

# Some Facts About the 2008 IPO Market

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As of December 15, 2008, only 20 operating companies went public offering common shares in the U.S. in 2008. Of these 20 operating companies, only 17 were from the U.S. A higher volume figure has been reported in many sources (50 counting all firm commitment offerings), but the higher numbers typically include banks and S&Ls (0 offerings, although there was at least one best efforts offering), oil & gas partnerships or unit trusts (5 offerings), ADRs (4 offerings), REITs (2 offerings), special purpose acquisition companies (SPACs, 16 offerings), closed-end funds (3 offerings), other unit offerings, and IPOs with an offer price below \$5.00 (1 offering), as well as (mainly domestic) operating companies.

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**Table 1****Mean First-day Returns and Money Left on the Table, 1990-2008**

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. Updated December 15, 2008 by Jay Ritter of the University of Florida. This table includes a few more IPOs from previous years than the tables prepared in previous years because of tracking down missing data, including CRSP permanent IDs.

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	280	11.8%	9.6%	\$1.36 billion	\$14.16 billion
1992	397	10.2%	7.9%	\$1.74 billion	\$21.92 billion
1993	490	12.7%	11.3%	\$3.30 billion	\$29.29 billion
1994	405	9.8%	8.4%	\$1.47 billion	\$17.40 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	474	14.1%	14.4%	\$4.54 billion	\$31.59 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	382	56.1%	45.6%	\$29.69 billion	\$65.11 billion
2001	80	14.0%	8.6%	\$2.97 billion	\$34.30 billion
2002	66	9.1%	5.1%	\$1.13 billion	\$22.03 billion
2003	63	12.2%	10.5%	\$1.01 billion	\$9.58 billion
2004	174	12.3%	12.2%	\$3.86 billion	\$31.53 billion
2005	161	10.2%	9.3%	\$2.64 billion	\$28.33 billion
2006	157	12.1%	13.0%	\$3.95 billion	\$30.48 billion
2007	159	14.0%	13.9%	\$4.95 billion	\$35.63 billion
2008	20	5.3%	11.7%	\$0.58 billion	\$4.90 billion
<b>1990-2008</b>	<b>5,312</b>	<b>22.3%</b>	<b>21.2%</b>	<b>\$116.90 billion</b>	<b>\$551.52 billion</b>

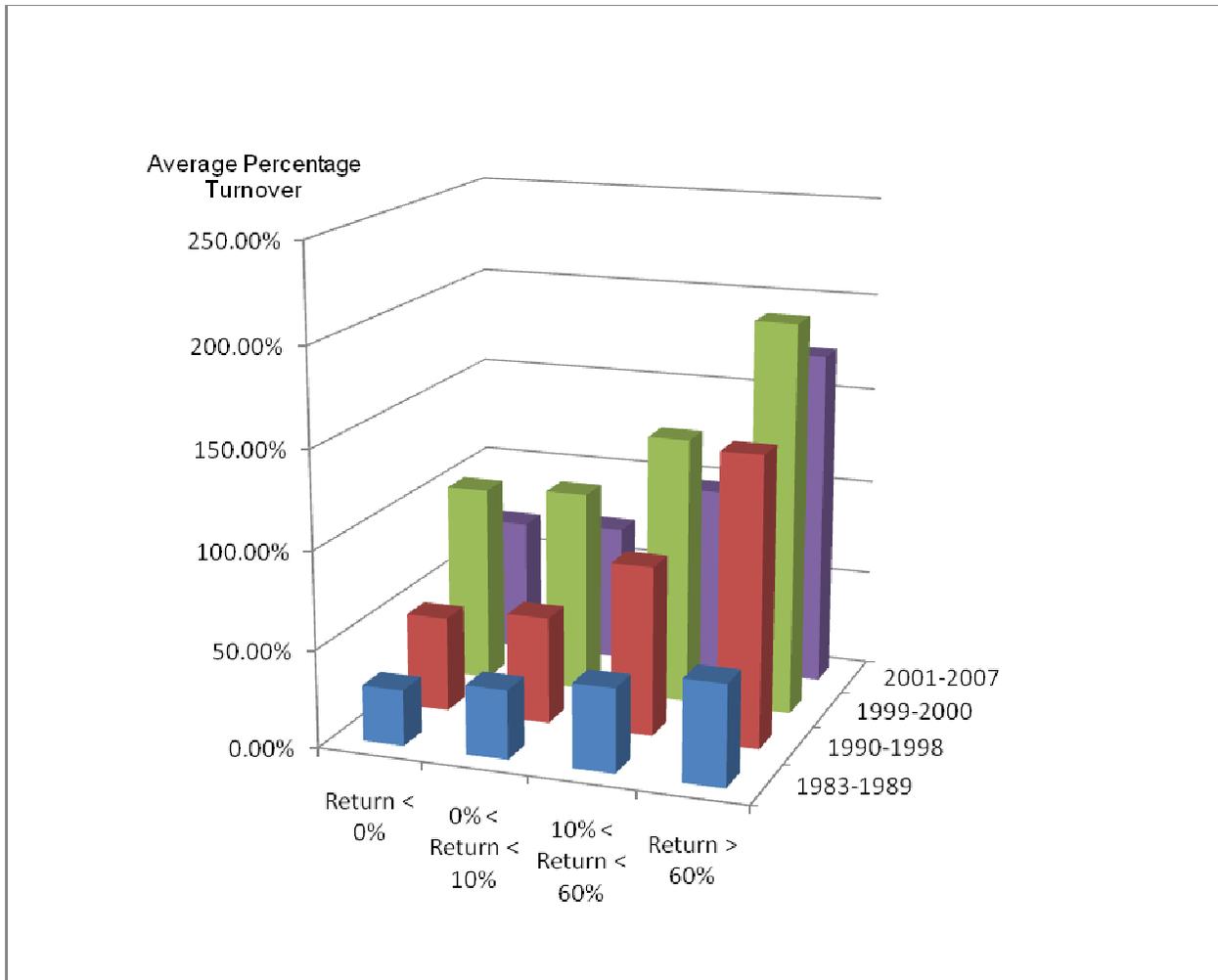
**Table 2****Mean First-day Returns, Categorized by Sales, for IPOs from 1980-2008**

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 7,327 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 46 firms with missing sales. The average first-day return is 18.1%.

	<u>1980-1989</u>		<u>1990-1998</u>		<u>1999-2000</u>		<u>2001-2008</u>	
	Return	N	Return	N	Return	N	Return	N
0≤sales<\$10m	10.3%	416	17.3%	716	68.8%	334	6.4%	135
\$10m≤sales<\$20m	8.5%	252	18.4%	388	80.1%	139	8.4%	41
\$20m≤sales<\$50m	7.7%	497	18.8%	783	75.9%	152	13.4%	126
\$50m≤sales<\$100m	6.6%	352	12.9%	583	60.4%	89	16.9%	137
\$100m≤sales<\$200m	4.8%	238	11.8%	446	34.9%	57	15.1%	120
\$200m≤sales	3.5%	287	8.6%	630	25.5%	88	10.9%	321
<b>All</b>	<b>7.2%</b>	<b>2,042</b>	<b>14.8%</b>	<b>3,546</b>	<b>64.3%</b>	<b>859</b>	<b>11.9%</b>	<b>880</b>

**Figure 1**

**IPO Turnover Categorized by Time Period and First-Day Return, 1983-2007**



Turnover is calculated as the CRSP-reported first day volume divided by the number of shares issued (global issuance, excluding over allotment options). Amex and NYSE volume numbers are doubled to make them comparable to NASDAQ volume. The four subperiods are 1983-1989, 1990-1998, 1999-2000, and 2001-2007. Returns are the first-day return, measured from the offer price to the closing market price. Closed-end funds, REITs, SPACs, unit offers, ADRs, and bank and S&L IPOs are excluded.

**Table 3**  
**IPO Turnover Categorized by Decade and First-Day Return, 1983-2007**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, and those with missing volume numbers on CRSP are excluded. Turnover is defined as first-day CRSP trading volume divided by number of shares issued (not including the overallotment option). For NYSE and Amex-listed IPOs, the trading volume is doubled to allow more meaningful comparisons with Nasdaq-listed IPOs. If the first-day turnover is less than 0.2%, the observation is deleted. IPOs before 1983 are not included because CRSP has volume for very few of these stocks. (Updated November 24, 2008, but 2008 not included because volume info for 2008 is not available on CRSP)

For Republic Airways Holding (20040526), the CRSP volume of 131,952 is replaced with Bigcharts volume of 1,203,600; and for Nucryst 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	1,700	1.8%	86%
1990-1998	3,541	23.5%	82%
1999-2000	806	75.1%	91%
2001-2007	859	32.8%	67%
Total	6,906	25.3%	82%

Panel B: Average Turnover Categorized by First-Day Returns

Return Categories	Number of IPOs	Average First-Day Returns	Average Turnover
Return $\leq$ 0%	1,976	-2.5%	47.4%
0% < Return $\leq$ 10%	2,036	4.6%	54.2%
10% < Return $\leq$ 60%	2,429	25.3%	87.1%
Return > 60%	465	132.1%	177.1%
Total	6,906	18.4%	72.1%

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

Return Categories	1983-1989	1990-1998	1999-2000	2001-2007
Return $\leq$ 0%	28.6%	48.8%	101.7%	69.1%
0% < Return $\leq$ 10%	35.3%	54.8%	104.4%	71.3%
10% < Return $\leq$ 60%	42.9%	86.9%	137.7%	97.0%
Return > 60%	51.7%	147.9%	200.6%	173.3%
Total	34.3%	69.8%	148.9%	84.0%

**Table 4**  
**Median Age and Fraction of IPOs with VC and Buyout Backing, 1980-2008**

7,377 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 are excluded. 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.

Year	Number of IPOs	IPOs w/ Missing Age	Median Age	Percentage VC-backed	Percentage buyout-backed	Technology IPOs	
						Number	% VC-backed
1980	73	0	6	33%	n.a.	23	61%
1981	197	0	8	29%	n.a.	73	40%
1982	81	0	5	26%	n.a.	42	36%
1983	451	1	7	26%	n.a.	172	38%
1984	178	2	7.5	25%	n.a.	51	51%
1985	185	0	8	20%	8%	35	46%
1986	397	3	7	20%	11%	74	42%
1987	291	7	6	23%	13%	59	64%
1988	102	0	7.5	32%	8%	26	62%
1989	110	0	7	35%	9%	33	61%
1990	110	4	8	40%	12%	30	77%
1991	280	0	9	39%	27%	67	64%
1992	397	2	9	35%	24%	102	64%
1993	490	1	8	35%	16%	114	74%
1994	405	3	8	33%	5%	115	56%
1995	458	0	7	40%	6%	195	57%
1996	675	0	7	38%	5%	264	56%
1997	474	0	8.5	27%	7%	169	42%
1998	284	0	7	26%	12%	112	47%
1999	477	0	4	56%	7%	368	65%
2000	382	0	6	63%	8%	261	68%
2001	80	0	12	36%	31%	23	70%
2002	66	0	14.5	21%	42%	20	45%
2003	63	0	11	38%	33%	17	59%
2004	174	0	8	45%	25%	61	66%
2005	161	0	11	28%	42%	45	49%
2006	157	0	13	34%	44%	46	52%
2007	159	0	9	41%	21%	72	61%
2008	20	0	13.5	45%	15%	5	80%
1980-1989	2,065	13	7	25%	n.a.	588	46%
1990-1994	1,682	10	8	35%	16%	428	65%
1995-1998	1,891	0	7	34%	7%	740	52%
1999-2000	859	0	5	59%	8%	629	66%
2001-2008	880	0	10	36%	33%	289	58%
<b>1980-2008</b>	<b>7,377</b>	<b>23</b>	<b>8</b>	<b>35%</b>	<b>14%</b>	<b>2,674</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, 1997-2008**

<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	26	2005, third	0 (Baidu.com is ADR)
1999, fourth	48	2005, fourth	0
2000, first	48	2006, first	1 (Chipotle Mexican)
2000, second	9	2006, second	0
2000, third	19	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

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**Table 6****Number of Initial Public Offerings, First-Day Return, and Revisions from the File Price Range by Cohort Year, 1990-2008**

<b>Cohort Year</b>	<b>Number of IPOs</b>	<b>Percentage First-day Return</b>	<b>Percentage of IPOs with OP &lt; Lo</b>	<b>Percentage of IPOs in the Middle</b>	<b>Percentage of IPOs with OP &gt; Hi</b>
1990	92	9.6	25.0	51.1	23.9
1991	256	11.1	19.9	55.9	24.2
1992	349	9.8	38.7	40.4	20.9
1993	442	11.6	21.5	54.3	24.2
1994	336	8.6	37.5	49.7	12.8
1995	386	20.0	19.9	45.1	35.0
1996	599	16.1	24.9	50.2	24.9
1997	420	13.8	30.0	46.0	24.0
1998	284	21.4	27.8	49.7	22.5
1999	465	70.4	14.6	37.7	47.7
2000	372	57.1	22.0	39.3	38.7
2001	78	14.1	26.9	56.4	16.7
2002	67	8.7	32.9	53.7	13.4
2003	66	12.5	15.2	54.5	30.3
2004	171	12.1	38.0	40.9	21.1
2005	161	10.0	34.2	43.5	22.4
2006	156	10.8	40.4	40.4	19.2
2007	156	14.4	32.7	41.0	26.3
2008	20	5.3	50.0	40.0	10.0
<b>1990-2008</b>	<b>4,876</b>	<b>22.3</b>	<b>26.8</b>	<b>46.3</b>	<b>26.8</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 10.0% 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>2001-2008</b>	<b>34%</b>	<b>44%</b>	<b>22%</b>
<b>1980-2008</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>8%</b>	<b>26%</b>	<b>121%</b>
<b>2001-2008</b>	<b>3%</b>	<b>10%</b>	<b>30%</b>
<b>1980-2008</b>	<b>3%</b>	<b>11%</b>	<b>39%</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 1960-2008**

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 1975-2007 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	-1.5%	262
1976	26	1.9%	214
1977	15	3.6%	127
1978	20	11.2%	209
1979	39	8.5%	312
1980	75	13.9%	934
1981	197	6.2%	2,367
1982	81	10.7%	1,016
1983	521	9.0%	11,225
1984	222	2.5%	2,841
1985	216	6.2%	5,492
1986	480	5.9%	15,816
1987	341	5.6%	12,911
1988	128	5.4%	4,125
1989	119	7.9%	5,155

1990	112	10.5%	4,225
1991	287	11.7%	15,398
1992	395	10.1%	21,777
1993	505	12.7%	28,899
1994	412	9.8%	17,784
1995	461	21.1%	28,745
1996	687	17.0%	42,572
1997	483	13.9%	32,478
1998	317	20.1%	34,585
1999	487	69.6%	65,069
2000	385	55.4%	65,627
2001	81	13.7%	34,368
2002	70	8.6%	22,136
2003	68	12.4%	10,122
2004	186	12.2%	32,380
2005	169	9.8%	28,677
2006	164	11.3%	30,686
2007	160	13.5%	35,197
2008	20	5.3%	4,897
1960-69	2,661	21.2%	7,988
1970-79	1,537	7.1%	6,664
1980-89	2,380	6.8%	61,880
1990-99	4,146	21.1%	291,531
2000-08	1,303	24.5%	264,090
<b>1970-2008</b>	<b>12,027</b>	<b>16.9%</b>	<b>632,153</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, 1980-2008**

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.

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%	25%	7.1%	16.9%
1981	197	3	37%	17%	8.4%	5.4%
1982	81	12	54%	20%	8.1%	10.7%
1983	451	5	38%	22%	14.4%	8.9%
1984	178	6	29%	16%	8.8%	1.9%
1985	185	2	19%	15%	5.2%	6.2%
1986	397	10	19%	21%	7.6%	5.4%
1987	291	7	20%	17%	5.0%	5.8%
1988	102	1	26%	17%	7.0%	5.3%
1989	110	0	30%	21%	9.2%	7.9%
1990	110	3	28%	14%	9.8%	10.9%
1991	280	6	24%	24%	9.6%	12.6%
1992	397	3	26%	31%	10.9%	10.0%
1993	490	2	24%	29%	12.8%	12.8%
1994	405	15	28%	25%	8.6%	10.4%
1995	458	13	44%	29%	21.9%	21.2%
1996	675	6	38%	41%	16.4%	17.8%
1997	474	2	36%	36%	12.5%	14.9%
1998	284	7	40%	45%	32.1%	13.4%
1999	477	4	77%	76%	80.8%	40.8%
2000	382	6	69%	80%	59.8%	43.1%
2001	80	0	29%	50%	14.9%	13.1%
2002	66	1	31%	46%	5.1%	12.2%
2003	63	0	27%	44%	11.1%	13.2%
2004	174	5	36%	50%	12.2%	12.9%
2005	161	0	28%	45%	7.3%	12.5%
2006	157	0	29%	40%	7.9%	15.4%
2007	159	0	45%	55%	13.8%	14.3%
2008	20	0	25%	40%	-1.6%	9.8%
1980-1989	2,065	47	28%	19%	9.0%	6.6%
1990-1994	1,682	29	26%	27%	10.8%	11.4%
1995-1998	1,891	28	39%	37%	19.3%	17.4%
1999-2000	859	10	74%	78%	71.2%	41.7%
2001-2008	880	6	33%	47%	10.4%	13.4%
<b>1980-2008</b>	<b>7,377</b>	<b>120</b>	<b>36%</b>	<b>36%</b>	<b>28.1%</b>	<b>12.7%</b>

**Table 10**  
**Gross Spreads Continue to Remain at 7% on Moderate-Size Deals**

Here are the numbers for 2001-2008 for U.S. IPOs raising more than \$25 million:

Panel A: Book building deals

		Proceeds Category	
\$25-100 million (inflation-adjusted in 2007 \$)		more than \$100 million (2007 \$)	
<i>&lt;7%</i>	2.6% (9)		44.3% (208)
<i>=7%</i>	95.9% (330)		55.1% (259)
<i>&gt;7%</i>	1.5% (5)		0.6% (3)
<b>Total</b>	100% (344 IPOs)		100% (470 IPOs)

Panel B: Auction deals

		Proceeds Category	
\$25-100 million (inflation-adjusted in 2007 \$)		more than \$100 million (2007 \$)	
<i>&lt;7%</i>	54.5% (6)		100% (5)
<i>=7%</i>	45.5% (5)		0% (0)
<i>&gt;7%</i>	0% (0)		0% (0)
<b>Total</b>	100% (11 IPOs)		100% (5 IPOs)

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 2001-2005 52.5% 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 5%.

Note: The 2005/1997 price ratio is 1.20, so a deal size cutoff in 1997 of \$80 million is a deal size cutoff of \$96 million for IPOs in 2005.

**Table 11****Mean and Median Gross Spreads and Number of Managing Underwriters, 1980-2008**

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	72	8.1%	7.5%	3%	0.0%	1.4	1.0
1981	196	7.9%	7.6%	4%	0.0%	1.3	1.0
1982	81	8.0%	7.9%	9%	0.0%	1.4	1.0
1983	445	7.7%	7.3%	14%	0.0%	1.5	1.0
1984	171	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	110	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	280	7.1%	7.0%	51%	0.0%	1.9	2.0
1992	397	7.2%	7.0%	52%	1.5%	2.0	2.0
1993	490	7.2%	7.0%	59%	0.6%	2.1	2.0
1994	405	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	474	7.2%	7.0%	68%	0.8%	2.5	2.0
1998	284	7.1%	7.0%	67%	1.8%	2.9	3.0
1999	477	6.9%	7.0%	82%	4.6%	3.4	3.0
2000	382	6.9%	7.0%	82%	7.3%	3.7	3.0
2001	80	6.6%	7.0%	61%	18.8%	4.4	4.0
2002	66	6.7%	7.0%	70%	28.8%	4.7	4.0
2003	63	6.9%	7.0%	78%	31.7%	4.0	4.0
2004	174	6.8%	7.0%	77%	37.4%	4.5	4.0
2005	161	6.7%	7.0%	65%	50.9%	4.7	4.0
2006	157	6.8%	7.0%	69%	54.1%	4.9	4.0
2007	159	6.7%	7.0%	73%	59.7%	5.3	5.0
2008	20	6.6%	7.0%	65%	75.0%	5.5	5.0
<b>1980-2008</b>	<b>7,362</b>	<b>7.2%</b>	<b>7.0%</b>	<b>52%</b>	<b>6.3%</b>	<b>2.5</b>	<b>2.0</b>

**Table 12****Number of IPOs Categorized by the LTM Sales (in 2005 \$), 1980-2008**

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 7,305 IPOs with sales information (including zero trailing revenue), and 46 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	1	39	30	57%	43%
1981	5	138	49	74%	26%
1982	1	53	24	69%	31%
1983	0	283	167	63%	37%
1984	4	100	73	58%	42%
1985	0	93	94	50%	50%
1986	5	196	197	50%	50%
1987	3	137	151	48%	52%
1988	0	42	60	41%	59%
1989	0	46	63	42%	58%
1990	2	40	65	38%	63%
1991	3	112	164	41%	59%
1992	2	182	212	46%	54%
1993	2	218	268	45%	55%
1994	7	207	191	52%	48%
1995	3	249	204	55%	45%
1996	5	406	261	61%	39%
1997	0	273	200	58%	42%
1998	1	147	136	52%	48%
1999	0	341	135	72%	28%
2000	2	277	103	73%	27%
2001	0	26	54	33%	68%
2002	0	18	48	27%	73%
2003	0	15	48	24%	76%
2004	0	71	103	41%	59%
2005	0	48	113	30%	70%
2006	0	53	103	34%	66%
2007	0	58	101	36%	64%
2008	0	4	16	20%	80%
<b>1980-2008</b>	<b>46</b>	<b>3,872</b>	<b>3,433</b>	<b>53%</b>	<b>47%</b>

**Table 13**

**The Growth of IPO Auctions in the U.S., 1999-2008**

The average first-day return on WRHambrecht's 18 IPO auctions has been 14.8%. 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 382 IPOs)</b>				
Nogatech (NGTC)	20000518	6.50%	\$42.0 million	-21.58%
<b>2001: (2 out of 80 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 63 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 161 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%
<b>2007: (2 out of 159 IPOs)</b>				
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 20 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.

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**Table 14****The Market Share of Foreign Companies Among U.S. Listings, 1994-2008**

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. It is possible that the early years somewhat overstate the number of foreign listings, and ADRs in particular, because some sources classify a follow-on offering that simultaneously includes a U.S. listing as an IPO. I have deleted these listings from the IPO counts when I have been able to identify them.

<b>Year</b>	<b>Number of IPOs</b>	<b>Domestic</b>	<b>Foreign</b>		<b>% Foreign</b>
			<b>Total</b>	<b>ADRs</b>	
1994	429	387	42	24	9.8%
1995	475	432	43	17	9.1%
1996	707	644	63	32	8.9%
1997	513	430	83	39	16.2%
1998	299	258	41	15	13.7%
1999	505	451	54	28	10.7%
2000	422	339	83	40	19.7%
2001	86	74	12	6	14.0%
2002	73	63	10	7	13.7%
2003	67	59	8	4	11.9%
2004	190	163	27	16	14.2%
2005	174	143	31	13	17.8%
2006	172	138	34	15	19.8%
2007	190	137	53	31	27.9%
2008	24	17	7	4	29.2%
<b>1994-2008</b>	<b>4,326</b>	<b>3,735</b>	<b>591</b>	<b>291</b>	<b>13.7%</b>

Source: Prof. Jay Ritter of the University of Florida, December 15, 2008

**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 1980-2004 are used, with returns calculated through the end of December, 2006. The sample size is 6,585 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. 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 2006 for IPOs from 2004). 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	1,370	26.4%	-9.6%	-47.3%	-29.6%
10-19.999 mm	726	26.3%	6.6%	-36.0%	-5.4%
20-49.999 mm	1,447	21.0%	24.3%	-21.9%	0.9%
50-99.999 mm	1,054	15.0%	40.7%	-5.9%	4.8%
100-499.999 mm	1,455	10.6%	43.5%	-4.2%	13.3%
500 mm and up	533	8.6%	40.1%	-1.5%	10.2%
0-49.999 mm	3,543	24.2%	7.6%	-34.6%	-12.2%
50 mm and up	3,042	11.8%	41.9%	-4.3%	9.8%
1980-2004	6,585	18.4%	23.4%	-20.6%	-2.0%

**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 1980-2005 are used, with returns calculated through the end of December, 2006. In Panel A, the sample size is 6,841 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 (2006 purchasing power) and that the IPO occurred in 1985-2005, 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 2006 for IPOs from 2004 and 2005). 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 Boston College has assisted in providing data on the classification of IPOs as buyout-backed.

**Panel A: IPOs from 1980-2005 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	2,391	28.6%	26.0%	-13.0%	3.5%
NonVC-backed	4,450	13.0%	21.2%	-24.7%	-5.0%
NonVC and nonBuyout	3,680	13.9%	16.7%	-31.5%	-9.7%
All	6,841	18.5%	22.8%	-20.6%	-2.1%

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 1985-2005 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	666	8.5%	45.8%	10.4%	22.0%
NonBuyout-backed	2,211	13.9%	39.6%	-6.7%	5.4%
All	2,877	12.7%	41.1%	-2.8%	9.2%

**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, 2007. In Panel A, the sample size is 6,896 firms. 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 2007 for IPOs from 2005 and 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	2,393	28.1%	26.6%	-12.6%	3.7%
NonVC-backed	4,503	12.9%	21.1%	-24.5%	-5.1%
All	6,896	18.2%	23.0%	-20.4%	-2.1%

**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	512	8.4%	32.1%	-13.5%	0.4%
NonVC-backed	1,525	6.8%	18.8%	-25.9%	10.1%
All	2,037	7.2%	22.1%	-22.8%	13.6%

**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	1,220	17.5%	59.6%	-2.2%	24.5%
NonVC-backed	2,269	13.4%	28.3%	-31.3%	-11.4%
All	3,489	14.8%	39.2%	-21.1%	1.1%

**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	464	83.5%	-61.7%	-40.1%	-65.7%
NonVC-backed	341	39.5%	-38.9%	-16.2%	-43.9%
All	805	64.9%	-52.1%	-30.7%	-56.5%

**Panel E: 2001-2006**

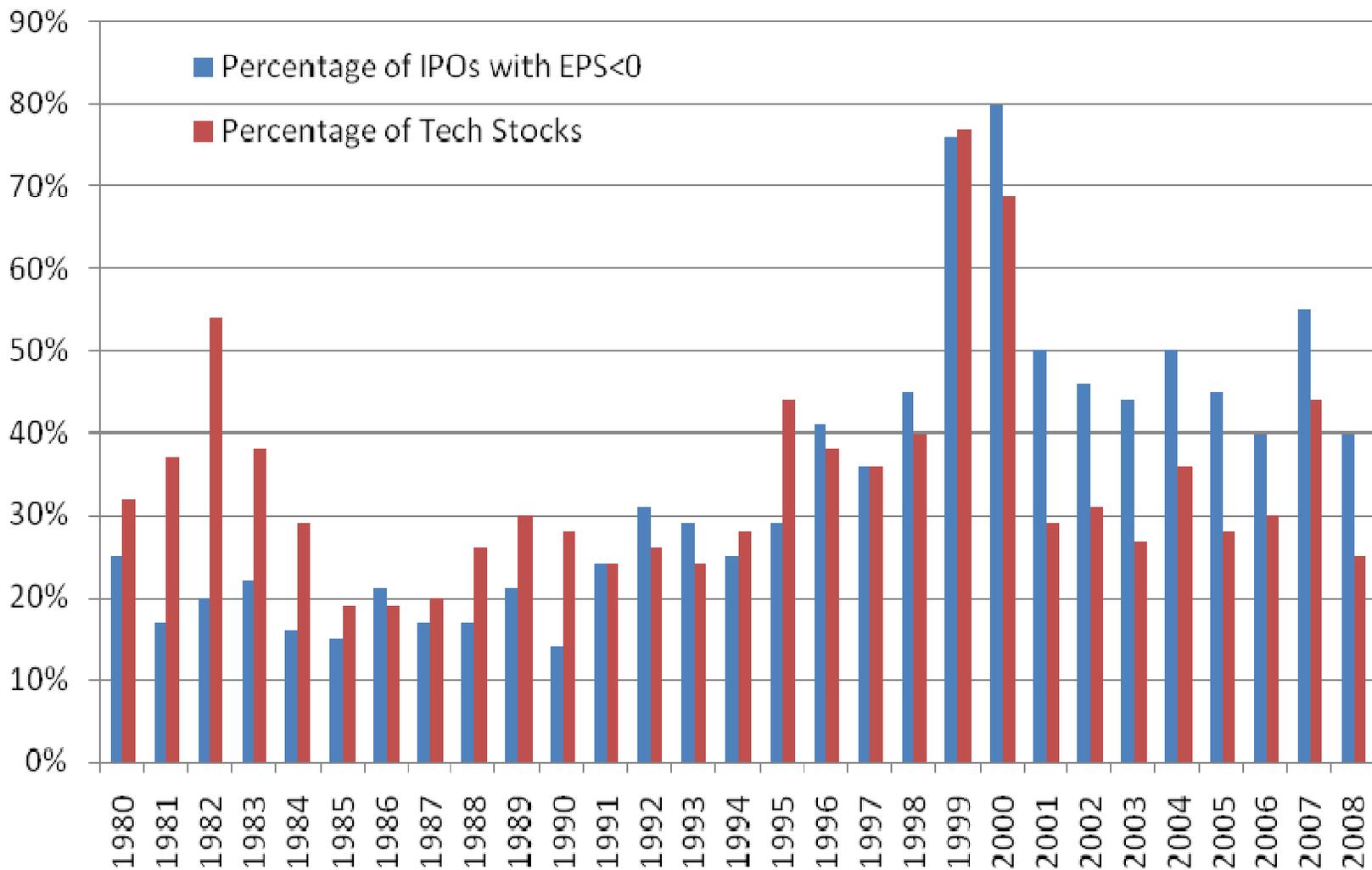
VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	197	13.8%	15.7%	-10.5%	-14.9%
NonVC-backed	368	10.5%	42.2%	17.3%	6.4%
All	565	11.7%	33.0%	7.6%	-1.0%

**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**

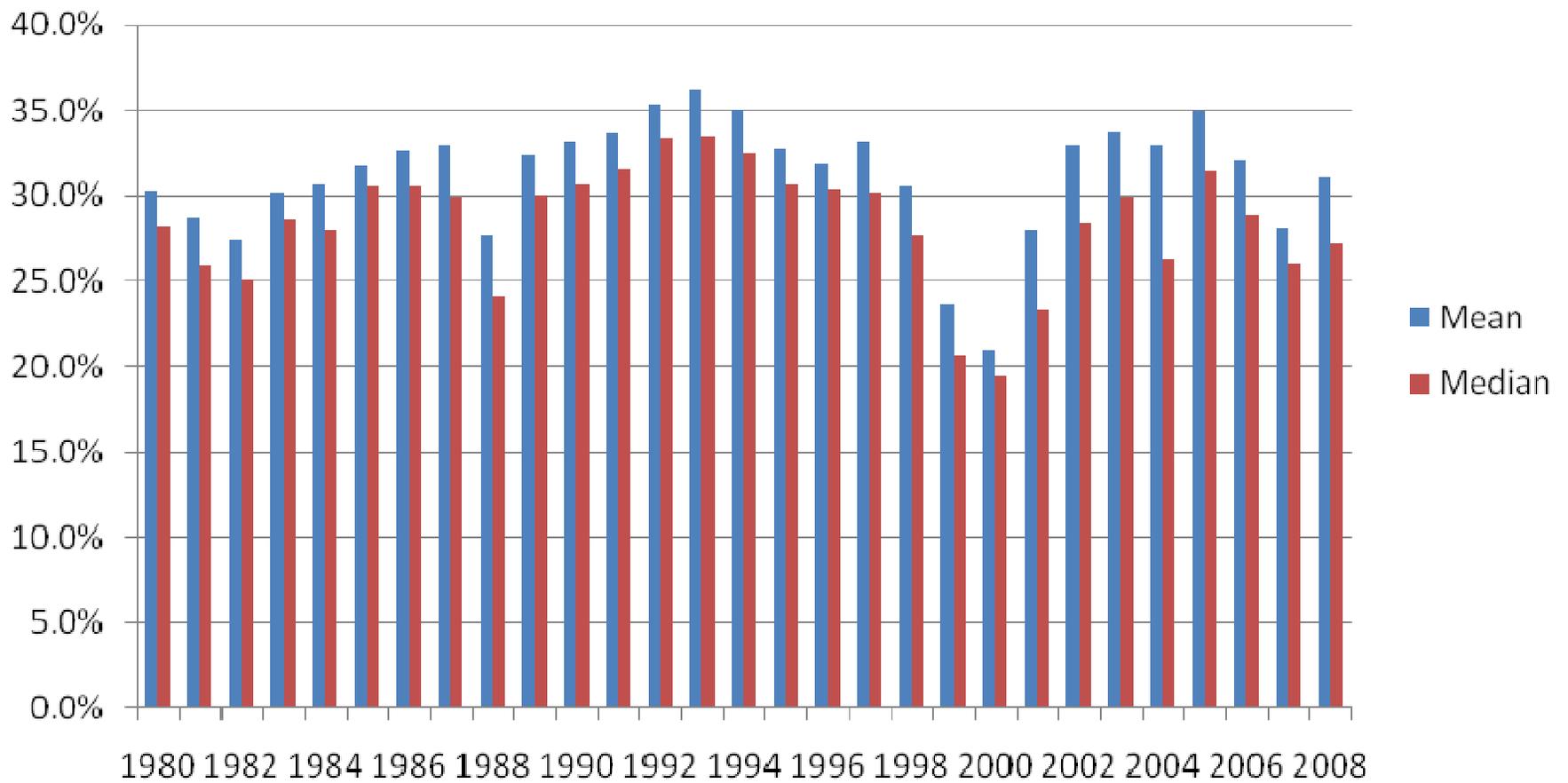
The equally weighted (EW) average first-day return is measured from the offer price to the first CRSP-listed closing price. EW average three-year buy-and-hold percentage returns (capital gains plus dividends) are calculated from the first closing market price to the earlier of the three-year anniversary 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.

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%

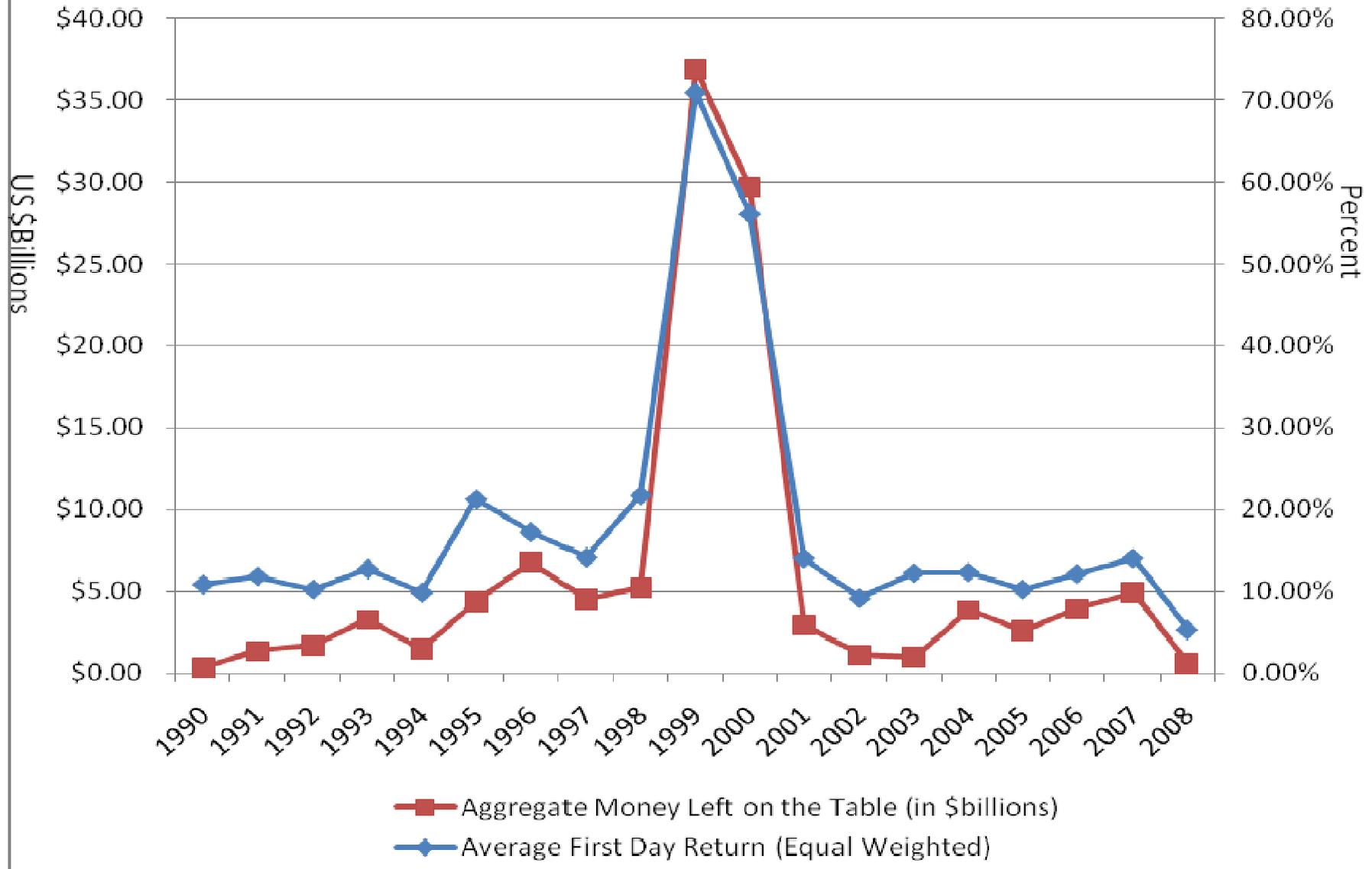
Fraction of IPOs with Negative EPS and Fraction of Tech Stocks, 1980-2008



### Mean and Median Public Float as a Fraction of Post-Issue Shares Outstanding



**Average First-Day Return and Aggregate Amount Left on the Table, 1980-2008**



**Number of Offerings and Average First-Day Return, 1980-2008**

