5.2%	6.3%
1986	397	10	19%	21%	7.6%	5.4%
1987	291	7	20%	17%	5.0%	5.8%
1988	102	1	25%	17%	7.0%	5.3%
1989	113	0	30%	21%	8.9%	8.0%
1990	110	3	27%	15%	9.5%	10.9%
1991	287	6	24%	24%	9.4%	12.7%
1992	412	1	27%	29%	10.8%	10.0%
1993	509	1	24%	29%	12.6%	12.8%
1994	404	4	28%	26%	8.2%	10.4%
1995	458	1	43%	30%	21.6%	21.0%
1996	675	0	39%	41%	16.5%	17.7%
1997	474	1	36%	36%	12.9%	14.8%
1998	284	1	39%	46%	32.0%	13.2%
1999	477	1	77%	76%	80.8%	40.0%
2000	381	3	69%	81%	59.5%	43.7%
2001	79	0	29%	49%	15.3%	13.1%
2002	66	1	30%	46%	5.1%	12.2%
2003	62	0	27%	44%	10.8%	13.2%
2004	174	5	35%	50%	12.2%	12.9%
2005	160	0	28%	45%	7.3%	12.6%
2006	157	0	29%	40%	7.3%	15.4%
2007	160	0	45%	55%	13.8%	14.1%
2008	21	0	24%	43%	1.8%	9.8%
2009	41	0	27%	27%	13.6%	8.5%
1980-1989	2065	48	29%	19%	8.9%	6.7%
1990-1994	1722	15	26%	27%	10.6%	11.4%
1995-1998	1891	3	39%	38%	19.4%	17.3%
1999-2000	858	4	73%	78%	71.1%	41.4%
2001-2009	920	6	33%	47%	10.5%	13.1%
<b>1980-2009</b>	<b>7,456</b>	<b>76</b>	<b>36%</b>	<b>36%</b>	<b>27.9%</b>	<b>12.6%</b>

**Table 10**

**Gross Spreads Continue to Remain at 7% on Moderate-Size Deals**

Here are the numbers for 2001-2009 for U.S. IPOs raising more than \$25 million:

Panel A: Book building deals

		Proceeds Category	
		<u>\$25-100 million (inflation-adjusted in 2007 \$)</u>	<u>more than \$100 million (2007 \$)</u>
<7%	1.7% (6)		45.5% (228)
=7%	96.9% (341)		53.9% (270)
>7%	1.4% (5)		0.6% (3)
<b>Total</b>	<b>100% (352 IPOs)</b>		<b>100% (501 IPOs)</b>

Panel B: Auction deals

		Proceeds Category	
		<u>\$25-100 million (inflation-adjusted in 2007 \$)</u>	<u>more than \$100 million (2007 \$)</u>
<7%	60.0% (6)		83.3% (5)
=7%	40.0% (4)		16.7% (1)
>7%	0% (0)		0% (0)
<b>Total</b>	<b>100% (10 IPOs)</b>		<b>100% (6 IPOs)</b>

So, with a few exceptions (some of these are Canadian firms, and others were taken public by WRHambrecht using auctions), 7% gross spreads for moderate-size IPOs are as entrenched as ever. Indeed, in 1999-2000, deals above \$100 million increasingly had 7% spreads, and this has stuck—in 2001-2009 53.9% of large IPOs also had spreads of exactly 7%. In contrast, during 1997-1998 only 53 of 158 large IPOs (33.5%) had a gross spread of exactly 7%.

Note: The 2007/1997 price ratio is 1.30, so an \$80 million 1997 deal is equivalent to 2007 deal size of \$104 million using the CPI.

**Table 11****Mean and Median Gross Spreads and Number of Managing Underwriters, 1980-2009**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, limited partnerships (except Blackstone in 2007), and firms not listed on CRSP within six months of the offer date are excluded. Means are equally weighted. For gross spreads, the fraction=7% is the percentage of IPOs with a gross spread equal to exactly 7%. The number of managing underwriters is the sum of both leads and co-managers. Spread data is available for all but 15 of the IPOs from 1980-1984. The decrease in the fraction of IPOs with a 7% spread in 2001-2002 is due to the smaller fraction of deals with proceeds of less than \$150 million. In 2001-2002, a higher fraction of IPOs were mega-deals, where the gross spread is normally below 7%. UW is Underwriter.

Year	Number of IPOs	Gross Spreads			Fraction with Multiple Bookrunners	Number of Managing UWs	
		Mean	Median	=7%		Mean	Median
1980	73	8.1%	7.5%	3%	0.0%	1.4	1.0
1981	197	7.9%	7.6%	4%	0.0%	1.3	1.0
1982	80	8.1%	7.9%	9%	0.0%	1.4	1.0
1983	449	7.7%	7.3%	14%	0.0%	1.5	1.0
1984	178	7.9%	7.5%	15%	0.0%	1.5	1.0
1985	185	7.7%	7.4%	14%	0.0%	1.5	1.0
1986	397	7.5%	7.2%	15%	0.0%	1.6	1.0
1987	291	7.5%	7.1%	23%	0.0%	1.8	2.0
1988	102	7.3%	7.0%	28%	0.0%	1.7	2.0
1989	113	7.3%	7.0%	40%	0.0%	1.7	2.0
1990	110	7.3%	7.0%	44%	0.0%	1.9	2.0
1991	287	7.1%	7.0%	50%	0.0%	2.0	2.0
1992	412	7.2%	7.0%	52%	1.5%	2.1	2.0
1993	509	7.2%	7.0%	57%	0.8%	2.1	2.0
1994	404	7.3%	7.0%	55%	0.2%	2.0	2.0
1995	458	7.2%	7.0%	64%	0.0%	2.3	2.0
1996	675	7.2%	7.0%	68%	0.0%	2.4	2.0
1997	473	7.2%	7.0%	68%	0.8%	2.5	2.0
1998	284	7.1%	7.0%	68%	1.8%	2.9	3.0
1999	477	6.9%	7.0%	82%	4.6%	3.4	3.0
2000	381	6.9%	7.0%	82%	7.1%	3.7	3.0
2001	79	6.6%	7.0%	62%	19.0%	4.4	4.0
2002	66	6.7%	7.0%	71%	28.8%	4.7	4.0
2003	62	6.9%	7.0%	79%	32.3%	4.0	4.0
2004	174	6.8%	7.0%	77%	37.4%	4.5	4.0
2005	160	6.7%	7.0%	65%	50.0%	4.7	4.0
2006	157	6.8%	7.0%	69%	54.1%	4.9	4.0
2007	160	6.7%	7.0%	73%	58.8%	5.3	5.0
2008	21	6.4%	7.0%	62%	76.2%	7.3	5.0
2009	41	6.4%	7.0%	49%	85.4%	6.9	6.0
<b>1980-2009</b>	<b>7,456</b>	<b>7.2%</b>	<b>7.0%</b>	<b>52%</b>	<b>6.7%</b>	<b>2.5</b>	<b>2.0</b>

**Table 12****Number of IPOs Categorized by the LTM Sales (in 2005 \$), 1980-2009**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, limited partnerships, and firms not listed on CRSP within six months of the offer date are excluded. Companies with a missing sales (Last Twelve Months) number are also excluded for the LTM Sales columns. There are 7,436 IPOs with sales information (including zero trailing revenue), and 20 IPOs that are excluded due to missing sales information.

Year	No. of IPOs with missing sales	Number of IPOs LTM Sales, \$2005		Percentage of IPOs LTM Sales, \$2005	
		<\$50 mm	>\$50 mm	<\$50 mm	>\$50 mm
1980	0	42	31	58%	42%
1981	0	147	50	75%	25%
1982	2	55	23	71%	29%
1983	0	285	164	63%	37%
1984	2	102	74	58%	42%
1985	0	93	92	50%	50%
1986	5	197	195	50%	50%
1987	3	137	151	48%	52%
1988	0	42	60	41%	59%
1989	0	47	66	42%	58%
1990	1	43	66	39%	61%
1991	3	115	169	40%	60%
1992	0	192	220	47%	53%
1993	0	231	278	45%	55%
1994	3	211	190	53%	47%
1995	0	254	204	55%	45%
1996	0	413	262	61%	39%
1997	0	274	200	58%	42%
1998	1	148	135	52%	48%
1999	0	341	136	71%	29%
2000	0	279	102	73%	27%
2001	0	25	54	32%	68%
2002	0	18	48	27%	73%
2003	0	14	48	23%	77%
2004	0	71	103	41%	59%
2005	0	48	112	30%	70%
2006	0	54	103	34%	66%
2007	0	60	100	37%	63%
2008	0	4	17	19%	81%
2009	0	4	37	10%	90%
<b>1980-2009</b>	<b>20</b>	<b>3,946</b>	<b>3,490</b>	<b>53%</b>	<b>47%</b>

**Table 13**

**The Growth of IPO Auctions in the U.S., 1999-2009**

The average first-day return on WRHambrecht's 19 IPO auctions has been 14.1%. For IPO auctions for which WRHambrecht was the bookrunner, the numbers are as follows:

<b>Name of IPO (ticker)</b>	<b>Date of IPO</b>	<b>Gross Spread</b>	<b>Gross Proceeds</b>	<b>First-day Return</b>
<b>1999: (3 out of 477 IPOs)</b>				
Ravenswood Winery (RVWD)	19990408	4.00%	\$10.5 million	3.62%
Salon.com (SALN)	19990622	5.00%	\$26.25 million	-4.76%
Andover.net (ANDN)	19991208	6.50%	\$72.0 million	252.08%
<b>2000: (1 out of 381 IPOs)</b>				
Nogatech (NGTC)	20000518	6.50%	\$42.0 million	-21.58%
<b>2001: (2 out of 79 IPOs)</b>				
Peet's Coffee (PEET)	20010125	6.50%	\$26.4 million	17.25%
Briazz (BRZZ)	20010502	6.00%	\$16.0 million	0.38%
<b>2002: (1 out of 66 IPOs)</b>				
Overstock.com (OSTK)	20020529	4.00%	\$39.0 million	0.23%
<b>2003: (2 out of 62 IPOs)</b>				
RedEnvelope (REDE)	20030925	6.00%	\$30.8 million	3.93%
Genitope (GTOP)	20031029	7.00%	\$33.3 million	11.11%
In 2003, WRHambrecht was also the joint bookrunner with JP Morgan on the Sunset Financial Resources IPO that did not use an auction.				
<b>2004: (1 out of 174 IPOs)</b>				
New River Pharmaceuticals (NRPH)	20040805	7.00%	\$33.6 million	-6.25%
In 2004, WRHambrecht was a co-manager on the Google auction IPO for which CSFB and Morgan Stanley were the bookrunners. The IPO climbed 18.04% on its first day of trading.				
<b>2005: (5 out of 160 IPOs)</b>				
B of I Holding (BOFI)	20050315	6.00%	\$35.1 million	0.00%
Morningstar (MORN)	20050502	2.00%	\$140.83 million	8.38%
CryoCor (CRYO)	20050714	7.00%	\$40.8 million	-1.18%
Avalon Pharmaceuticals (AVRX)	20050928	7.00%	\$28.8 million	-5.10%
Dover Saddlery (DOVR)	20051117	5.00%	\$27.5 million	2.50%
<b>2006: (2 out of 157 IPOs)</b>				
Traffic.com (TRFC)	20060125	6.00%	\$78.6 million	1.25%
FortuNet (FNET)	20060131	4.50%	\$22.5 million	0.56%

**2007: (2 out of 160 IPOs)**

Interactive Brokers Group (IBKR)	20070504	1.88%	\$1,200.4 million	4.30%
Clean Energy Fuels (CLNE)	20070525	5.85%	\$120.0 million	0.33%

In 2007, WRHambrecht was a co-manager on the Netsuite auction IPO for which Credit Suisse was the bookrunner. The IPO climbed 36.54% on the first day of trading.

**2008: (0 out of 21 IPOs)**

In 2008, WRHambrecht was a co-manager on the Rackspace Hosting auction IPO for which Credit Suisse, Goldman Sachs, and Merrill Lynch were joint bookrunners. The IPO dropped 19.92% on its first day of trading.

**2009: (0 out of 41 IPOs)**

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**Table 14****The Market Share of Foreign Companies among U.S. Listings, 1988-2009**

This table includes American Depositary Receipts (ADRs) as well as other IPOs, and so has a higher total number of U.S. IPOs. I continue to exclude IPOs with an offer price below \$5.00 per share, unit offers, REITs, closed-end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP (this last screen limits the sample to NASDAQ, Amex, and NYSE-listed issues) within six months of the offer date. Bermuda-domiciled companies are included as foreign, irrespective of the main country of operations. Bermuda, Canada, China, Greece, Israel, the Netherlands, and the United Kingdom are the most common countries for IPOs that list in the U.S. Dealogic is the main source of information on foreign IPOs, because Thomson Financial frequently classifies a follow-on offering that simultaneously includes a U.S. listing as an IPO, as does the NYSE. I have deleted these listings from the IPO counts when I have been able to identify them.

Year	Number of IPOs	Domestic	Foreign		% Foreign
			Total	ADRs	
1988	112	102	10	8	8.9%
1989	119	111	8	5	6.7%
1990	111	107	4	1	3.6%
1991	291	280	11	3	3.8%
1992	421	393	28	9	6.7%
1993	540	489	51	29	9.4%
1994	429	387	42	25	9.8%
1995	475	432	43	17	9.1%
1996	709	646	63	32	8.9%
1997	511	430	81	37	15.9%
1998	304	261	43	15	14.1%
1999	508	452	56	30	11.0%
2000	421	336	85	40	20.2%
2001	85	74	11	6	12.9%
2002	73	63	10	7	13.7%
2003	66	59	7	4	10.6%
2004	194	165	29	18	14.9%
2005	174	144	30	13	17.2%
2006	172	138	34	15	19.8%
2007	191	138	53	31	27.7%
2008	25	18	7	4	28.0%
2009	50	38	12	9	24.0%
<b>1988-2009</b>	<b>5,981</b>	<b>5,263</b>	<b>718</b>	<b>358</b>	<b>12.0%</b>

Source: Prof. Jay Ritter of the University of Florida

**Table 15**

The net number of IPOs excludes Special Purpose Acquisition Companies, closed-end funds, Real Estate Investment Trusts, unit offers (typically composed of a share plus a warrant to buy a share), IPOs with an offer price of less than \$5.00, commercial banks and savings and loans, companies not promptly listed on the Amex, NYSE, or Nasdaq, master limited partnerships, small best efforts offers, and foreign companies issuing American Depositary Receipts.

Year	Number of IPOs		SPACs, closed-end funds, and REITs	Units and penny stocks	Banks and S&Ls	No CRSP listing, other exclusions	ADRs	Including ADRs	
	Gross	Net						No.	Mean return
1980	234	73	0	26	0	135	0	73	13.9%
1981	438	197	0	63	0	178	0	197	6.2%
1982	198	80	0	8	3	107	0	80	10.9%
1983	848	449	0	168	75	156	0	449	10.0%
1984	517	178	0	139	46	153	0	179	3.2%
1985	323	185	1	106	29	0	2	187	6.1%
1986	682	397	3	197	83	1	1	399	6.1%
1987	498	291	11	142	52	1	1	292	5.5%
1988	269	104	36	92	26	5	8	112	5.5%
1989	250	114	33	83	8	6	5	119	8.0%
1990	212	110	40	56	5	0	1	111	10.7%
1991	402	287	33	70	7	1	3	290	11.8%
1992	510	412	3	80	4	2	9	428	10.1%
1993	661	509	7	98	17	1	29	547	12.3%
1994	563	404	6	120	8	0	25	433	9.4%
1995	573	458	12	83	3	0	17	477	20.6%
1996	845	675	15	110	11	2	32	708	16.9%
1997	601	474	12	66	11	1	37	516	13.6%
1998	359	284	4	22	31	3	15	299	21.5%
1999	538	477	1	21	8	1	30	507	69.0%
2000	433	381	3	8	1	0	40	421	55.0%
2001	95	79	2	8	0	0	6	85	13.9%
2002	84	66	0	7	4	0	7	73	8.6%
2003	82	62	6	5	5	0	4	66	13.0%
2004	302	174	81	19	8	2	18	192	11.7%
2005	265	160	37	47	7	1	13	173	11.6%
2006	237	157	15	42	5	0	15	172	12.5%
2007	317	160	53	71	2	0	31	191	14.3%
2008	54	21	15	14	0	0	4	25	4.6%
2009	76	41	19	3	2	2	9	50	8.6%

**Table 16****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 1980-2008 are used, with returns calculated through the end of December, 2008. The sample size is 7,314 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 overallotment 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 2009 for IPOs from 2007 and 2008). 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	1,562	25.0%	-11.8%	-47.8%	-29.4%
10-19.999 mm	776	26.2%	5.2%	-36.5%	-17.4%
20-49.999 mm	1,555	20.8%	21.7%	-21.9%	-3.4%
50-99.999 mm	1,149	15.3%	39.5%	-3.3%	5.0%
100-499.999 mm	1,619	10.8%	40.0%	-2.7%	6.7%
500 mm and up	653	9.1%	34.5%	0.3%	-3.7%
0-49.999 mm	3,893	23.6%	5.0%	-35.2%	-16.6%
50 mm and up	3,421	12.0%	38.8%	-2.4%	3.7%
<b>1980-2008</b>	<b>7,314</b>	<b>18.1%</b>	<b>20.8%</b>	<b>-19.8%</b>	<b>-7.1%</b>

**Table 17****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 2005 purchasing power using the Consumer Price Index. IPOs from 1980-2008 are used, with returns calculated through the end of December, 2009. In Panel A, the sample size is 7,314 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 1985-2008, 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 2009 for IPOs from 2007 and 2008). 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 1980-2008 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	2,569	28.1%	22.9%	-13.0%	1.6%
NonVC-backed	4,745	12.7%	19.6%	-23.5%	-11.9%
NonVC and nonBuyout	3,847	13.6%	16.5%	-30.1%	-14.6%
All	7,314	18.1%	20.8%	-19.8%	-7.1%

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 1985-2008 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	782	8.6%	35.0%	6.7%	2.5%
NonBuyout-backed	2,307	13.9%	38.5%	-4.4%	2.2%
All	3,089	12.6%	37.7%	-1.6%	2.3%

**Table 18**  
**Long-run Returns on IPOs Categorized by VC-backing, by Subperiod**

IPOs from 1980-2008 are used, with returns calculated through the end of December, 2009. In Panel A, the sample size is 7,328 firms. (Unlike Table 16, information on sales is not required for this table, which adds 14 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 2009 for IPOs from 2007 and 2008). 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 1980-2008 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	2,569	28.1%	22.9%	-13.0%	1.6%
NonVC-backed	4,759	12.7%	19.6%	-23.6%	-12.0%
All	7,328	18.1%	20.7%	-19.9%	-6.2%

**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	513	8.5%	32.1%	-13.6%	15.2%
NonVC-backed	1,506	6.8%	18.8%	-26.1%	-2.4%
All	2,019	7.2%	22.2%	-22.9%	2.1%

**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	1,236	17.5%	59.8%	-2.2%	25.9%
NonVC-backed	2,345	13.4%	28.7%	-31.0%	-14.3%

All	3,581	14.8%	39.4%	-21.1%	-0.4%
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**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	503	82.5%	-63.3%	-41.4%	-62.7%
NonVC-backed	348	38.2%	-37.2%	-16.4%	-52.8%
All	851	64.4%	-52.6%	-31.2%	-58.7%

**Panel E: 2001-2008**

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	317	15.2%	1.1%	-9.7%	-12.7%
NonVC-backed	560	10.1%	18.6%	9.8%	-2.9%
All	877	11.9%	12.2%	2.8%	-6.5%

**Table 19: Updated Table I of Ritter and Welch 2002 *Journal of Finance* article**

**Number of IPOs, First-day Returns, and Long Run Performance, IPOs from 1980-2008**

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, 2009. Buy-and-hold returns for initial public offerings (IPOs) occurring after Dec. 31, 2008 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 68 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. The number of IPOs per year is much lower than in the 1995 *Journal of Finance* article "The New Issues Puzzle" by Loughran and Ritter because that paper used a \$1.00 offer price screen. The number is larger than in the 2002 *Journal of Finance* article "A Review of IPO Activity, Pricing, and Allocations" due to various data corrections and the back-filling of Nasdaq-listed foreign issuers by CRSP.

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	79	74	10.7%	38.2%	-31.3%	-17.5%
1983	449	443	10.0%	16.1%	-37.5%	-3.8%
1984	178	171	3.2%	46.6%	-32.1%	22.0%
1985	183	181	6.2%	5.6%	-41.3%	-13.1%
1986	395	395	6.1%	17.6%	-22.0%	-0.7%
1987	283	283	5.7%	-2.2%	-18.5%	-10.5%
1988	102	101	5.7%	58.5%	10.5%	34.9%
1989	113	112	8.2%	49.6%	14.9%	13.3%
1990	110	108	10.8%	9.7%	-36.0%	-38.7%
1991	287	287	11.9%	31.1%	-1.8%	5.8%
1992	412	411	10.3%	37.4%	-0.2%	11.2%
1993	508	507	12.8%	44.5%	-8.4%	-9.2%
1994	404	389	9.8%	74.3%	-9.6%	-1.1%
1995	458	455	21.2%	28.4%	-58.1%	-25.8%
1996	675	671	17.2%	25.2%	-56.9%	6.6%
1997	472	470	14.0%	58.5%	-1.7%	21.6%
1998	283	283	21.7%	23.5%	5.8%	-4.9%
1999	477	472	70.9%	-46.5%	-31.4%	-59.9%
2000	380	379	56.4%	-60.1%	-30.9%	-57.1%
2001	79	79	14.2%	17.8%	14.4%	-28.1%
2002	66	66	9.1%	68.6%	39.0%	-0.4%
2003	62	61	12.1%	36.1%	-6.0%	-7.4%
2004	174	173	12.3%	50.9%	6.4%	-7.8%
2005	160	160	10.2%	14.2%	2.6%	-9.8%
2006	157	157	12.1%	-28.8%	-11.2%	-3.4%
2007	160	160	13.9%	-23.3%	-4.3%	2.3%
2008	21	21	6.4%	-14.3%	-2.9%	4.4%
1980-1989	2,051	2,019	7.2%	22.5%	-22.7%	2.1%
1990-1994	1,721	1,702	11.2%	45.7%	-7.0%	-1.7%
1995-1998	1,888	1,879	18.0%	34.1%	-34.0%	0.8%
1999-2000	857	851	64.5%	-52.6%	-31.2%	-58.7%
2001-2008	879	877	12.0%	12.2%	2.7%	-6.5%
1980-2008	7,396	7,328	18.1%	20.9%	-20.0%	-7.2%

Figure 2

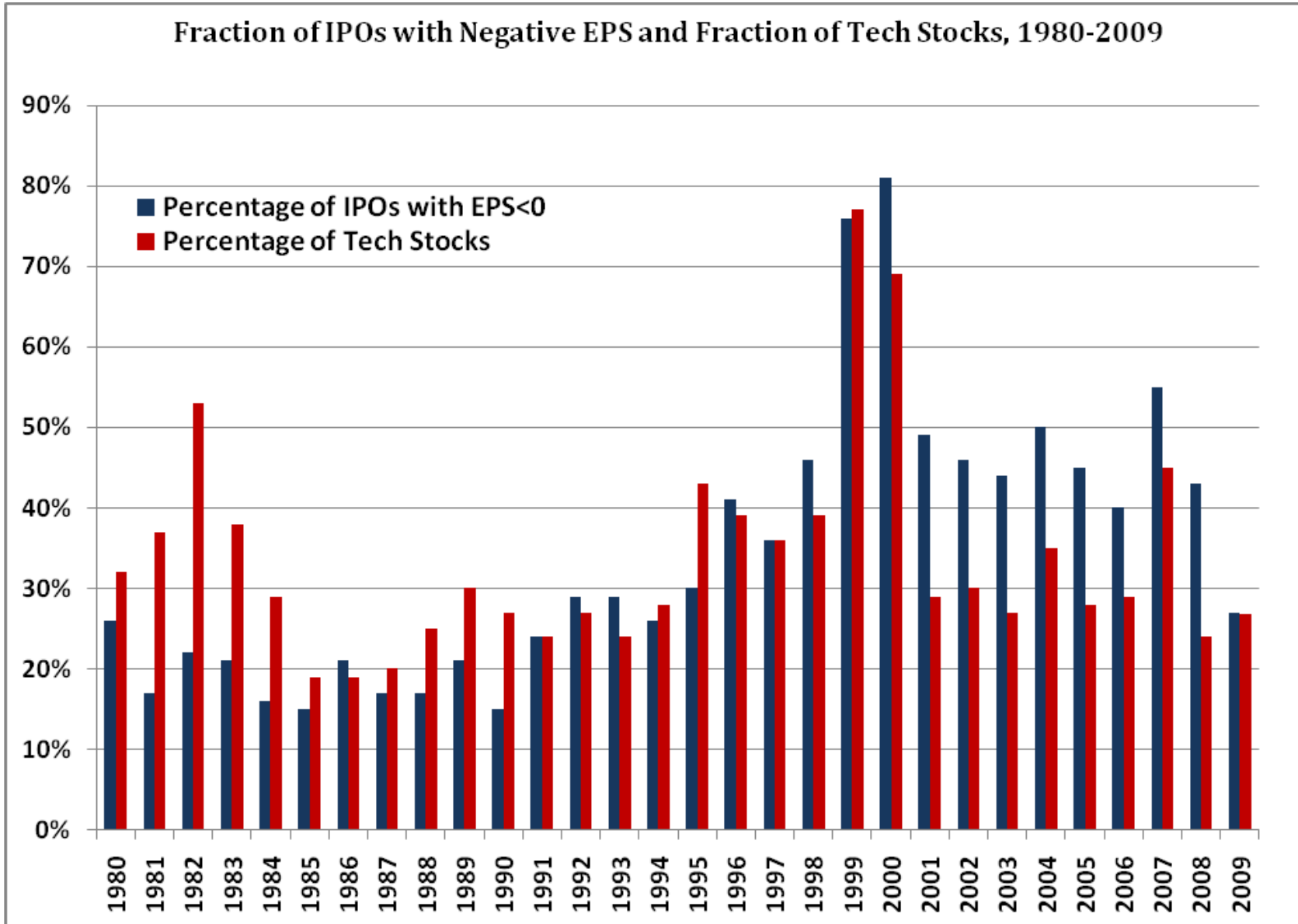


Figure 3

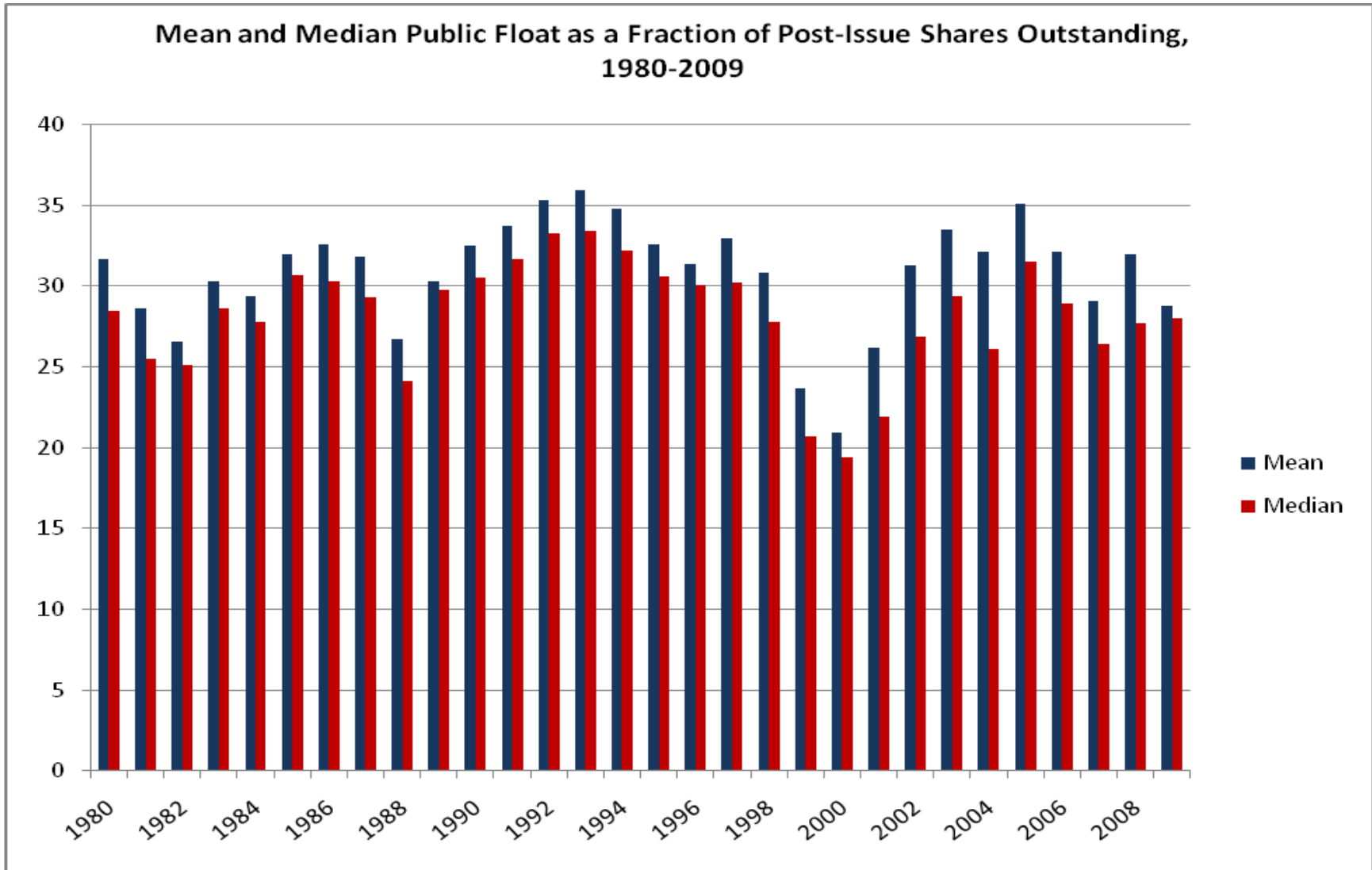


Figure 4

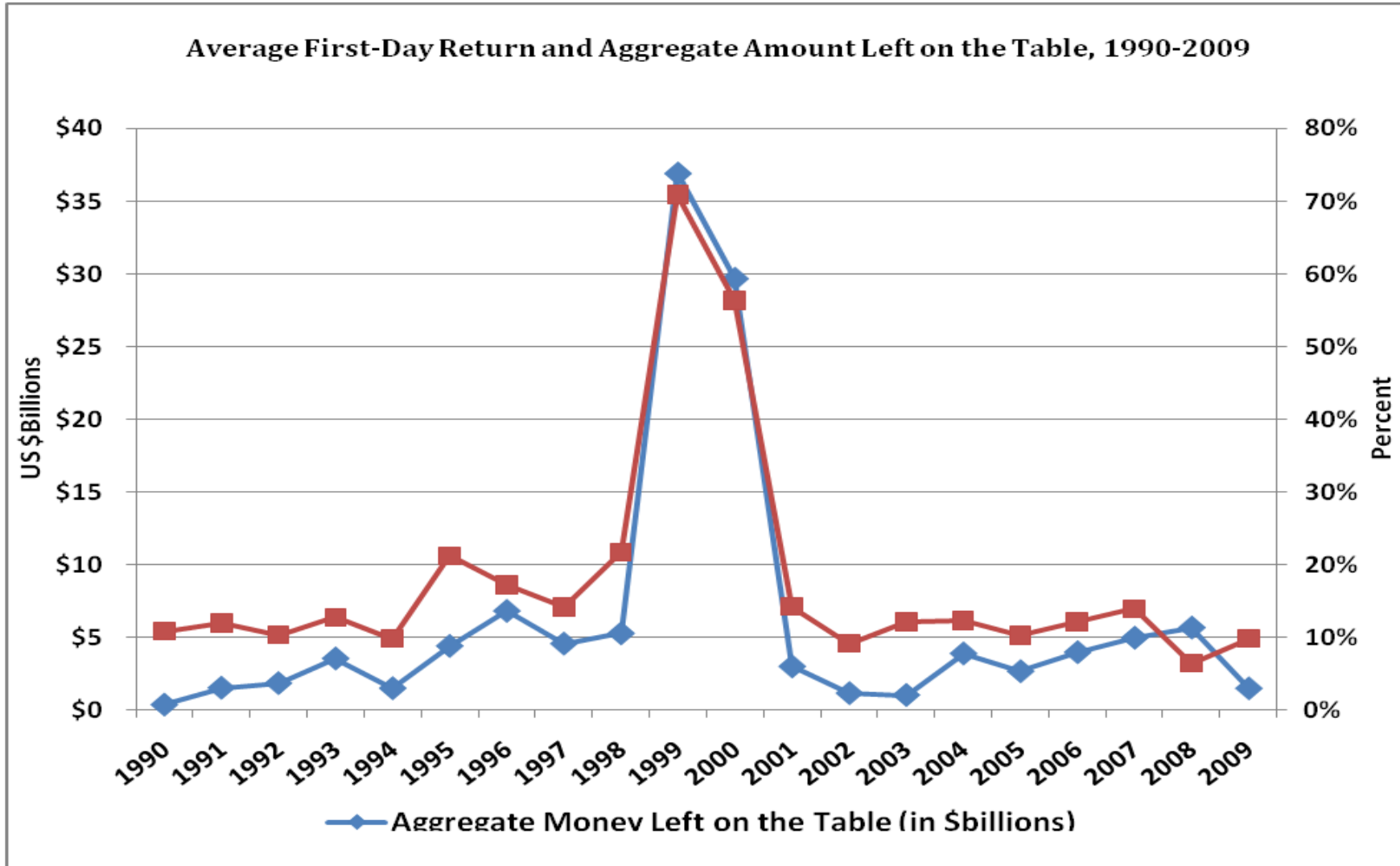


Figure 5

