

YEARBOOK 2016

NATIONAL VENTURE CAPITAL ASSOCIATION



INCLUDING STATISTICS FROM THE

PricewaterhouseCoopers/National Venture Capital Association
MoneyTree™ Report based on data from Thomson Reuters



THOMSON REUTERS

March 2016

Dear Reader:

We are delighted to present the 19th edition of NVCA's annual Yearbook, which documents trends and analyses from the past year and summarizes the recent history of the venture capital ecosystem in the United States. Since the very first edition, the ecosystem has evolved and much has changed. One thing that has not changed, however, is NVCA's commitment to bringing accurate and responsible transparency to this powerful economic force called venture capital.

This publication provides commitment, investment, and exit activity data on the ecosystem to tell the story and convey the impact of venture capital in the United States. For the entrepreneurial ecosystem, highlights from 2015 include:

- Venture capital firms raised \$28 billion through 236 funds, 93 of which were new funds;
- Nearly \$60 billion in venture capital was deployed across 4,380 deals, with more than 1,400 companies receiving venture investment for the first time;
- Venture capital investment spanned 133 Metropolitan Statistical Areas across 46 states and the District of Columbia;
- Corporate venture groups deployed over \$7.7 billion in 930 deals;
- Growth equity deals attracted over \$20 billion through 460 investments; and
- Seventy-seven venture-backed companies went public, raising an aggregate of \$9.4 billion.

The ecosystem remains robust, covering a vast range of stages, geographies, sectors, and players. Though it continues to evolve, the industry's goal remains the same: to create fast-growing and sustainable companies and introduce new technologies across a range of sectors, while providing an attractive return to those who trust the industry with their capital.

As always, your feedback and suggestions are welcome. Please feel free to contact us at research@nvca.org or 202.864.5920.

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National Venture Capital Association Yearbook

For the National Venture Capital Association
Prepared by Buyouts Insider

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National Venture Capital Association 2016 Yearbook

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WHAT IS VENTURE CAPITAL?

Venture capital has enabled the United States to support its entrepreneurial talent and appetite by turning ideas and basic science into products and services that are the envy of the world. Venture capital funds build companies from the simplest form – perhaps just the entrepreneur and an idea expressed as a business plan – to freestanding, mature organizations.

Risk Capital for Business

Venture capital firms are professional, institutional managers of risk capital that enable and support the most innovative and promising companies. This money funds new ideas that could not be financed with traditional bank financing, that threaten established products and services in a corporation, and that typically require five to eight years to reach maturity. Venture capital is quite unique as an institutional investor asset class. When an investment is made in a company, it is an equity investment in a company whose stock is essentially illiquid and worthless until a company matures five to eight years down the road. Follow-on investment provides additional funding as the company grows. These “rounds,” typically occurring every year or two, are also equity investment, with the shares allocated among the investors and management team based on an agreed “valuation.” But, unless a company is acquired or goes public, there is little actual value. Venture capital is a long-term investment.

More Than Money

The U.S. venture industry provides the capital to create some of the most innovative and successful companies. But venture capital is more than money. Venture capital partners become actively engaged with a company, typically taking a board seat and acting as a strategic advisor to the company. With a startup, daily interaction with the management

Five Largest Public Companies by Market Capitalization¹

Rank	Company	VC-backed?	Market Capitalization (\$B)	Employees
1	Apple	Yes	646	93,000
2	Google	Yes	449	54,000
3	Berkshire Hathaway		356	316,000
4	Microsoft	Yes	351	128,000
5	Exxon Mobil		314	75,000

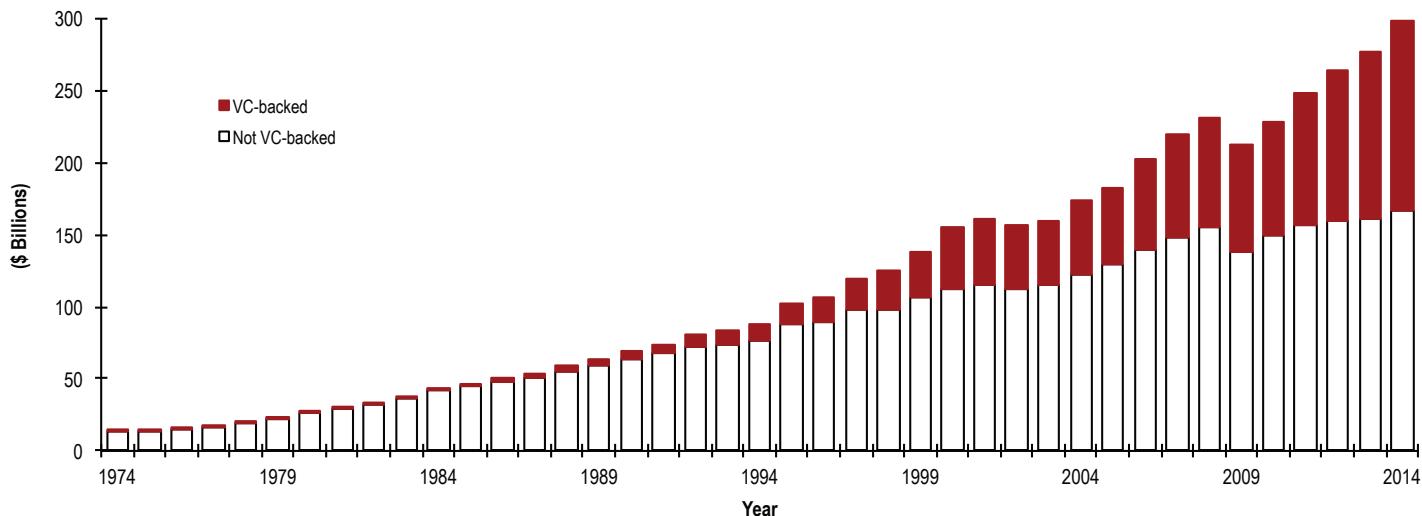
Note: Market capitalization and number of employees are from Thomson One as of August 28, 2015.

team is common. This limits the number of startups in which any one fund can invest. Few entrepreneurs approaching venture capital firms for money are aware that they essentially are asking for 1/6 of a person! Yet that active engagement is critical to the success of the fledgling company. Many one- and two-person companies have received funding, but no one- or two-person company has ever gone public! Along the way, talent must be recruited and the company scaled up. Ask any venture capitalist who has had an ultra-successful investment and he or she will tell you that the company that broke through the gravity evolved from the original business plan concept with the careful input of an experienced hand.

Deal Flows – Where The Buys Are

For every 100 business plans that come to a venture capital firm for funding, usually only 10 or so get a serious look, and only one ends up being funded. The venture capital firm looks at the management team, the concept, the marketplace, fit to the fund’s objectives, the value-added potential for the firm, and the capital needed to build a suc-

Research & Development Spending by Venture-backed Public Companies¹ 1974 to 2014



100 Highest Market Capitalization U.S. VC-backed Companies¹

3Com Corp	Intel Corp
Actua Corp	Internap Corp
Adobe Systems Inc	Intuit Inc
Advanced Micro Devices Inc	Intuitive Surgical Inc
Affiliated Managers Group Inc	Juniper Networks Inc
Akamai Technologies Inc	KLA-Tencor Corp
Alexion Pharmaceuticals Inc	Lam Research Corp
Alphabet Inc	Level 3 Communications Inc
Altera Corp	Linear Technology Corp
Amazon.com Inc	LinkedIn Corp
Amgen Inc	Maxim Integrated Products Inc
Apple Inc	Micron Technology Inc
Applied Micro Circuits Corp	Microsoft Corp
Ariba Inc	Millennium Pharmaceuticals Inc
Ascend Communications Inc	ModusLink Global Solutions Inc
Avis Budget Group Inc	NetApp Inc
Bed Bath & Beyond Inc	Netflix Inc
Biogen Inc	NVIDIA Corp
Biomarin Pharmaceutical Inc	Oracle Corp
BMC Software Inc	Palm Inc
Broadvision Inc	Paychex Inc
Caremark Rx Inc	PeopleSoft Inc
Celgene Corp	PMC-Sierra Inc
Cerner Corp	Red Hat Inc
Chipotle Mexican Grill Inc	Regeneron Pharmaceuticals Inc
Ciena Corp	Ross Stores Inc
Cisco Systems Inc	salesforce.com Inc
Citrix Systems Inc	SanDisk Corp
Compaq Computer Corp	Sanmina Corp
Concord EFS Inc	SBA Communications Corp
Costco Wholesale Corp	Siebel Systems Inc
Dell Inc	Solectron Corp
DoubleClick Inc	Staples Inc
eBay Inc	Starbucks Corp
Electronic Arts Inc	Stryker Corp
EMC Corp	Sun Microsystems Inc
Facebook Inc	Symantec Corp
FedEx Corp	Tellabs Inc
Fiserv Inc	Tesla Motors Inc
FleetCor Technologies Inc	TripAdvisor Inc
Foundry Networks Inc	Twitter Inc
FreeMarkets Inc	Under Armour Inc

Genentech Inc	Verisign Inc
Genzyme Corp	VERITAS Software Co
Gilead Sciences Inc	Vertex Pharmaceuticals Inc
Groupon Inc	VMware Inc
HCA Holdings Inc	Whole Foods Market Inc
Illumina Inc	Workday Inc
Immunex Corp	Xilinx Inc
Incyte Corp	Yahoo Inc

Note: This table lists the 100 VC-backed companies with the largest all-time market capitalizations.

cessful business. A busy venture capital professional's most precious asset is time. These days, a business concept needs to address world markets, have superb scalability, be made successful in a reasonable timeframe, and be truly innovative. A concept that promises a 10 or 20 percent improvement on something that already exists is not likely to get a close look. Many technologies currently under development by venture-backed companies are truly disruptive technologies that do not lend themselves to being embraced by larger companies whose current products could be cannibalized by this. Also, with the increased emphasis on public company quarterly results, many larger organizations tend to reduce spending on research and development and product development when things get tight. Many talented teams have come to the venture capital process when their projects were turned down by their companies.

Common Structure — Unique Results

While the legal and economic structures used to create a venture capital fund are similar to those used by other alternative investment asset classes, venture capital itself is unique. Typically, a venture capital firm will create a Limited Partnership with the investors as LPs and the firm itself as the General Partner. Examples of LPs include public pension funds, corporate pension funds, insurance companies, family offices, endowments, and foundations. Each "fund," or portfolio, is a separate partnership. A new fund is established when the venture capital firm obtains necessary commitments from its investors, say \$100 million. The money is taken from investors as the investments are made through what are referred to as "capital calls." Typically, an initial funding of a company will cause the venture fund to reserve three or four times that first investment for follow-on financing. Over the next three to eight or so years, the venture firm works with the founding entrepreneur to grow the company. The payoff comes after the company is acquired or goes public. Although the investor has high hopes for any company getting funded, only one in six ever goes public and one in three is acquired.

Economic Alignment of All Stakeholders — An American Success Story

Venture capital is rare among asset classes in that success is truly shared. It is not driven by quick returns or transaction fees. Economic success occurs when the stock price increases above the purchase price.

¹ *The Economic Impact of Venture Capital: Evidence from Public Companies.* Will Gornall, Sauder School of Business, University of British Columbia; and Ilya A. Strebulaev, Graduate School of Business, Stanford University and National Bureau of Economic Research.

When a company is successful and has a strong public stock offering, or is acquired, the stock price of the company reflects its success. The entrepreneur benefits from appreciated stock and stock options. The rank and file employees throughout the organization historically also do well with their stock options. The venture capital fund and its investors split the capital gains per a pre-agreed formula. Many college endowments, pension funds, charities, individuals, and corporations have benefited far beyond the risk-adjusted returns of the public markets. At the same time, the risk capital that funds startups can bring benefits to local economies in the form of company growth, competitiveness, and job creation.

Measuring the Impact Beyond Financial Returns

While venture investing has generated billions of dollars for investors and their institutions, the impact of venture-backed companies has been even more far-reaching. Many venture-backed companies have scaled, gone public, and become household names, and at the same time have generated high-skilled jobs and trillions of dollars of benefit for the U.S. economy. According to a recent study, *The Economic Impact of Venture Capital: Evidence from Public Companies*, three of the five largest U.S.

public companies by market capitalization—Apple, Google, and Microsoft—all received most of their early external funding in the form of venture capital. The study also analyzed on a larger scale the impact venture-backed companies, as a subset of all U.S. public companies founded after 1974, have had on the economy. Of the 1,339 U.S. public companies founded after 1974, 556 (or 42%) are venture-backed. These 556 companies represent 63% of the market capitalization and 85% of total research and development of the post-1974 public companies.¹

What's Ahead

Much of venture capital's success has come from the entrepreneurial spirit pervasive in the American culture, financial recognition of success, access to good science, and fair and open capital markets. It is dependent upon a good flow of science, motivated entrepreneurs, protection of intellectual property, and a skilled workforce. The nascent deployment of venture capital in other countries is gated by a country's or region's cultural fit, tolerance for failure, services infrastructure that supports developing companies, intellectual property protection, efficient capital markets, and the willingness of big business to purchase from small companies.

EXECUTIVE SUMMARY

The fundraising and investment environments in the venture capital ecosystem remained strong in 2015. New commitments to venture capital funds decreased slightly compared to 2014 but posted higher annual totals than 2009 to 2013, and capital invested reached its highest mark since 2000. The exit environment for venture-backed companies, on the other hand, was unable to maintain the pace from 2014 but was on par with 2013.

While public market exits posed challenging for venture investors in the latter half of 2015 and may continue in early 2016, increased attention is turning to maintaining and growing portfolios, as the quality of new deal flow remains very high. Investors across the ecosystem were busy putting capital to work, and though investments and valuations for unicorns grabbed headlines, seed and early stage companies continued to receive the majority of deals. Overall, more than 3,700 companies received venture funding in 2015, with over 1,400 companies receiving funding for the first time.

A healthy venture capital ecosystem necessitates balance, and last year provided some recalibration for the industry. Nonetheless, the ecosystem remains robust, covering a vast range of stages, geographies, sectors, and players. And, savvy investors with capital remain in a prime position to fund the best opportunities and fuel startups across the United States.

Introduction

The National Venture Capital Association 2016 Yearbook provides a summary of venture capital activity in the United States. This ranges from investments into portfolio companies to capital managed by general partners to fundraising from limited partners to exits of the investments by either initial public offerings or mergers and acquisitions. The statistics for this publication have been assembled primarily from the MoneyTree™ Report by PricewaterhouseCoopers (PwC) and the National Venture Capital Association (NVCA), based on data from Thomson Reuters and analyzed through the Thomson ONE.com (formerly VentureXpert) database of Thomson Reuters, which has been endorsed by the NVCA as the official industry activity database. Subscribers to

Thomson ONE can recreate most of the charts in this publication and report individual deal detail and more granular statistics than those provided herein.

Industry Resources

The activity level of the U.S. venture capital industry continued to increase in 2015 for the sixth consecutive year after the post-2000-era low reached in 2009. However, the activity level was still well below those seen in 2000. In 2015, 718 firms each invested \$5 million or more during the year (compared to 1,050 firms in 2000), of which 238 invested in first fundings, and 199 invested in life sciences.

The number of active firms increased in 2015 compared to 2014. Venture capital under management in the United States by the end of 2015 also increased to \$165.3 billion (as calculated using methodology described later in this book), reversing a three-year contraction of the industry.

Geographic location of venture firms remains concentrated. California-domiciled firms managed 55% of the capital at the end of 2015, slightly higher than 54% a year earlier. This is partly due to large California firms raising the larger funds, and the relocation of some east coast firms to the west.

Commitments

New commitments to venture capital funds in the United States decreased slightly to \$28.2 billion in 2015 from \$31.1 billion a year earlier. Though this represented a 9% decline over 2014, 2015 capital commitments were much higher than the \$17.8 billion and \$19.9 billion raised in 2012 and 2013, respectively. While the first half of 2015 kept pace with 2014—when commitments reached a post-2008 financial crisis high—fundraising in the second half of 2015 was more subdued. In 2015, 236 funds raised capital, compared to 272 in 2014.

Investments

On the heels of a strong fundraising year in 2014, investors diligently put capital to work in the entrepreneurial ecosystem in 2015. Investment reached \$59.1 billion, the highest amount since 2000 and the second highest on record. While a handful of unicorns—venture-backed companies valued at \$1 billion or more—and later stage funding rounds by nontraditional investors continued to grab the headlines, seed and early stage companies attracted 51% of all deals, with 1,444 companies raising venture capital funding for the first time. Sustaining the growth of later stage portfolio companies ahead of public offerings and strategic exits remains important to investors, as is investing in a new crop of disruptive and innovative startups across the United States.

Entrepreneurs in 46 states and the District of Columbia raised venture capital funding in 2015, with California receiving the largest share of dollars deployed (57%) and deals (41%).

The software sector maintained its dominance among investment sectors, receiving 40% of the dollars deployed in 2015.

Corporate venture groups deployed an estimated \$7.7 billion into 930 venture rounds, the highest investment total and deal count since 2000.

Figure 1.0
Venture Capital Under Management Summary Statistics

	1995	2005	2015
No. of VC Firms in Existence	425	1,009	798
No. of VC Funds in Existence	688	1,764	1,224
No. of First Time VC Funds Raised	38	43	93
No. of VC Funds Raising Money This Year	161	233	236
VC Capital Raised This Year (\$B)	9.4	30.1	28.2
VC Capital Under Management (\$B)	38.9	278.2	165.3
Avg VC Capital Under Mgt per Firm (\$M)	91.5	275.7	207.1
Avg VC Fund Size to Date (\$M)	44.4	98.0	135.0
Avg VC Fund Size Raised This Year (\$M)	58.3	129.1	119.6
Largest VC Fund Raised to Date (\$M)	5,600	10,025	21,700

Exits

Both the initial public offering (IPO) and merger and acquisition (M&A) markets for venture-backed companies in 2015 were unable to maintain the pace of activity from 2014. The decline in venture-backed IPOs was in line with an overall decline in filings on public exchanges, and the 77 venture-backed IPOs accounted for 42% of all IPOs last year, relatively on par with 2013 and 2014. While there was a dip in venture-backed IPOs, 2015 was down only 4% compared to 2013, and up 60% and 54% from 2012 and 2011, respectively. Venture-backed IPOs in 2015 raised \$9.4 billion and generated \$58.8 billion in post-offer value, which was generated from \$8.8 billion total venture investment in those companies. For the third straight year, biotechnology companies represented the majority of IPOs in 2015.

There were 360 venture-backed M&As in 2015. Of these, 87 had

disclosed values totaling \$17 billion, roughly one-third of the prior year's amount. Software companies accounted for approximately 50% of the number of M&A transactions reported.

Growth Equity

This edition of the NVCA Yearbook profiles U.S. growth equity investment in its own chapter for the third time ever. Growth equity emerged as an asset class in 2000 and continues strong today. Many of these deals are also included in venture capital statistics presented throughout this publication. Others are classified in buyout or other categories.

In 2015, we identified 463 growth equity deals in the United States, reaching a 15-year high and representing a 5% increase compared to 441 deals in 2014. A disclosed \$20.6 billion in equity investment was reported for 2015, up from \$20.1 billion a year earlier.

Figure 2.0
Capital Under Management U.S. Venture Funds (\$ Billions)
1995 to 2015

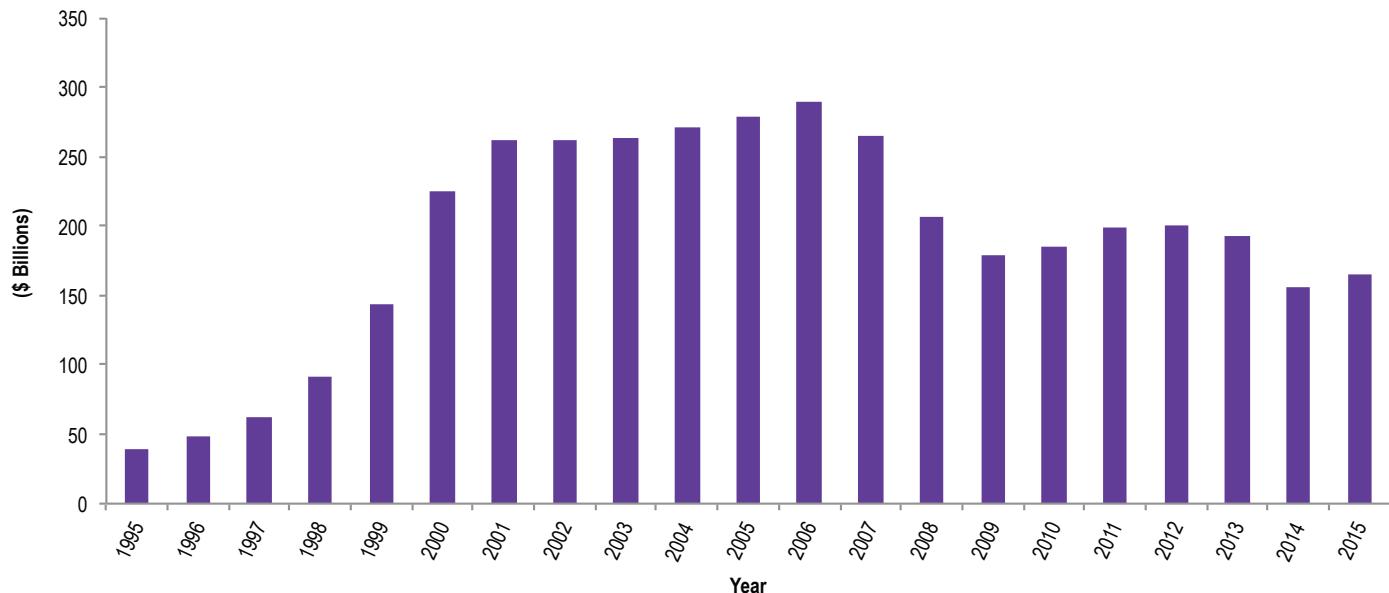


Figure 3.0
Capital Commitments To U.S. Venture Funds (\$ Billions)
1995 to 2015

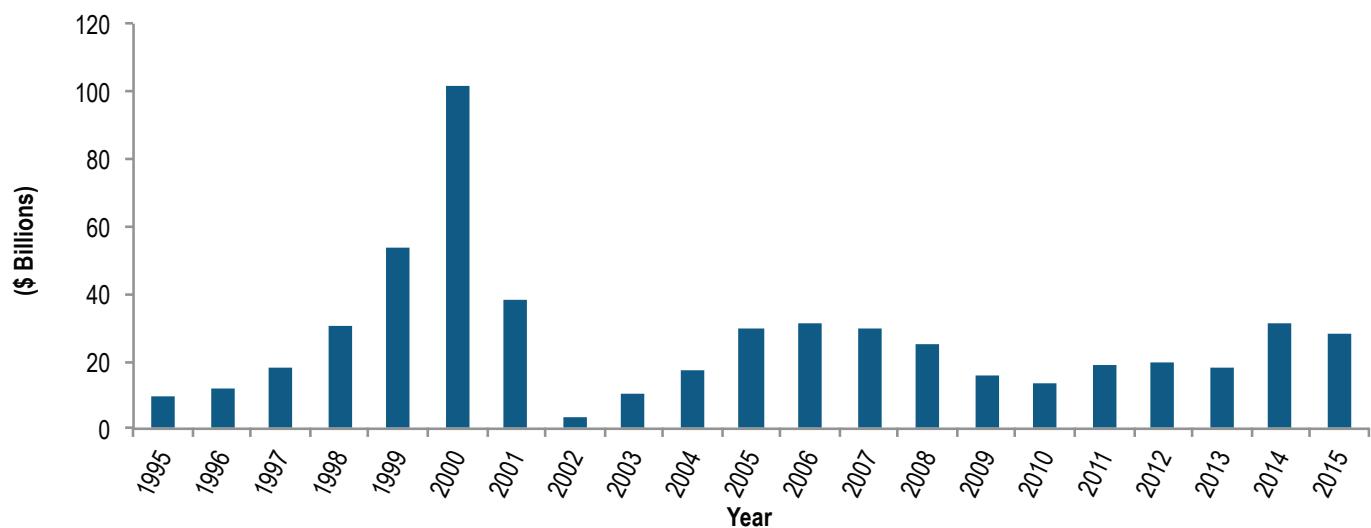


Figure 4.0
Venture Capital Investments (\$ Billions)
1995 to 2015

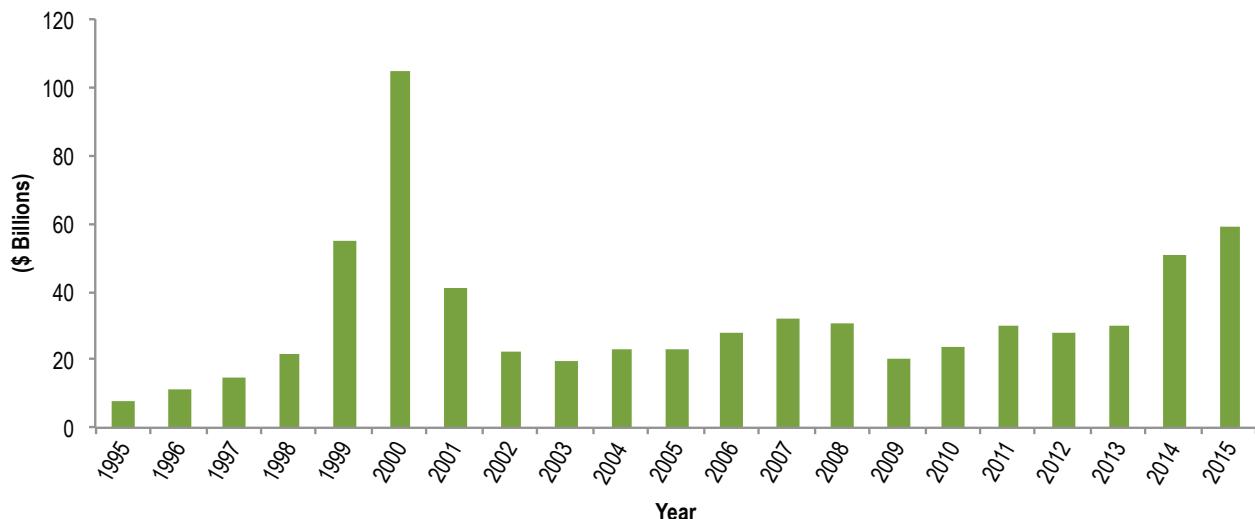


Figure 5.0
Venture Capital Investments in 2015 By Industry Group

Industry Group	All Investments			Initial Investments		
	No. of Companies	No. of Deals	Investment Amt (\$Bil)	No. of Companies	No. of Deals	Investment Amt (\$Bil)
Information Technology	2,620	3,038	42.1	1,035	1,035	5.6
Medical/Health/Life Science	664	830	10.9	200	200	2.3
Non-High Technology	425	512	6.1	209	209	1.2
Total	3,709	4,380	59.1	1,444	1,444	9.2

Figure 6.0
Venture Capital Investments in 2015
By Stage (% of Dollars Invested)

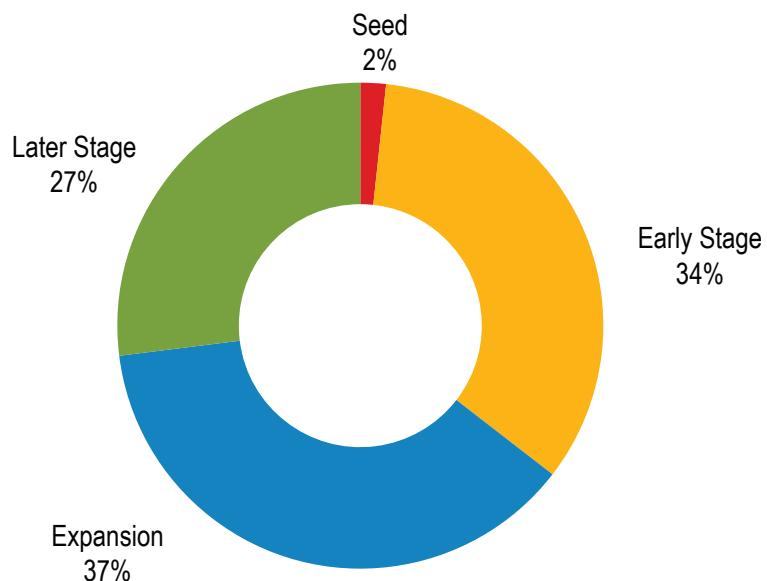
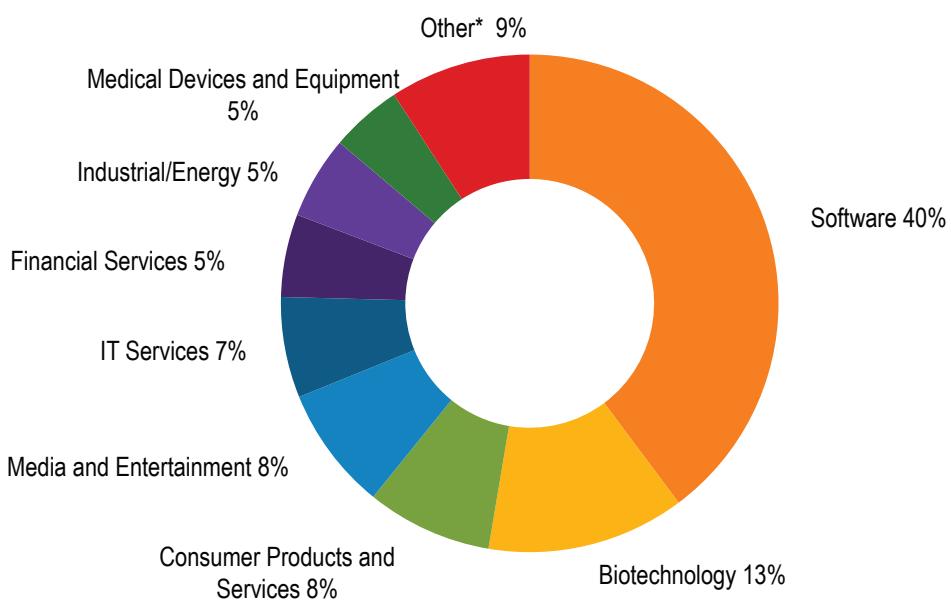


Figure 7.0
Venture Capital Investments in 2015 By Industry Sector
(% of Dollars Invested)



*Includes: Retailing/Distribution 2%, Healthcare Services 1%, Semiconductors 1%, Computers and Peripherals 1%, Telecommunications 1%, Business Products and Services 1%, Electronics/Instrumentation 1%, and Networking and Equipment 1%

Figure 8.0
2015 Investments By State

State	No. of Companies	Pct of Total	Investment (\$ Millions)	Pct of Total
California	1,498	40%	33,866.6	57%
New York	405	11%	6,254.4	11%
Massachusetts	350	9%	5,677.9	10%
Washington	100	3%	1,210.8	2%
Texas	133	4%	1,170.8	2%
Illinois	85	2%	1,103.6	2%
New Jersey	39	1%	979.0	2%
Maryland	61	2%	872.0	1%
Georgia	59	2%	836.1	1%
Colorado	74	2%	782.6	1%
All Others	905	24%	6,311.8	11%
Total	3,709		59,065.6	

Figure 9.0
Venture-Backed IPOs, 1995-2015

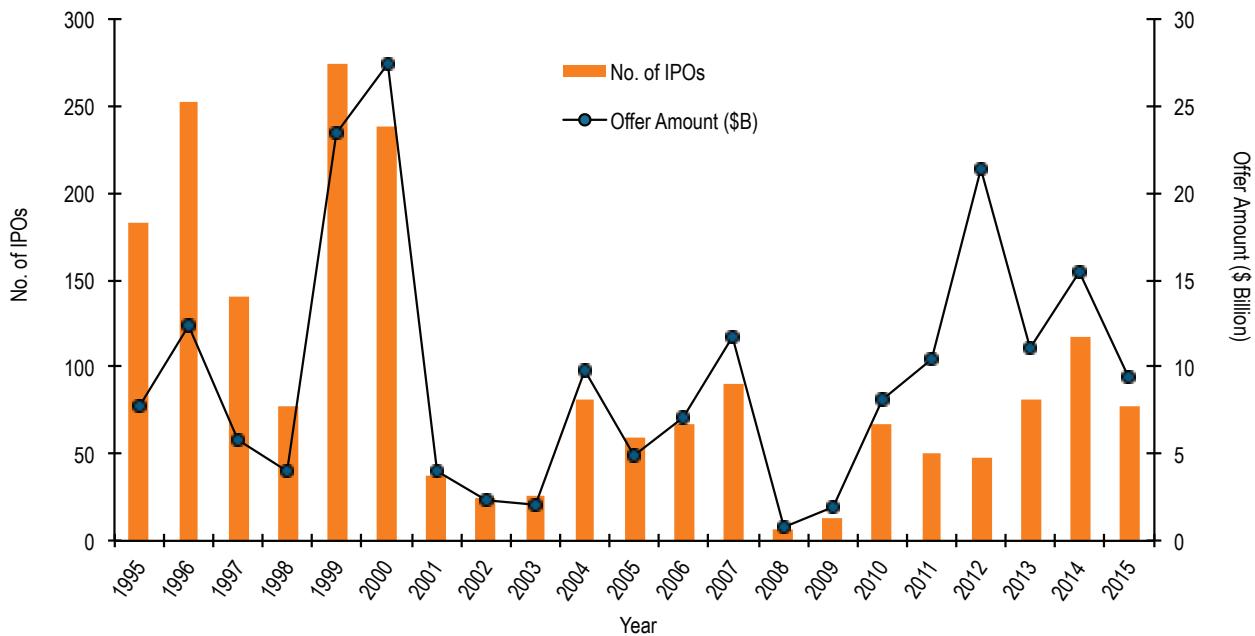


Figure 10.0
Venture-Backed Mergers & Acquisitions by Year

Year	Total No. of M&A's	No. With Disclosed Values	Price (\$ Millions)	Average (\$ Millions)	Median (\$ Millions)	Mean Time To Exit (Years)	Median Time To Exit (Years)
1995	92	58	3,801.8	65.5	31.0	4.6	4.1
1996	109	77	8,249.9	107.1	52.0	5.2	4.1
1997	146	101	7,817.7	77.4	43.5	4.5	3.2
1998	189	113	8,002.0	70.8	47.5	4.5	2.8
1999	228	155	38,710.6	249.7	85.6	3.6	2.8
2000	379	245	79,996.4	326.5	125.0	3.2	2.7
2001	385	175	25,115.6	143.5	30.0	3.0	2.2
2002	364	166	11,913.2	71.8	20.0	3.5	2.9
2003	324	135	8,243.6	61.1	27.5	4.3	3.6
2004	403	200	23,432.4	117.2	49.0	5.0	4.6
2005	447	201	19,717.3	98.1	45.0	5.4	5.2
2006	482	207	24,221.0	117.0	58.3	5.7	5.7
2007	488	201	30,745.5	153.0	85.0	5.8	6.3
2008	417	134	14,925.7	111.4	52.6	5.9	5.6
2009	350	109	12,364.9	113.4	30.0	5.7	5.5
2010	525	152	17,733.5	116.7	65.8	5.8	5.1
2011	492	170	24,197.2	142.3	81.0	5.8	5.0
2012	477	132	22,694.2	171.9	100.0	6.1	5.6
2013	386	95	16,909.8	178.0	130.0	5.9	4.9
2014	472	140	48,139.9	343.9	93.8	6.2	5.5
2015	360	87	16,947.1	194.8	110.0	6.1	4.7

Average acquisition price is calculated by dividing total known acquisition proceeds by the number of transactions where the proceeds are known, not the total number of transactions. Median figures are calculated based on transactions with disclosed amounts only.

INDUSTRY RESOURCES

The activity level of the U.S. venture capital industry continued to increase in 2015 for the sixth consecutive year after the post-2000-era low reached in 2009. However, the activity level was still well below activity levels seen in 2000. In 2015, 718 firms each invested \$5 million or more during the year (compared to 1,050 firms in 2000), of which 238 invested in first fundings, and 199 invested in life sciences.

As the number of active firms increased in 2015, venture capital under management in the United States by the end of 2015 also grew to \$165.3 billion (as calculated using the methodology described below), reversing a three-year contraction of the industry. Looking more closely at the numbers, the 2015 increase was expected given the strong fundraising activity in 2014. However, the industry overall has contracted relative to the circa 2006 high of \$288.9 billion.

Geographic location of venture firms remains concentrated. California-domiciled firms managed 55% of the capital at the end of 2015, slightly higher than 54% a year earlier. This is partly due to large California firms raising the larger funds, and the relocation of some east coast firms to the west. Collectively, the top five states by capital under management in 2015—California, Massachusetts, New York, Washington, and Texas—held 85% of the capital actively managed at the end of 2015, compared with 84% in 2014.

Contrary to some popular misconceptions, only 36 firms managed more than \$1 billion. By comparison, 330 firms managed \$25 million or less.

Methodology

Historically, we have calculated industry size using a “rolling eight years of fundraising” proxy for capital managed, number of funds, number of firms, etc. The number of firms in existence will vary on a rolling eight-year basis as firms raise new funds or do not raise funds for more than eight years. Currently, we know the industry is consolidating, but the eight-year model now includes fund vintage years 2008-2015.

Under this methodology, we estimate that there are currently 694 firms with limited partnerships “in existence.” To clarify, this is actually stating that there are 694 firms that have raised a venture capital fund in the last eight years. In reality, 718 firms deployed at least \$5 million in companies in 2015, and 238 of them invested more than \$5 million in first rounds for a company. In some cases, a firm may have made an investment in a given year but its exact fund details are unknown, which is why it may not be included in the figure for funds raised in the past eight years.

For this publication, we are primarily counting the number of firms with limited partnerships and are excluding other types of investment vehicles. From that description, it may appear that the statistics for total industry resources may be underestimated. However, this must be balanced with the fact that capital under management by captive and evergreen funds is difficult to compare equitably to typical limited partnerships with fixed lives. For this analysis only, the firms counted for capital under management include firms with fixed-life partnerships and venture capital funds they raised. If a firm raised both buyout and venture capital funds, only the venture funds would be counted in the calculation of venture capital under management.

Venture capital under management can be a complex statistic to estimate. Indeed, capital under management reported by firms can differ from firm to firm as there’s not one singular definition. For example, some firms include only cumulative committed capital, others may include committed capital plus capital gains, and still other firms define it

as committed capital after subtracting liquidations. To complicate matters, it is difficult to compare these totals to European private equity firms, which include capital gains as part of their capital under management measurements.

For purposes of the analysis in this publication, we have tried to clarify the industry definition of capital under management as the cumulative total of committed capital less liquidated funds or those funds that have completed their life cycle. Typically, venture capital firms have a stated 10-year fixed life span, except for life science funds, which are often established as 12-year funds. Figure 1.08 shows the reality of fund life. Thomson Reuters calculates capital under management as the cumulative amount committed to funds on a rolling eight-year basis. Current capital under management is calculated by taking the capital under management calculation from the previous year, adding in the current year’s funds’ commitments, and subtracting the capital raised eight years prior.

For this analysis, Thomson Reuters classifies venture capital firms using four distinct types: private independent firms, financial institutions, corporations, and other entities. ‘Private independent’ firms are made up of independent private and public firms including both institutionally and non-institutionally funded firms and family groups. ‘Financial institutions’ refers to firms that are affiliates and/or subsidiaries of investment banks and non-investment bank financial entities, including commercial banks and insurance companies. The ‘corporations’ classification includes venture capital subsidiaries and affiliates of industrial corporations. The capital under management statistics reported in this section consist primarily of venture capital firms investing through limited partnerships with fixed commitment levels and fixed lives and do not include non-vintage “evergreen funds” or true captive corporate industrial investment groups without fixed commitment levels. The term ‘evergreen funds’ refers to funds that have a continuous infusion of capital from a parent organization, as opposed to the fixed life and commitment level of a closed-end venture capital fund.

Figure 1.01
Capital Under Management U.S. Venture Funds (\$ Billions)
1995 to 2015

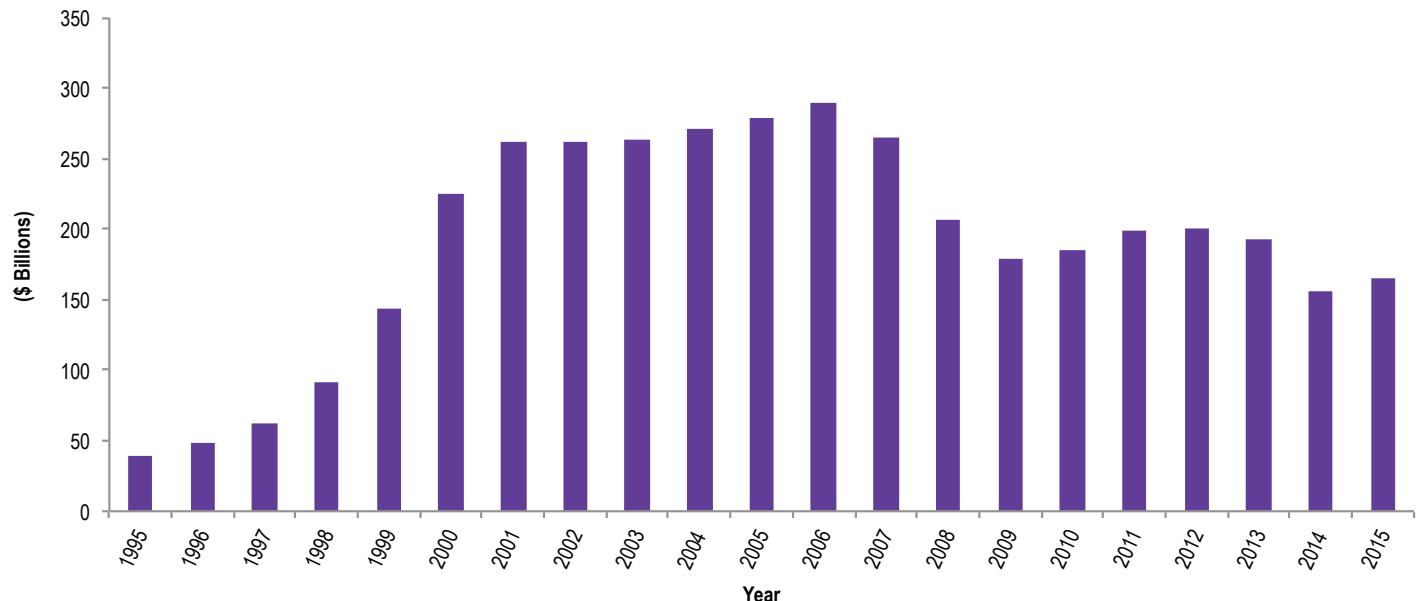


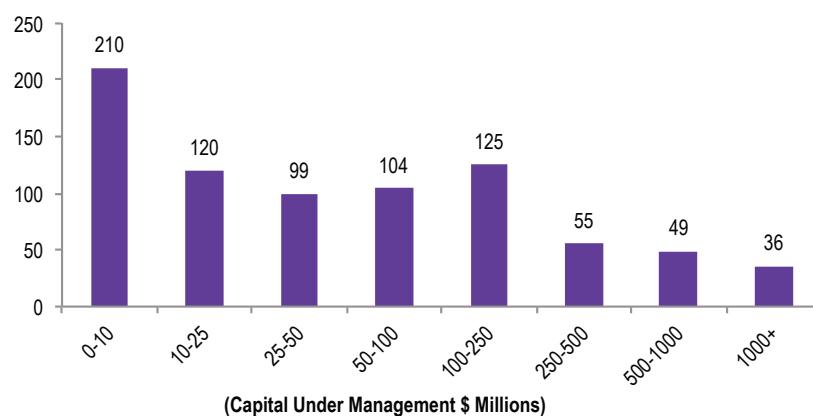
Figure 1.02
Total Capital Under Management By Firm Type 1995 to 2015 (\$ Millions)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Private Independent	33,308	40,201	51,940	76,560	119,121	187,356	221,327	222,028	224,828	233,595	241,637
Financial Institutions	3,688	5,070	7,061	10,238	15,291	22,980	24,459	23,945	23,015	21,659	21,110
Corporations	1,526	2,219	2,531	3,425	8,169	12,995	14,153	14,126	13,886	13,627	13,467
Other	378	410	667	877	1,119	1,469	2,061	2,201	2,170	2,219	1,986
Total	38,900	47,900	62,200	91,100	143,700	224,800	262,000	262,300	263,900	271,100	278,200

Figure 1.02 (Continued)
Total Capital Under Management By Firm Type 1995 to 2015 (\$ Millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Private Independent	255,315	239,643	194,573	171,016	174,722	186,032	186,676	179,202	141,872	152,082
Financial Institutions	18,325	13,914	6,034	4,708	5,620	7,734	7,970	6,615	6,492	9,583
Corporations	13,297	8,990	4,294	3,125	3,688	4,860	4,892	6,401	6,730	1,695
Other	1,963	1,754	1,399	851	670	674	662	682	1,448	1,974
Total	288,900	264,300	206,300	179,700	184,700	199,300	200,200	192,900	156,542	165,335

Figure 1.03
Distribution of Firms By Capital Managed 2015



This chart shows capital committed to US venture firms in active funds. While much of the capital is managed by larger firms, of the 798 firms included in this calculation at the end of 2015, roughly 67% of them (533) managed \$100 million or less. By comparison, just 36 firms managed active funds totaling more than \$1 billion.

Figure 1.04
Fund and Firm Analysis 2015

Fund Vintage Year	Total Cumulative Funds	Total Cumulative Firms	Total Cumulative Capital (\$B)	Existing Funds	Firms That Raised Funds in the Last 8 Vintage Years	Capital Managed (\$B)	Avg Fund Size (\$M)	Avg Firm Size (\$M)
1995	1,498	608	66.2	688	425	38.9	56.5	91.5
1996	1,648	670	78.8	760	471	47.9	63.0	101.7
1997	1,862	764	98.1	882	545	62.2	70.5	114.1
1998	2,099	843	129.3	1062	616	91.1	85.8	147.9
1999	2,435	969	184.1	1360	736	143.7	105.7	195.2
2000	2,851	1,111	268.9	1704	866	224.8	131.9	259.6
2001	3,096	1,194	311.3	1852	923	262	141.5	283.9
2002	3,178	1,211	319	1836	921	262.3	142.9	284.8
2003	3,286	1,264	330.1	1788	951	263.9	147.6	277.5
2004	3,451	1,332	349.9	1803	985	271.1	150.4	275.2
2005	3,626	1,402	376.3	1764	1,009	278.2	157.7	275.7
2006	3,815	1,481	418.2	1716	1,022	288.9	168.4	282.7
2007	4,034	1,567	448.4	1599	1,016	264.3	165.3	260.1
2008	4,221	1,631	475.2	1370	886	206.3	150.6	232.8
2009	4,327	1,672	491	1231	823	179.7	146.0	218.3
2010	4,456	1,736	503.7	1278	853	184.7	144.5	216.5
2011	4,621	1,801	529.4	1335	881	199.3	149.3	226.2
2012	4,785	1,868	550	1334	883	200.2	150.1	226.7
2013	4,957	1,938	569.2	1331	874	192.9	144.9	220.7
2014	5,062	2,054	599.1	1206	803	156.5	129.8	194.9
2015	5,210	2,161	627.3	1224	798	165.3	135.0	207.1

The correct interpretation of this chart is that since the beginning of the industry to the end of 2015, 2,161 firms had been founded and 5,210 funds had been raised. Those funds totaled \$627.3 billion. At the end of 2015, 798 firms as calculated using our eight-year methodology managed 1,224 individual funds, with each fund typically being a separate limited partnership. Capital under management, again calculated using a rolling eight years of fundraising, by those firms at the end of 2015 was \$165.3 billion.

Figure 1.05 Number of Active Investors 1995-2015			
Year	No. of Active Investors	No. of Active First Round Investors	No. of Active Life Science Investors
1995	183	94	52
1996	250	123	64
1997	340	136	82
1998	396	163	82
1999	712	319	106
2000	1,050	548	148
2001	759	221	154
2002	538	137	146
2003	514	134	168
2004	580	204	200
2005	558	182	194
2006	575	192	199
2007	635	243	241
2008	615	212	223
2009	471	106	178
2010	511	138	180
2011	554	161	189
2012	549	140	177
2013	570	144	185
2014	647	201	202
2015	718	238	199

Firms included in each count must have invested \$5 million in that year in that category. Life Sciences investor count includes investment in companies in the two MoneyTree Categories: Biotechnology/Pharma and Medical Devices/Equipment.

**Figure 1.06
Top 5 States By Capital Under Management 2015**

State	(\$ Millions)
California	90,585.5
Massachusetts	23,619.2
New York	21,633.8
Washington	2,806.1
Texas	2,527.8
Total*	141,172.4

*Total includes above 5 states only

**Figure 1.08
Life of IT Funds in Years**

Life of IT Funds In Years	% of Funds
10 or less	7%
11-12	20%
13-14	27%
15-16	22%
17-18	14%
19 or more	10%

Source: Adams Street Partners, based on 2010 analysis of dissolved funds. This chart tracks the year in which a 10-year fund is, in fact, dissolved. These later periods are referred to as "out years." Historically, after the 10th year, only a few companies that typically do not have huge upside potential remain in the portfolios. But the slow pace of exits in recent years has resulted in a number of good, mature companies remaining in portfolios well past the nominal 10-year mark. Life science funds tend to have lives two years longer than typical technology funds. In preparing this chart, partial years are rounded to the nearest whole year. So 10.4 years would round to 10 years, and 10.5 years would round up to 11 years. The median life span of a fund in this analysis is 14.17 years.

Figure 1.07
Capital Under Management By State 1995–2015 (\$ Millions)

State	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CA	12,015	15,379	20,289	27,452	51,226	85,153	105,283	105,172	107,896	113,719	119,881	128,655	117,244	100,374	87,469	90,424	96,923	99,386	94,077	85,148	90,586
MA	6,553	6,980	9,859	15,397	22,905	37,341	45,970	47,440	47,019	47,553	48,784	53,712	50,417	37,146	30,861	30,528	30,209	32,914	32,637	20,418	23,619
NY	8,246	9,995	10,311	19,676	26,659	38,938	39,981	38,421	37,176	36,710	36,242	29,115	25,441	13,205	12,198	13,599	18,628	17,653	19,480	19,590	21,634
WA	299	463	680	1,081	1,796	2,803	3,687	3,691	3,568	4,629	4,590	4,597	5,174	4,625	3,721	3,691	3,708	2,943	3,303	2,962	2,806
TX	1,145	1,233	1,688	3,001	4,797	6,881	8,001	7,932	7,806	8,259	8,486	8,242	6,589	5,467	4,193	4,057	4,735	4,455	4,215	3,049	2,528
PA	822	1,332	1,750	2,105	3,090	6,241	6,344	6,241	6,532	6,439	6,509	7,037	7,143	4,642	4,482	4,495	4,250	4,220	3,623	2,509	2,375
CT	2,064	2,194	3,323	4,492	6,787	8,260	10,623	10,462	10,431	12,066	11,984	13,336	11,699	10,426	7,428	8,201	8,940	6,928	5,815	1,966	2,185
IL	1,419	1,263	1,939	2,191	3,693	4,308	4,747	5,202	5,559	5,685	5,163	5,286	4,239	3,620	3,282	3,065	4,595	4,451	4,517	1,911	1,999
DC	146	1,698	2,382	2,504	2,661	3,899	4,172	4,739	4,616	3,401	3,582	4,641	5,047	4,833	4,632	4,049	4,527	4,193	3,369	1,985	1,729
MD	914	1,523	2,012	2,649	3,513	5,119	5,383	5,165	5,047	4,811	4,762	4,744	4,433	2,934	3,005	2,927	3,134	3,282	2,854	2,023	1,705
CO	475	552	867	1,165	3,337	4,781	5,293	5,438	5,416	5,229	4,882	4,664	3,011	1,603	974	1,139	1,148	1,187	1,635	1,635	1,617
MI	41	41	66	77	439	588	591	590	631	859	912	946	685	919	976	1,065	1,263	1,045	1,203	1,122	1,414
NC	123	294	620	806	1,009	1,367	1,448	1,599	1,803	1,644	1,468	1,678	1,564	1,211	1,238	1,730	1,631	1,726	1,558	950	1,381
VA	48	73	252	508	1,238	2,524	2,638	2,652	2,822	2,868	3,338	3,367	3,014	1,801	2,226	2,271	2,081	2,056	1,583	1,775	1,320
TN	306	455	465	745	1,059	1,237	1,281	1,162	1,174	1,043	1,089	887	716	624	614	840	857	845	795	1,138	1,174
NJ	958	1,489	1,563	2,177	2,715	3,633	4,315	4,231	4,444	4,083	4,074	5,160	5,022	4,135	3,917	3,965	3,691	3,503	3,447	1,126	1,090
FL	321	304	380	690	1,072	1,785	1,751	1,684	1,592	1,577	1,802	1,525	1,284	557	801	875	832	834	529	1,200	999
UT	31	31	94	96	131	268	475	449	560	589	546	651	1,259	1,335	1,144	1,209	1,245	1,422	1,429	1,238	875
MN	877	514	618	715	1,093	2,238	2,189	2,366	2,359	2,361	2,441	2,593	2,473	1,639	1,657	1,319	1,323	1,426	1,531	1,044	629
OH	447	377	692	766	1,247	1,850	1,874	1,876	1,855	1,986	1,806	1,722	1,329	713	565	522	573	456	529	608	580
MO	119	125	148	111	217	307	450	418	407	504	1,232	1,293	1,385	1,317	1,182	1,189	1,192	1,324	561	565	554
AL	6	6	5	24	33	107	107	107	155	173	225	227	219	359	363	366	391	376	317	299	531
GA	434	361	765	1,077	1,164	2,311	2,160	2,154	2,077	2,109	1,835	1,940	1,931	808	783	787	921	882	1,122	659	390
AZ	44	10	10	38	38	101	104	145	180	180	199	171	173	130	118	263	261	311	295	416	354
LA	49	90	277	367	444	476	651	648	631	663	502	431	353	336	196	265	282	217	249	54	345
DE	100	122	115	117	116	114	80	69	28	15	15	15	251	256	404	504	653	755	756	210	212
WI	168	196	180	204	174	246	245	152	152	133	105	207	254	182	185	212	237	309	339	228	171
IN	111	194	176	192	207	663	662	651	684	593	595	608	617	136	342	343	309	344	345	324	95
IA	5	5	16	17	16	16	60	60	55	65	53	60	67	69	39	39	29	29	31	78	
OR	77	30	30	40	40	100	100	112	83	85	85	76	78	34	40	29	29	38	46	47	69
ND	0	0	0	0	0	0	0	0	0	0	0	0	0	13	13	14	14	14	58	59	59
KY	21	21	21	21	21	21	14	14	14	21	219	221	226	228	230	216	223	216	7	44	
NM	154	152	121	12	12	12	12	33	35	69	74	77	79	80	114	84	83	42	37	35	
KS	37	37	57	43	43	42	42	19	19	0	0	0	0	0	0	0	14	14	34	64	34
SD	0	10	10	85	84	178	178	177	177	175	175	103	113	32	32	48	48	40	40	40	
HI	2	2	2	2	11	11	11	9	16	16	16	7	14	14	43	44	36	36	16	16	
MS	11	11	11	12	11	11	39	39	28	28	28	29	30	1	1	1	1	1	14	14	
VT	0	0	0	0	0	16	43	43	43	43	43	43	57	41	14	19	19	29	31	12	
MT	0	0	0	0	0	0	0	0	0	0	0	2	2	2	2	2	2	0	11		
OK	10	32	23	67	66	140	140	139	139	117	117	111	121	47	47	48	48	48	50	23	10
ME	89	87	88	89	207	202	290	218	219	214	215	310	194	198	108	109	109	110	110	10	10
NE	105	137	139	141	140	175	165	164	71	38	38	38	38	0	0	2	2	3	3	3	7
NH	47	19	66	67	66	65	65	46	47	0	11	11	11	11	11	11	11	16	16	5	5
SC	29	52	37	37	37	36	37	51	38	15	20	20	20	21	20	5	6	6	0	1	1
AR	0	0	0	0	19	19	19	19	19	19	19	19	0	0	0	0	0	0	0	0	
ID	0	0	0	0	14	14	14	14	14	14	14	84	86	73	74	74	74	75	75	1	0
PR	9	9	49	40	40	39	68	68	68	68	29	29	30	31	1	1	1	1	1	1	0
WY	0	0	0	0	0	118	117	117	117	117	118	118	119	0	0	0	0	0	0	0	
RI	23	0	2	2	2	26	26	35	35	33	33	33	34	10	10	0	0	0	0	0	
NV	0	0	0	0	24	23	33	33	33	33	33	9	10	10	0	0	0	0	0	0	
WV	0	0	0	0	0	21	21	21	21	21	21	21	21	0	0	0	0	0	0	0	
UN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
AK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	38,900	47,900	62,200	91,100	143,700	224,800	262,000	262,300	263,900	271,100	278,200	288,900	264,300	206,300	179,700	184,700	199,300	200,200	192,900	156,542	165,335

CAPITAL COMMITMENTS

The strong venture capital fundraising pace from 2014 continued in 2015. New commitments to venture capital funds in the United States decreased slightly to \$28.2 billion in 2015 from \$31.1 billion a year earlier. Though this represented a nine percent year-over-year decline, 2015 capital commitments were much higher than the \$17.8 billion and \$19.9 billion raised in 2012 and 2013, respectively. While the first half of 2015 kept pace with 2014—when commitments reached a post-2008 financial crisis high—fundraising in the second half of 2015 was more subdued. In 2015, 236 funds raised capital, compared to 272 in 2014.

New commitments to California-domiciled funds dropped as a percentage of total U.S. commitments from 62% in 2014 to 49% in 2015. Over the same time period, New York-domiciled funds nearly doubled their share of annual total U.S. commitments from 13% in 2014 to 24% in 2015. New York has witnessed a steady increase in venture investment over the past three years, and with new firms setting up shop and existing firms opening offices there, New York's presence within the venture ecosystem continues to grow.

This is the ninth consecutive year in which more money was invested by the industry than raised in new commitments. That has been the case in 14 of the past 16 years. While this is not a true apples-to-apples comparison, it does explain the industry's strong interest in continuing to raise additional funds in 2016 and beyond. While there has been some additional capital allocated to this asset class, for many U.S. venture firms raising additional funds right now remains difficult.

Please note that the state of fund domicile matters less than has been true historically. Much of the money is managed by large, national funds that tend to actively invest in a broad geographic footprint. Readers should not interpret capital available to entrepreneurs in a given state as being limited to the capital raised in that state.

Methodology

As defined by Thomson Reuters, capital commitments, also known as fundraising, are capital commitments to private equity/venture capital limited partnerships by outside investors. For purposes of these statistics, the terms "capital commitments," "fundraising," and "fund closes" are used interchangeably. There are three data sources for tracking capital commitments:

1. SEC filings that are regularly monitored by Thomson Reuters' research staff,
2. Surveys of the industry routinely conducted by Thomson Reuters, and
3. Verified industry press and press releases from venture firms.

Capital commitments are stated on either:

1. A calendar-year basis when committed (for example, throughout this chapter), or
2. A vintage year basis that is designated once the fund starts investing (for example, figure 1.04).

The data in this chapter is by calendar year and incrementally measures how much in new commitments the venture funds raised during the calendar year. Consider, for example, a venture capital firm that announced

a \$200 million fund in late 2012, raised \$75 million in 2013, and subsequently raised the remaining \$125 million in 2014. In this chapter, nothing would be reflected in 2012, \$75 million would be counted in 2013, and \$125 million would be counted in 2014. Assuming it started investing and made its first capital call in 2014, the entire fund would then be considered to be a 2014 vintage year fund. In the Industry Resources chapter, the entire \$200 million would appear as a 2014 fund, e.g. in Figure 1.04. Funds raising money in multiple years explains why the sum of the annual count of funds raising money exceeds the number of funds reflected in vintage year tables.

Note that fund commitments presented in this publication do not include those corporate captive venture capital funds that are funded by a corporate parent, which do not typically raise capital from outside investors. Remember, too, when comparing new commitments to amount invested that:

1. There are timing differences between the commitment and when the money is called into the fund by the venture capitalist, and
2. Venture rounds increasing include capital other than that provided from venture capital funds.

Figure 2.01
Capital Commitments To U.S. Venture Funds (\$ Billions)
1995 to 2015

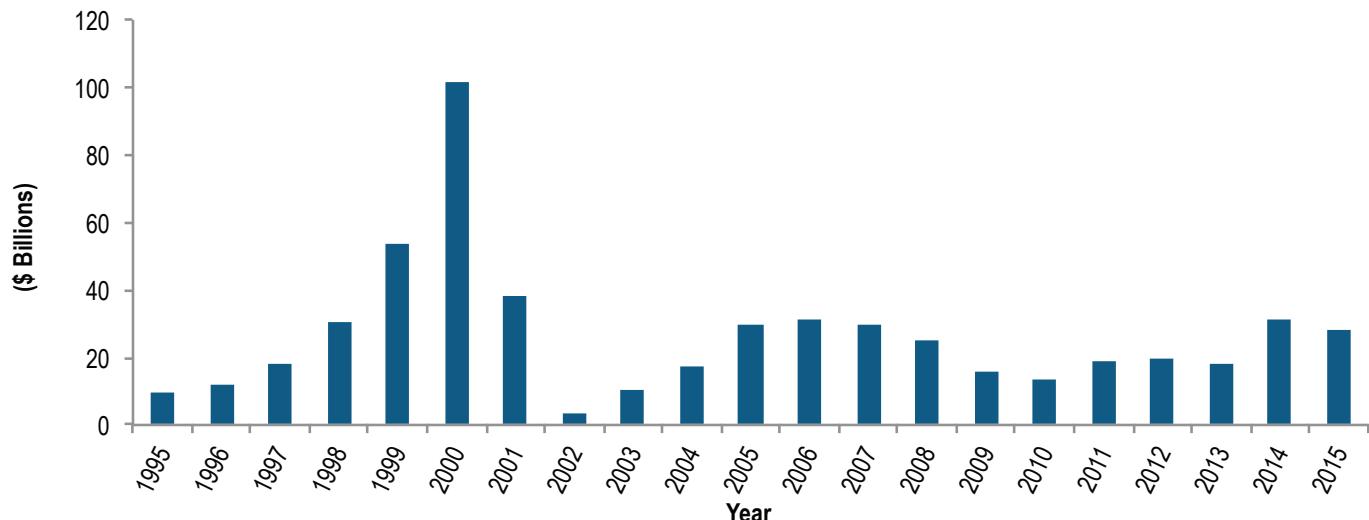


Figure 2.02
Capital Commitments To Private Equity Funds 1995-2015

Year	Venture Capital		Buyouts and Mezzanine Capital		Total Private Equity		
	Sum (\$Mil)	% of Total PE	No. of Funds	Sum (\$Mil)	No. of Funds	Sum (\$Mil)	No. of Funds
1995	9,387	26%	161	26,928	106	36,315	267
1996	11,550	26%	168	32,789	104	44,339	272
1997	17,742	30%	242	42,165	134	59,907	376
1998	30,642	33%	290	61,636	172	92,278	462
1999	53,445	51%	429	51,523	165	104,968	594
2000	101,427	56%	632	79,165	170	180,592	802
2001	38,098	43%	323	51,388	137	89,487	460
2002	3,513	9%	202	35,548	125	39,061	327
2003	10,545	23%	159	35,946	123	46,491	282
2004	17,639	23%	210	59,837	158	77,477	368
2005	30,072	22%	233	107,447	206	137,519	439
2006	31,108	17%	236	152,900	219	184,007	455
2007	29,994	11%	235	233,869	267	263,863	502
2008	25,055	12%	214	176,057	228	201,112	442
2009	16,104	19%	162	67,562	147	83,666	309
2010	13,284	20%	176	52,471	180	65,755	356
2011	19,081	21%	192	70,378	212	89,458	404
2012	19,905	15%	218	108,839	231	128,744	449
2013	17,753	12%	209	134,995	237	152,748	446
2014	31,098	21%	272	118,474	244	149,572	516
2015	28,218	20%	236	116,298	165	144,516	401

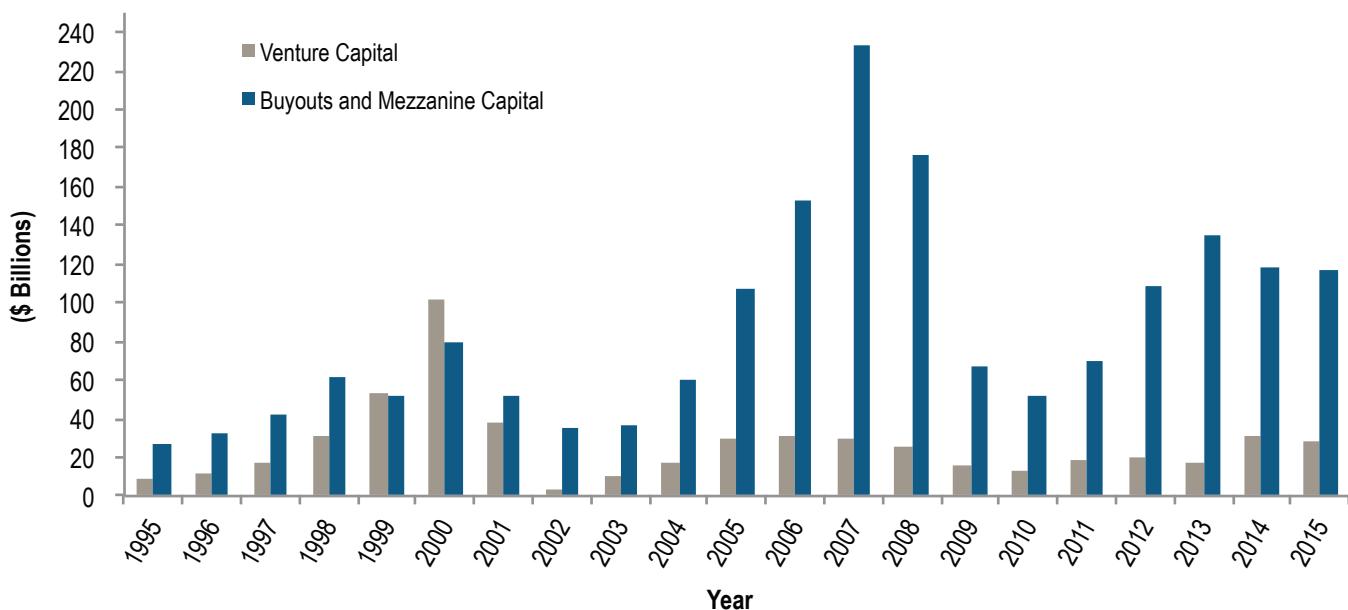
Figure 2.03
Venture Capital Fund Commitments 1995-2015 (\$ Millions)

State	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CA	3,313.3	3,749.0	5,621.5	8,846.2	22,316.1	44,447.9	15,956.4	154.0	4,829.7	8,565.3	13,319.3	13,636.0	13,383.5	13,962.8	9,046.5	6,360.8	9,753.1	14,642.0	5,849.2	19,365.0	13,903.2
NY	2,364.1	1,516.1	3,609.2	9,346.1	8,946.2	15,400.0	2,267.7	829.4	1,233.3	2,148.7	1,735.7	2,252.8	4,488.8	1,942.6	1,671.4	1,269.5	4,136.0	792.2	2,334.6	3,963.9	6,666.3
MA	1,748.4	1,846.4	2,601.6	4,785.9	7,125.1	16,237.7	7,917.1	1,468.5	1,597.0	1,564.7	9,150.9	4,365.6	4,817.0	2,464.9	3,123.2	2,664.9	2,336.2	1,444.7	5,621.5	2,952.1	2,822.9
WA	128.5	179.3	180.0	408.8	640.3	1,174.6	888.0	43.0	1.2	955.3	280.6	562.9	1,376.2	492.4	5.3	0.0	0.0	398.8	561.8	231.0	1,174.9
NC	10.1	183.5	349.0	173.7	180.4	613.4	104.6	74.9	239.3	17.3	108.0	401.4	185.3	102.9	5.4	280.3	109.6	226.1	128.8	20.0	491.3
TX	178.6	326.0	394.0	1,329.6	1,802.5	3,614.8	2,232.2	0.0	75.6	588.9	570.3	257.0	263.8	1,037.9	26.8	84.2	209.6	111.3	274.3	340.8	475.4
CO	19.4	216.4	252.9	432.6	1,942.1	2,414.3	512.6	0.0	93.9	83.9	68.8	132.5	358.3	220.7	0.0	262.1	6.1	280.4	275.1	182.0	417.6
UT	0.0	0.0	17.0	50.0	61.5	126.0	231.7	0.0	34.3	40.3	24.0	169.6	213.2	581.0	29.8	16.5	160.4	159.3	136.9	31.0	283.9
MI	0.0	26.0	11.3	0.3	320.8	241.0	8.0	0.0	64.8	63.3	122.4	23.0	49.0	255.6	84.0	176.5	194.0	21.1	241.8	184.5	280.8
PA	113.6	264.0	783.9	177.0	1,240.8	2,751.5	536.6	53.7	388.0	450.7	688.2	794.4	825.8	962.7	233.2	205.2	126.8	281.9	259.9	359.5	267.8
NJ	213.1	605.8	117.6	1,001.8	569.8	1,040.9	651.7	392.1	560.6	196.7	204.3	1,387.4	210.4	52.8	503.7	112.4	100.3	64.8	0.0	223.7	251.7
CT	260.2	424.9	1,166.0	1,067.6	2,842.6	1,813.4	3,464.3	213.7	191.0	1,756.5	143.1	3,286.0	286.6	227.3	157.7	938.2	11.0	23.2	0.0	700.0	209.5
IL	229.7	295.2	575.1	466.4	1,298.6	964.2	1,103.2	477.9	587.4	432.3	80.5	422.0	544.9	258.0	215.6	237.6	215.1	131.7	200.2	621.6	184.8
DC	130.0	820.0	667.6	391.5	359.6	778.3	622.2	314.8	0.0	299.5	392.6	896.3	314.6	1,122.9	204.1	0.0	475.0	0.0	44.8	7.6	161.2
TN	83.8	149.0	109.1	266.4	254.8	261.6	36.9	22.4	93.3	0.0	83.8	61.8	99.5	134.0	88.8	57.0	164.1	277.8	310.4	69.6	147.3
MO	11.3	6.0	45.4	25.0	79.6	64.8	286.2	0.0	0.0	80.3	828.7	39.7	210.3	53.9	0.0	72.0	0.0	155.0	101.4	40.0	116.3
VA	7.0	20.0	165.4	226.0	884.0	2,211.9	119.1	37.5	196.3	72.0	418.6	555.4	582.4	105.3	14.4	121.4	36.8	44.7	451.9	416.3	106.6
GA	74.2	34.3	40.9	181.0	30.0	917.9	19.0	0.0	0.0	55.0	103.5	361.7	203.0	18.7	18.8	30.0	25.6	17.2	133.0	88.8	66.6
FL	106.0	0.0	77.7	250.0	325.9	954.7	25.8	8.0	56.0	1.0	313.0	435.2	109.3	25.2	32.3	74.6	1.6	439.4	114.8	313.5	54.6
OH	10.0	0.0	358.4	58.0	658.6	662.0	330.0	101.7	0.0	209.7	558.2	152.2	81.5	83.4	1.9	30.3	76.1	19.1	240.2	128.0	38.9
WI	0.0	31.0	30.2	0.0	16.6	66.0	14.0	0.0	70.0	10.7	0.0	80.7	102.3	15.1	9.2	27.3	0.2	40.0	67.5	1.5	29.6
IA	5.0	0.0	10.5	1.8	5.0	21.0	26.0	0.0	0.0	10.0	0.0	42.9	0.0	0.0	15.4	0.0	0.0	0.0	40.4	22.7	
IN	0.0	116.1	0.0	12.8	20.0	103.3	0.0	10.0	35.6	17.0	6.0	24.5	1.2	28.8	1.0	28.1	0.0	39.0	8.0	0.0	15.4
DE	31.0	64.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	12.0	
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.1	11.2	
NE	111.0	36.0	0.0	0.0	0.0	40.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	1.0	0.0	0.0	3.2
KY	15.0	0.0	42.0	0.0	0.0	0.0	135.0	8.0	2.1	0.0	8.0	65.0	98.0	12.0	0.0	0.0	0.0	7.0	0.0	34.7	1.9
MD	66.5	439.0	145.0	768.2	839.7	1,989.9	340.5	380.5	105.0	161.5	432.8	472.2	776.4	368.9	484.1	67.6	543.5	28.9	67.4	215.9	0.6
AL	0.0	0.0	5.0	30.0	0.0	137.0	16.4	11.0	49.0	18.7	69.7	19.1	0.0	117.9	101.4	1.5	58.1	19.9	0.0	232.0	0.0
NH	20.0	0.0	50.0	0.0	0.0	0.0	0.0	11.2	8.8	0.0	0.0	5.0	6.7	0.0	0.0	0.0	0.0	4.5	0.0	0.0	0.0
NM	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.8	4.2	25.6	5.2	1.3	0.0	0.0	35.0	1.1	0.0	0.0	0.0	0.0
RI	0.0	0.0	0.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
MN	6.8	35.5	208.0	216.7	106.6	1,826.5	16.5	0.0	0.0	0.0	295.0	98.2	275.0	325.1	21.8	0.0	0.0	150.0	132.0	0.0	0.0
OK	0.0	24.3	0.0	45.3	0.0	110.1	0.0	0.0	0.0	0.0	12.0	38.0	10.5	0.0	0.0	0.0	0.0	10.1	0.0	0.0	0.0
ME	0.0	21.7	0.0	0.0	126.9	0.0	76.5	15.6	3.0	0.0	0.0	45.6	19.5	0.0	0.0	0.0	5.5	4.6	0.0	0.0	0.0
NV	50.0	25.0	0.0	0.0	25.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VT	0.0	0.0	0.0	0.0	0.0	19.7	25.0	0.0	0.0	0.0	0.0	0.0	11.0	3.0	0.0	0.0	0.0	0.0	10.0	2.1	0.0
OR	32.0	60.0	0.0	10.0	0.0	65.0	0.0	14.0	0.0	2.2	0.0	0.0	2.0	5.0	11.5	12.3	4.8	12.0	14.2	10.1	0.0
AR	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
PR	0.0	0.0	0.0	0.0	0.0	0.0	31.2	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LO	18.3	24.0	88.0	51.0	373.4	69.5	26.5	8.0	0.0	56.1	4.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	304.5	0.0
SC	14.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	0.0	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
SD	0.0	11.0	0.0	22.0	14.0	131.0	1.0	0.0	0.0	5.0	0.0	3.3	0.0	14.5	0.0	16.0	0.0	0.0	0.0	0.0	0.0
MS	12.0	0.0	0.0	0.0	0.0	30.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	14.2	0.0	0.0
WY	0.0	0.0	0.0	0.0	0.0	26.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KS	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	10.0	20.0	0.0	0.0	7.9	0.0	25.9	0.0	0.0
AZ	0.0	0.0	0.0	0.0	29.4	60.0	20.7	42.6	40.8	0.0	19.0	0.0	0.0	20.0	0.0	0.0	222.2	57.2	48.7	6.5	0.0
ND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.2	0.0	0.5	0.0	0.2	45.3	0.0	0.0
WV	0.0	0.0	0.0	0.0	0.0	5.5	4.0	12.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HI	2.6	0.0	0.0	0.0	9.5	0.0	0.0	2.5	0.0	7.9	0.0	0.0	0.0	6.4	0.0	0.0	0.0	0.0	0.0	10.0	0.0
ID	0.0	0.0	0.0	0.0	0.0	15.0	27.0	0.0	0.0	0.0	0.0	0.0	75.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	9,387.3	11,550.0	17,741.9	30,641.7	53,445.2	101,426.9	38,098.4	4,732.7	10,573.8	17,884.6	30,071.9	31,107.6	29,993.7	25,054.9	16,106.9	13,283.6	19,080.5	19,904.9	17,753.4	31,098.	

Figure 2.04
Top 5 States
By Venture Capital Committed 2015

State	No of Funds	Committed (\$Mil)
California	102	13,903.23
New York	31	6,666.35
Massachusetts	18	2,822.90
Washington	11	1,174.93
North Carolina	4	491.33
Subtotal	166	25,058.7
Remaining States	70	3,159.6
Total	236	28,218.3

Figure 2.05
Private Equity Annual Commitment (\$ Billions)
1995 to 2015



INVESTMENTS

On the heels of a strong fundraising year in 2014, investors diligently put capital to work in the entrepreneurial ecosystem in 2015. Investment reached \$59.1 billion, the highest amount since 2000 and the second highest on record. Capital deployed increased for the third straight year and was nearly double the 2013 total. While a handful of unicorns (venture-backed companies valued at \$1 billion or more) and later stage funding rounds by nontraditional investors continued to grab the headlines, seed and early stage companies attracted more than half of all deals, with more than 1,400 companies raising venture capital funding for the first time. Sustaining the growth of later stage portfolio companies ahead of public offerings and strategic exits remains important to investors, as is investing in a new crop of disruptive and innovative startups across the United States.

Sectors

The software sector maintained its dominance among investment sectors, receiving 40% of the dollars deployed in 2015. Life sciences (referring to Biotechnology and Medical Devices and Equipment collectively) accounted for 18% of total dollars, which is consistent with 2014 but below the 25%+ levels seen as recently as 2012. Consumer Products and Services attracted the third largest amount, or 8%, of venture capital funding in 2015. At \$1.2 billion for the year, clean technology investment fell to its lowest level since 2005.

Stages, Round Counts, and First-Time Fundings

Expansion stage companies continued to receive the highest proportion (38%) of investment dollars in 2015, led by three \$1 billion-plus deals. Early stage and later stage companies attracted 34% and 27%, respectively, of dollars invested.

That said, the majority of the rounds (51%) were for seed and early stage companies, demonstrating that building the next generation of great companies remains a focus of the industry. Despite a surge in total dollars invested in 2015, the 4,380 deal count was relatively on par with recent years.

Likewise, 1,444 companies raised venture funding for the first time in 2015, consistent with 2014 and 2013. Software companies saw the largest number first-time fundings, followed by Media and Entertainment and Biotechnology.

Geographical Spread Across the United States

Entrepreneurs in 46 states and the District of Columbia raised venture capital funding in 2015, with California receiving the largest share of dollars deployed (57%) and deals (41%).

The top five states (California, Massachusetts, New York, Texas, and Washington State) received 69% of the deals and 82% of the dollars. Venture firms domiciled in California invested in companies in 37 states, although these firms invested 72% of their dollars within California.

Corporate Venture Group Involvement

Corporate venture groups increased their involvement in the entrepreneurial ecosystem in 2015. Corporate venture groups participated in 21% of venture deals and accounted for 13% of dollars. These groups deployed an estimated \$7.7 billion into 930 venture rounds, the highest investment total and deal count since 2000.

Looking ahead, all signs suggest that these groups will continue to be more involved alongside traditional venture firms in deals, particularly given the increasing number of corporations announcing the launch of venture arms.

Methodology

As calculated by Thomson Reuters, venture capital investment data are derived from several sources. Primarily, survey information is obtained from the quarterly survey that drives the MoneyTree Report™ from PricewaterhouseCoopers (PwC) and the National Venture Capital Association (NVCA) based on data from Thomson Reuters. This is the official industry database of venture capital investment. Secondly, Thomson Reuters obtains data from SEC filings that are regularly monitored by our research staff. Finally, publicly available sources such as press releases and trade publications are used.

For detailed information on which transactions qualify as MoneyTree deals and are therefore counted in this chapter, please refer to Appendix B.

Figure 3.01
Venture Capital Investments (\$ Billions)
1995 to 2015

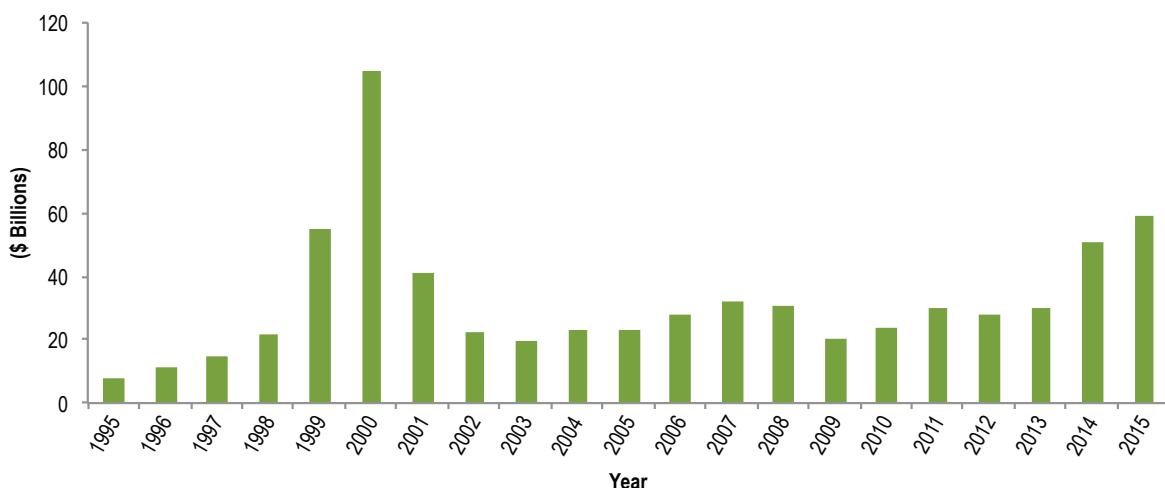


Figure 3.02
Venture Capital Investments in 2015 By Industry Group

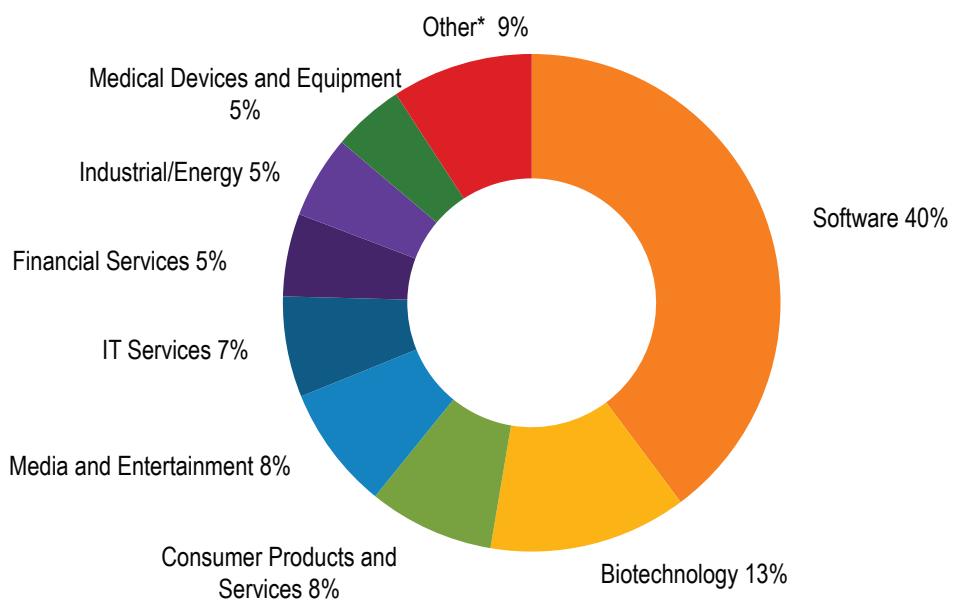
Industry Group	All Investments			Initial Investments		
	No. of Companies	No. of Deals	Investment Amt (\$Bil)	No. of Companies	No. of Deals	Investment Amt (\$Bil)
Information Technology	2,620	3,038	42.1	1,035	1,035	5.6
Medical/Health/Life Science	664	830	10.9	200	200	2.3
Non-High Technology	425	512	6.1	209	209	1.2
Total	3,709	4,380	59.1	1,444	1,444	9.2

Figure 3.03
Venture Capital Investments
Top 5 States in 2015

State	No. of Companies	No. of Deals	Amt Invested (\$Bil)
California	1,498	1,779	33.9
New York	405	463	6.3
Massachusetts	350	424	5.7
Washington	100	116	1.2
Texas	133	163	1.2
Total*	2,486	2,945	48.2

*Total includes top 5 states only

Figure 3.04
Venture Capital Investments in 2015 By Industry Sector
 (% of Dollars Invested)



*Includes: Retailing/Distribution 2%, Healthcare Services 1%, Semiconductors 1%, Computers and Peripherals 1%, Telecommunications 1%, Business Products and Services 1%, Electronics/Instrumentation 1%, and Networking and Equipment 1%

Figure 3.05
Venture Capital Investments in 2015
 By Stage (% of Dollars Invested)

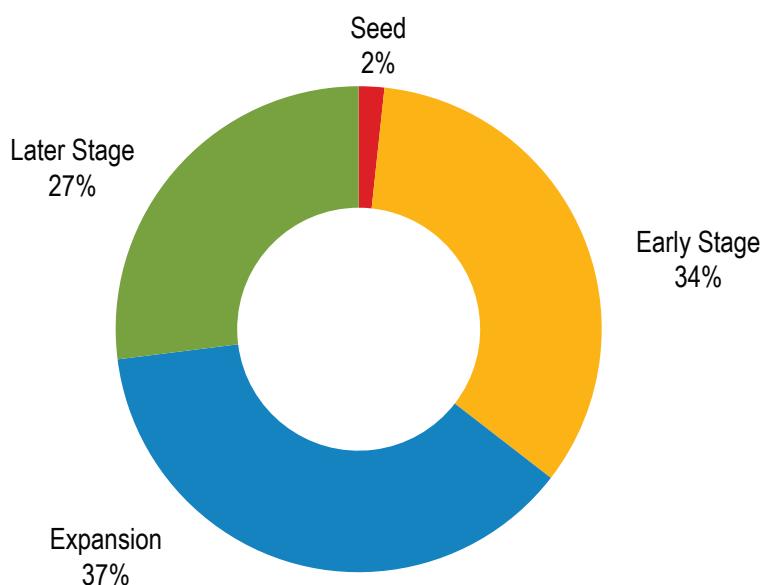


Figure 3.06
Amount of Capital Invested By State in 2015 (\$ Millions)

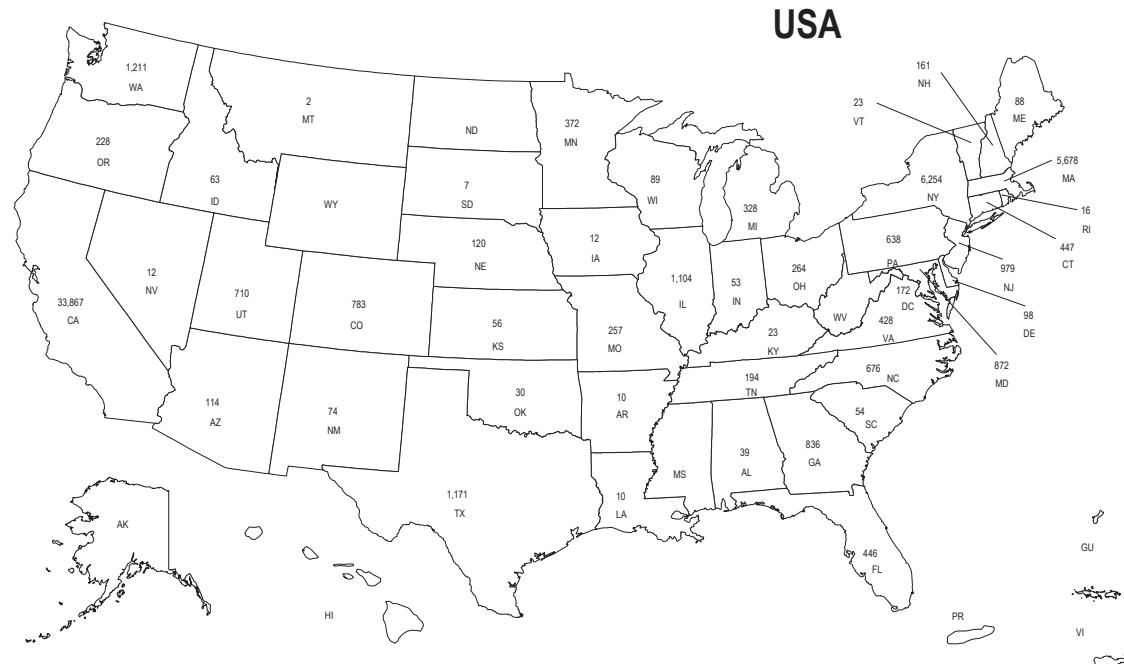


Figure 3.07
Number of Companies Invested in By State in 2015

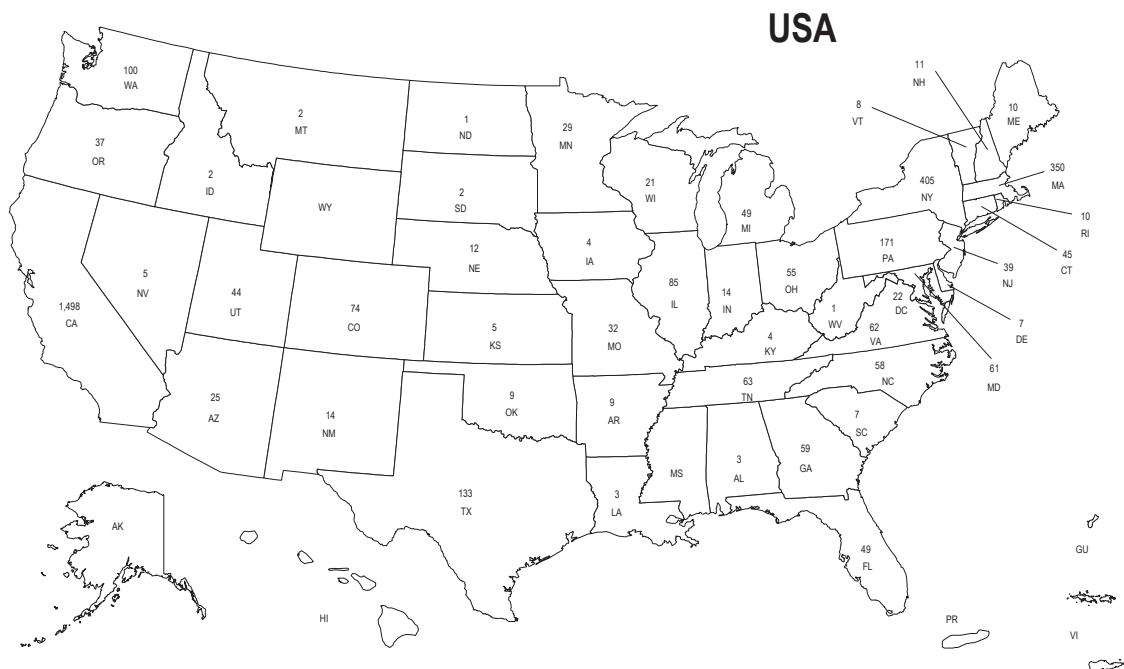


Figure 3.08
Venture Capital Investments in 1995-2015 By Region (\$ Millions)

Region	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Silicon Valley	1,807.8	3,366.0	4,627.3	5,865.8	17,768.4	33,418.5	12,668.7	7,262.0	6,710.7	7,983.0	8,145.7
NY Metro	509.7	762.0	1,295.1	1,849.1	4,647.3	10,188.6	3,497.6	1,543.3	1,386.6	1,634.6	1,640.7
New England	796.6	1,164.1	1,620.5	2,375.0	5,677.1	12,115.7	5,404.2	3,016.0	3,103.5	3,417.3	2,981.4
LA/Orange County	1,004.1	614.1	861.1	1,223.1	3,593.7	6,773.7	2,247.7	1,278.8	1,069.2	921.5	1,498.2
Southeast	885.4	1,178.1	1,436.7	1,828.0	4,831.0	7,971.1	2,685.7	1,778.8	1,111.0	1,403.7	1,077.5
Midwest	470.4	736.2	913.5	1,646.5	2,631.1	5,725.7	2,184.5	976.9	913.9	701.4	919.3
Northwest	379.7	556.0	564.4	820.3	2,874.6	3,606.4	1,342.2	770.4	660.0	1,014.2	1,016.7
DC/Metroplex	415.2	585.5	500.8	1,148.7	2,395.1	5,793.7	2,103.1	1,094.5	787.9	1,086.6	1,238.8
San Diego	276.8	485.2	516.0	662.9	1,427.0	2,317.6	1,591.2	1,002.4	831.9	1,207.9	1,225.7
Texas	479.2	588.4	954.8	1,244.5	3,173.3	6,255.8	3,140.3	1,195.6	1,223.0	1,215.1	1,178.3
SouthWest	113.1	184.6	303.1	413.4	843.1	1,438.0	515.1	393.8	240.1	386.8	507.0
Colorado	325.1	321.2	405.0	841.9	1,832.9	4,096.1	1,245.5	598.7	613.9	363.2	617.5
Philadelphia Metro	220.9	365.7	534.2	666.5	1,732.6	2,487.5	1,086.6	607.8	530.6	764.0	593.9
North Central	223.8	224.7	341.6	437.3	770.0	1,397.3	669.6	433.7	268.7	464.5	367.3
Upstate NY	35.5	22.7	90.3	195.4	212.4	293.9	159.1	110.1	131.1	104.8	60.1
South Central	45.2	71.6	67.4	196.7	360.1	446.9	110.4	69.3	49.9	130.1	96.1
Sacramento/N.Cal	20.0	28.6	21.4	86.8	119.1	372.3	203.0	65.4	32.2	38.4	37.7
Unknown	0.3	2.2	4.4	54.1	2.4	50.4	14.3	-	-	-	-
AK/HI/PR	7.8	28.7	14.0	5.5	17.4	248.6	69.8	4.9	17.9	15.1	43.3
Total	8,016.5	11,285.4	15,071.6	21,561.5	54,908.6	104,997.8	40,938.6	22,202.6	19,682.2	22,852.2	23,245.4

Figure 3.08 (Continued) Venture Capital Investments in 1995-2015 By Region (\$ Millions)										
Region	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Silicon Valley	9,767.3	11,503.6	11,575.9	8,283.5	9,394.6	12,258.5	11,231.3	12,771.9	25,430.3	27,422.2
NY Metro	2,325.0	1,927.6	2,207.6	1,776.7	1,897.9	2,908.2	2,337.2	3,214.3	5,283.4	7,341.0
New England	3,436.1	4,145.2	3,851.2	2,584.1	2,613.7	3,313.8	3,557.4	3,291.2	4,981.0	6,052.1
LA/Orange County	1,908.8	1,951.0	2,115.1	1,050.6	1,678.8	2,048.8	2,138.3	1,864.7	2,957.3	5,129.1
Southeast	1,261.3	1,859.2	1,315.9	1,034.4	1,092.2	1,240.3	847.9	1,377.2	1,916.6	2,243.9
Midwest	998.8	1,202.1	1,346.2	956.6	1,405.8	1,521.4	1,429.5	1,064.9	2,155.1	2,232.3
Northwest	1,307.5	1,638.1	1,073.6	660.0	756.8	716.6	1,010.1	1,049.0	1,535.2	1,502.9
DC/Metroplex	1,342.8	1,409.5	1,138.8	684.7	1,001.7	1,007.7	753.3	1,575.7	1,092.1	1,472.2
San Diego	1,247.1	1,873.9	1,184.6	954.8	847.9	928.0	1,183.3	721.7	833.8	1,266.6
Texas	1,523.7	1,509.5	1,463.0	679.7	1,121.6	1,630.6	1,025.5	1,324.7	1,426.8	1,170.8
SouthWest	520.6	637.9	572.8	298.2	286.7	591.0	598.0	476.1	1,113.8	909.5
Colorado	705.2	686.3	891.6	463.2	464.4	660.9	627.5	472.5	817.4	782.6
Philadelphia Metro	837.7	891.9	798.9	409.6	499.2	454.3	414.7	429.8	491.3	622.8
North Central	391.7	528.3	626.1	427.7	320.7	366.0	348.3	380.3	505.7	599.9
Upstate NY	156.1	136.5	92.3	26.9	44.8	112.7	47.4	116.0	39.4	159.7
South Central	57.3	106.3	91.3	16.8	66.9	60.8	92.8	132.3	132.3	106.4
Sacramento/N.Cal	31.5	76.7	69.3	18.8	26.9	87.8	20.0	41.7	128.8	44.4
Unknown	-	0.0	-	0.5	0.0	0.0	0.2	-	2.6	7.2
AK/HI/PR	47.1	20.9	21.3	7.4	9.2	0.6	0.7	0.7	0.4	-
Total	27,865.4	32,104.6	30,435.6	20,334.2	23,529.9	29,907.9	27,663.5	30,304.9	50,843.3	59,065.6

Figure 3.09 Venture Capital Investments in 1995 to 2015 By Region (Number of Deals)

Region	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Silicon Valley	509	767	867	1,042	1,687	2,162	1,107	825	879	975	1,007
NY Metro	136	160	242	279	493	813	447	229	193	225	190
New England	232	333	387	473	667	908	596	460	455	434	443
Midwest	132	190	237	249	309	514	276	242	175	176	182
LA/Orange County	93	132	164	212	355	514	249	161	147	151	176
Southeast	184	229	299	313	454	666	391	268	246	240	194
DC/Metroplex	71	111	134	163	272	508	261	198	181	187	224
Northwest	83	111	134	132	263	332	190	143	110	149	160
Texas	101	138	175	201	320	484	344	177	175	177	183
Philadelphia Metro	78	93	142	137	145	229	143	102	89	104	98
SouthWest	37	55	71	89	116	148	89	68	54	56	80
San Diego	77	109	100	122	161	236	158	116	127	136	148
Colorado	58	83	98	128	161	223	117	92	72	72	90
North Central	70	70	116	109	114	151	126	77	73	79	68
South Central	15	20	25	27	30	50	28	24	19	31	11
Upstate NY	8	9	21	31	31	36	29	25	23	29	29
Sacramento/N.Cal	7	9	7	17	19	36	27	7	11	9	11
Unknown	2	7	7	15	3	16	8	-	-	-	-
AK/HI/PR	4	9	6	5	5	15	10	3	8	6	8
Total	1,897	2,635	3,232	3,744	5,605	8,041	4,596	3,217	3,037	3,236	3,302

Figure 3.09 (Continued) Venture Capital Investments in 1995 to 2015 By Region (Number of Deals)

Region	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Silicon Valley	1,240	1,306	1,306	998	1,112	1,306	1,248	1,349	1,465	1,335
NY Metro	296	302	353	292	396	436	425	479	487	511
New England	463	530	514	389	417	454	472	438	453	491
Midwest	227	271	300	252	280	311	313	420	382	376
LA/Orange County	220	238	250	177	226	235	280	274	291	330
Southeast	234	247	231	159	214	215	221	275	257	275
DC/Metroplex	215	219	209	138	155	167	173	182	197	169
Northwest	179	217	201	128	160	164	154	170	147	166
Texas	204	189	165	126	169	171	171	161	187	163
Philadelphia Metro	117	135	148	100	130	121	124	129	121	123
SouthWest	91	109	88	73	60	85	81	84	93	106
San Diego	133	174	134	118	136	114	110	103	102	99
Colorado	115	114	120	92	88	116	110	85	93	87
North Central	74	93	87	70	57	68	53	69	92	74
South Central	25	28	41	32	43	56	24	29	28	29
Upstate NY	40	33	31	13	21	22	22	39	34	29
Sacramento/N.Cal	9	17	19	9	9	7	5	8	11	13
Unknown	-	1	-	1	1	1	1	-	1	4
Total	3,896	4,233	4,206	3,170	3,677	4,050	3,991	4,295	4,442	4,380

Figure 3.10
Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Seed	1,269.0	1,272.1	1,361.1	1,766.6	3,620.8	3,154.7	816.8	340.7	365.4	506.7	686.4
Early Stage	1,741.2	2,665.5	3,461.0	5,505.1	11,482.0	25,330.4	8,612.4	4,041.9	3,665.8	4,113.5	4,283.7
Expansion	3,554.7	5,421.0	7,587.8	10,354.6	29,275.7	58,886.6	22,806.0	12,067.1	9,760.1	8,961.4	8,289.2
Later Stage	1,451.6	1,926.9	2,661.7	3,935.3	10,530.1	17,626.1	8,703.4	5,752.8	5,890.8	9,270.6	9,986.1
Total	8,016.5	11,285.4	15,071.6	21,561.5	54,908.6	104,997.8	40,938.6	22,202.6	19,682.2	22,852.2	23,245.4

Figure 3.10 (Continued)
Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Seed	1,356.7	1,832.1	1,957.2	1,676.5	1,655.0	1,121.6	851.0	1,030.6	827.8	1,002.6
Early Stage	4,949.9	6,298.3	6,045.9	5,007.7	6,194.5	9,111.2	8,534.9	10,435.5	16,136.2	19,954.6
Expansion	11,034.0	10,962.5	11,193.1	6,828.5	8,488.4	9,929.0	9,592.5	9,924.0	21,450.7	22,172.6
Later Stage	10,524.8	13,011.8	11,239.4	6,821.5	7,191.9	9,746.2	8,685.0	8,914.9	12,428.6	15,935.9
Total	27,865.4	32,104.6	30,435.6	20,334.2	23,529.9	29,907.9	27,663.5	30,304.9	50,843.3	59,065.6

Figure 3.11
Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Seed	430	502	541	672	811	707	282	182	219	233	263
Early Stage	521	754	900	1,032	1,739	2,856	1,303	887	810	908	876
Expansion	702	1,041	1,401	1,568	2,438	3,692	2,389	1,581	1,352	1,196	1,101
Later Stage	244	338	390	472	617	786	622	567	656	899	1,062
Total	1,897	2,635	3,232	3,744	5,605	8,041	4,596	3,217	3,037	3,236	3,302

Figure 3.11 (Continued)
Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Seed	401	525	534	373	406	436	304	243	207	186
Early Stage	1,013	1,153	1,179	999	1,318	1,669	1,826	2,203	2,206	2,219
Expansion	1,374	1,264	1,242	891	1,068	1,025	1,007	1,034	1,162	1,146
Later Stage	1,108	1,291	1,251	907	885	920	854	815	867	829
Total	3,896	4,233	4,206	3,170	3,677	4,050	3,991	4,295	4,442	4,380

Figure 3.12a
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	1995				1996				1997						
	1995-1Q	1995-2Q	1995-3Q	1995-4Q	1995 Total	1996-1Q	1996-2Q	1996-3Q	1996-4Q	1996 Total	1997-1Q	1997-2Q	1997-3Q	1997-4Q	1997 Total
Seed	316.8	396.6	229.9	325.8	1,269.0	330.0	424.7	200.9	316.5	1,272.1	392.9	327.8	319.9	320.5	1,361.1
Early Stage	408.8	393.6	370.9	567.8	1,741.2	608.9	712.9	573.6	770.1	2,665.5	773.5	851.5	761.3	1,074.7	3,461.0
Expansion	620.0	1,325.7	798.4	810.7	3,554.7	1,151.1	1,418.3	1,285.9	1,565.7	5,421.0	1,331.3	1,960.7	1,995.6	2,300.1	7,587.8
Later Stage	344.5	430.5	310.6	366.1	1,451.6	348.0	461.3	546.5	571.1	1,926.9	606.7	551.6	699.1	804.2	2,661.7
Total	1,690.0	2,546.4	1,709.8	2,070.4	8,016.5	2,438.0	3,017.3	2,606.8	3,223.3	11,285.4	3,104.4	3,691.6	3,776.0	4,499.6	15,071.6

Figure 3.12b
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	1998				1999				2000						
	1998-1Q	1998-2Q	1998-3Q	1998-4Q	1998 Total	1999-1Q	1999-2Q	1999-3Q	1999-4Q	1999 Total	2000-1Q	2000-2Q	2000-3Q	2000-4Q	2000 Total
Seed	405.4	426.7	459.9	474.6	1,766.6	591.5	802.7	990.1	1,236.5	3,620.8	808.6	984.1	871.0	491.0	3,154.7
Early Stage	1,165.3	1,015.3	1,309.6	2,015.0	5,505.1	1,302.1	2,026.8	2,663.4	5,489.7	11,482.0	7,134.3	6,934.3	5,939.8	5,322.1	25,330.4
Expansion	1,749.8	3,369.1	2,705.2	2,530.4	10,354.6	3,131.3	5,481.8	7,300.9	13,361.8	29,275.7	16,055.1	15,726.9	15,236.6	11,868.0	58,886.6
Later Stage	879.1	973.6	937.6	1,145.1	3,935.3	1,623.7	3,004.2	2,650.1	3,252.1	10,530.1	4,399.2	4,357.2	4,575.7	4,294.0	17,626.1
Total	4,199.5	5,784.6	5,412.3	6,165.1	21,561.5	6,648.6	11,315.4	13,604.5	23,340.1	54,908.6	28,397.1	28,002.6	26,623.1	21,975.1	104,997.8

Figure 3.12c
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2001				2002				2003						
	2001-1Q	2001-2Q	2001-3Q	2001-4Q	2001 Total	2002-1Q	2002-2Q	2002-3Q	2002-4Q	2002 Total	2003-1Q	2003-2Q	2003-3Q	2003-4Q	2003 Total
Seed	256.6	265.6	141.8	152.7	816.8	76.4	94.0	84.2	86.1	340.7	83.3	95.3	100.3	86.5	365.4
Early Stage	3,447.7	2,110.5	1,727.2	1,327.0	8,612.4	1,200.6	1,197.8	840.0	803.5	4,041.9	699.6	1,031.3	822.6	1,112.4	3,665.8
Expansion	6,905.3	6,554.5	4,582.5	4,763.6	22,806.0	3,796.0	3,476.5	2,469.0	2,325.6	12,067.1	2,456.1	2,468.5	2,181.7	2,653.8	9,760.1
Later Stage	2,460.6	2,515.1	1,804.2	1,923.5	8,703.4	1,952.6	1,345.6	1,092.6	1,362.0	5,752.8	1,165.2	1,374.6	1,522.0	1,829.0	5,890.8
Total	13,070.2	11,445.8	8,255.7	8,166.9	40,938.6	7,025.7	6,113.9	4,485.9	4,577.1	22,202.6	4,404.2	4,969.7	4,626.6	5,681.7	19,682.2

Figure 3.12d
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2004				2005				2006						
	2004-1Q	2004-2Q	2004-3Q	2004-4Q	2004 Total	2005-1Q	2005-2Q	2005-3Q	2005-4Q	2005 Total	2006-1Q	2006-2Q	2006-3Q	2006-4Q	2006 Total
Seed	104.8	124.3	118.1	159.5	506.7	139.3	217.4	167.5	162.2	686.4	254.2	367.6	385.5	349.3	1,356.7
Early Stage	907.7	1,050.0	1,034.5	1,121.2	4,113.5	976.0	1,038.3	1,206.1	1,063.3	4,283.7	935.1	1,024.5	1,176.8	1,813.4	4,949.9
Expansion	2,066.6	2,661.5	1,994.6	2,238.7	8,961.4	2,074.7	2,300.8	1,755.1	2,158.7	8,289.2	2,607.4	3,262.5	2,876.4	2,287.8	11,034.0
Later Stage	2,322.9	2,488.0	1,892.6	2,567.1	9,270.6	2,032.3	2,592.5	2,939.5	2,421.8	9,986.1	2,959.0	2,856.0	2,441.6	2,268.2	10,524.8
Total	5,401.9	6,323.9	5,039.8	6,086.5	22,852.2	5,222.3	6,149.0	6,068.1	5,805.9	23,245.4	6,755.7	7,510.6	6,880.3	6,718.7	27,865.4

Figure 3.12e
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2007				2008				2009						
	2007-1Q	2007-2Q	2007-3Q	2007-4Q	2007 Total	2008-1Q	2008-2Q	2008-3Q	2008-4Q	2008 Total	2009-1Q	2009-2Q	2009-3Q	2009-4Q	2009 Total
Seed	315.8	497.2	460.3	558.7	1,832.1	460.2	520.3	605.8	371.0	1,957.2	319.7	484.4	508.3	364.1	1,676.5
Early Stage	1,387.0	1,712.5	1,294.2	1,904.6	6,298.3	1,446.9	1,592.2	1,439.9	1,566.9	6,045.9	779.9	1,201.3	1,268.8	1,757.6	5,007.7
Expansion	2,603.8	2,360.6	3,084.5	2,913.6	10,962.5	3,482.6	2,816.0	2,571.9	2,322.6	11,193.1	1,237.9	1,818.9	1,788.7	1,983.1	6,828.5
Later Stage	3,213.5	3,300.0	3,361.9	3,136.4	13,011.8	2,798.9	3,126.6	3,112.5	2,201.4	11,239.4	1,514.8	1,613.2	1,863.7	1,829.7	6,821.5
Total	7,520.1	7,870.3	8,200.9	8,513.3	32,104.6	8,188.6	8,055.1	7,730.0	6,461.8	30,435.6	3,852.3	5,117.8	5,429.5	5,934.6	20,334.2

Figure 3.12f
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2010				2011				2012						
	2010-1Q	2010-2Q	2010-3Q	2010-4Q	2010 Total	2011-1Q	2011-2Q	2011-3Q	2011-4Q	2011 Total	2012-1Q	2012-2Q	2012-3Q	2012-4Q	2012 Total
Seed	410.7	677.1	341.7	225.5	1,655.0	216.2	423.2	201.0	281.1	1,121.6	175.8	286.0	173.9	215.2	851.0
Early Stage	1,190.0	1,755.9	1,457.1	1,791.6	6,194.5	1,917.5	2,362.9	2,320.6	2,510.2	9,111.2	1,957.0	2,222.0	1,995.9	2,360.0	8,534.9
Expansion	1,787.7	2,793.3	1,646.8	2,260.7	8,488.4	2,188.6	2,521.8	2,618.1	2,600.4	9,929.0	1,861.6	2,802.0	2,702.5	2,226.4	9,592.5
Later Stage	1,719.6	1,978.1	2,054.2	1,440.1	7,191.9	2,204.7	2,970.4	2,435.0	2,136.0	9,746.2	2,343.8	2,214.2	1,881.3	2,245.7	8,685.0
Total	5,107.9	7,204.4	5,499.7	5,717.8	23,529.9	6,527.1	8,278.4	7,574.8	7,527.7	29,907.9	6,338.2	7,524.3	6,753.6	7,047.4	27,663.5

Figure 3.12g
Quarterly Venture Capital Investments 1995 to 2015 By Stage (\$ Millions)

Stage	2013				2014				2015						
	2013-1Q	2013-2Q	2013-3Q	2013-4Q	2013 Total	2014-1Q	2014-2Q	2014-3Q	2014-4Q	2014 Total	2015-1Q	2015-2Q	2015-3Q	2015-4Q	2015 Total
Seed	188.8	249.4	223.4	369.0	1,030.6	143.4	241.9	197.3	245.2	827.8	191.2	193.5	242.7	375.2	1,002.6
Early Stage	1,727.1	2,652.6	2,952.3	3,103.5	10,435.5	3,367.6	3,951.3	3,144.3	5,673.0	16,136.2	3,721.2	5,743.1	5,449.6	5,040.7	19,954.6
Expansion	2,064.0	2,253.7	2,596.1	3,010.2	9,924.0	4,604.8	6,325.4	3,610.2	6,910.3	21,450.7	5,345.5	7,336.6	6,410.1	3,080.3	22,172.6
Later Stage	2,176.6	2,163.7	2,354.0	2,220.6	8,914.9	2,567.2	3,487.6	3,538.7	2,835.1	12,428.6	4,393.0	4,027.9	4,493.8	3,021.3	15,935.9
Total	6,156.5	7,319.4	8,125.8	8,703.3	30,304.9	10,683.0	14,006.2	10,490.6	15,663.6	50,843.3	13,650.9	17,301.2	16,596.1	11,517.5	59,065.6

Figure 3.13a
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	1995				1996				1997						
	1995-1Q	1995-2Q	1995-3Q	1995-4Q	1995 Total	1996-1Q	1996-2Q	1996-3Q	1996-4Q	1996 Total	1997-1Q	1997-2Q	1997-3Q	1997-4Q	1997 Total
Seed	125	95	95	115	430	130	138	97	137	502	161	119	120	141	541
Early Stage	130	137	117	137	521	149	205	174	226	754	202	210	229	259	900
Expansion	186	178	163	175	702	234	245	247	315	1,041	307	361	321	412	1,401
Later Stage	62	56	59	67	244	72	83	86	97	338	103	88	92	107	390
Total	503	466	434	494	1,897	585	671	604	775	2,635	773	778	762	919	3,232

Figure 3.13b
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	1998				1999				2000						
	1998-1Q	1998-2Q	1998-3Q	1998-4Q	1998 Total	1999-1Q	1999-2Q	1999-3Q	1999-4Q	1999 Total	2000-1Q	2000-2Q	2000-3Q	2000-4Q	2000 Total
Seed	153	163	164	192	672	166	211	250	184	811	197	197	173	140	707
Early Stage	243	222	248	319	1,032	247	379	451	662	1,739	764	793	680	619	2,856
Expansion	365	406	404	393	1,568	381	565	591	901	2,438	1,006	979	898	809	3,692
Later Stage	110	121	115	126	472	142	175	155	145	617	193	173	209	211	786
Total	871	912	931	1,030	3,744	936	1,330	1,447	1,892	5,605	2,160	2,142	1,960	1,779	8,041

Figure 3.13c
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2001				2002				2003						
	2001-1Q	2001-2Q	2001-3Q	2001-4Q	2001 Total	2002-1Q	2002-2Q	2002-3Q	2002-4Q	2002 Total	2003-1Q	2003-2Q	2003-3Q	2003-4Q	2003 Total
Seed	80	74	69	59	282	47	54	40	41	182	57	61	44	57	219
Early Stage	436	341	272	254	1,303	249	246	196	196	887	190	219	185	216	810
Expansion	649	667	545	528	2,389	410	445	347	379	1,581	345	317	336	354	1,352
Later Stage	156	157	149	160	622	162	137	129	139	567	134	161	169	192	656
Total	1,321	1,239	1,035	1,001	4,596	868	882	712	755	3,217	726	758	734	819	3,037

Figure 3.13d
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2004				2005				2006						
	2004-1Q	2004-2Q	2004-3Q	2004-4Q	2004 Total	2005-1Q	2005-2Q	2005-3Q	2005-4Q	2005 Total	2006-1Q	2006-2Q	2006-3Q	2006-4Q	2006 Total
Seed	46	75	45	67	233	51	68	69	75	263	84	93	123	101	401
Early Stage	208	241	220	239	908	216	222	217	221	876	207	242	238	326	1,013
Expansion	280	345	261	310	1,196	273	289	243	296	1,101	331	360	344	339	1,374
Later Stage	209	220	196	274	899	223	283	284	272	1,062	288	316	249	255	1,108
Total	743	881	722	890	3,236	763	862	813	864	3,302	910	1,011	954	1,021	3,896

Figure 3.13e
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2007				2008				2009						
	2007-1Q	2007-2Q	2007-3Q	2007-4Q	2007 Total	2008-1Q	2008-2Q	2008-3Q	2008-4Q	2008 Total	2009-1Q	2009-2Q	2009-3Q	2009-4Q	2009 Total
Seed	89	140	135	161	525	135	132	155	112	534	70	87	99	117	373
Early Stage	258	332	262	301	1,153	277	310	292	300	1,179	202	217	254	326	999
Expansion	272	321	315	356	1,264	340	335	285	282	1,242	183	224	217	267	891
Later Stage	289	326	336	340	1,291	311	337	322	281	1,251	229	245	200	233	907
Total	908	1,119	1,048	1,158	4,233	1,063	1,114	1,054	975	4,206	684	773	770	943	3,170

Figure 3.13f
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2010				2011				2012						
	2010-1Q	2010-2Q	2010-3Q	2010-4Q	2010 Total	2011-1Q	2011-2Q	2011-3Q	2011-4Q	2011 Total	2012-1Q	2012-2Q	2012-3Q	2012-4Q	2012 Total
Seed	92	117	102	95	406	90	128	106	112	436	64	89	73	78	304
Early Stage	275	371	318	354	1,318	364	418	431	456	1,669	373	460	452	541	1,826
Expansion	251	305	240	272	1,068	224	280	275	246	1,025	231	261	258	257	1,007
Later Stage	209	241	236	199	885	234	276	212	198	920	235	198	203	218	854
Total	827	1,034	896	920	3,677	912	1,102	1,024	1,012	4,050	903	1,008	986	1,094	3,991

Figure 3.13g
Quarterly Venture Capital Investments 1995 to 2015 By Stage (Number Of Deals)

Stage	2013				2014				2015						
	2013-1Q	2013-2Q	2013-3Q	2013-4Q	2013 Total	2014-1Q	2014-2Q	2014-3Q	2014-4Q	2014 Total	2015-1Q	2015-2Q	2015-3Q	2015-4Q	2015 Total
Seed	54	50	64	75	243	46	65	51	45	207	27	48	59	52	186
Early Stage	447	561	604	591	2,203	514	556	544	592	2,206	519	603	601	496	2,219
Expansion	242	243	245	304	1,034	279	328	265	290	1,162	298	326	274	248	1,146
Later Stage	211	198	193	213	815	198	247	220	202	867	221	227	214	167	829
Total	954	1,052	1,106	1,183	4,295	1,037	1,196	1,080	1,129	4,442	1,065	1,204	1,148	963	4,380

Figure 3.14 Venture Capital Investments 1995 to 2015 By Industry (\$ Millions)

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	831	1,188	1,364	1,547	2,106	4,290	3,548	3,333	3,751	4,391	4,027
Business Products and Services	188	293	437	681	2,661	4,543	1,082	489	679	461	357
Computers and Peripherals	315	358	394	370	943	1,560	690	447	291	521	450
Consumer Products and Services	527	517	747	701	2,713	3,219	706	255	157	306	413
Electronics/Instrumentation	137	191	307	198	272	781	380	315	232	374	445
Financial Services	184	335	382	866	2,115	4,083	1,192	325	411	522	544
Healthcare Services	464	738	971	960	1,492	1,392	537	374	228	382	369
Industrial/Energy	542	471	704	1,284	1,431	2,625	1,229	810	733	857	1,104
IT Services	175	446	631	1,078	4,443	9,079	2,472	1,037	731	723	1,014
Media and Entertainment	944	1,155	1,109	1,864	7,409	10,779	2,372	802	674	1,027	1,166
Medical Devices and Equipment	668	626	1,038	1,270	1,581	2,410	2,055	1,867	1,623	1,938	2,181
Networking and Equipment	372	634	962	1,436	4,643	11,599	5,650	2,599	1,726	1,543	1,679
Other	38	21	67	125	214	72	55	17	-	14	0
Retailing/Distribution	297	267	321	735	2,815	3,204	368	139	64	217	243
Semiconductors	214	346	597	652	1,389	3,857	2,480	1,661	1,802	2,172	1,883
Software	1,184	2,378	3,485	4,789	10,813	25,452	11,069	5,577	4,993	5,603	5,340
Telecommunications	937	1,321	1,558	3,006	7,868	16,052	5,054	2,156	1,588	1,802	2,030
Unknown	-	-	-	-	-	-	-	-	-	-	-
Total	8,017	11,285	15,072	21,562	54,909	104,998	40,939	22,203	19,682	22,852	23,245

Figure 3.14 (Continued) Venture Capital Investments 1995 to 2015 By Industry (\$ Millions)

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	5,046	6,003	5,176	3,940	3,984	4,716	4,337	4,624	6,344	7,603
Business Products and Services	576	598	456	286	374	166	120	141	676	613
Computers and Peripherals	345	528	369	332	352	412	374	565	1,458	738
Consumer Products and Services	404	448	645	483	636	1,343	1,423	1,334	3,073	4,827
Electronics/Instrumentation	646	563	606	368	395	398	249	304	709	392
Financial Services	545	608	493	336	385	455	275	636	1,076	3,179
Healthcare Services	380	335	187	130	262	394	254	217	359	844
Industrial/Energy	1,872	2,974	4,586	2,596	3,275	3,884	2,926	1,552	2,353	3,177
IT Services	1,516	1,897	2,095	1,289	1,761	2,540	1,970	2,165	3,085	3,863
Media and Entertainment	1,896	2,131	2,002	1,688	1,628	2,388	2,195	2,839	4,742	4,749
Medical Devices and Equipment	2,821	3,634	3,584	2,615	2,538	2,873	2,494	2,196	2,734	2,748
Networking and Equipment	1,194	1,398	786	740	561	430	381	746	503	293
Other	60	3	20	28	28	10	29	116	30	68
Retailing/Distribution	190	329	229	128	136	361	394	196	768	1,023
Semiconductors	2,355	2,096	1,622	773	1,218	1,431	846	692	765	739
Software	5,595	6,410	6,098	4,003	5,283	7,530	8,646	11,308	21,879	23,498
Telecommunications	2,424	2,150	1,482	600	716	578	750	675	290	712
Unknown	-	-	-	-	-	-	-	-	-	1
Total	27,865	32,105	30,436	20,334	23,530	29,908	27,663	30,305	50,843	59,066

Figure 3.15 Venture Capital Investments 1995-2015 By Industry (Number of Deals)

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	175	234	244	275	267	361	346	334	368	404	421
Business Products and Services	54	71	95	138	277	452	179	104	97	82	74
Computers and Peripherals	92	93	115	88	104	128	79	60	52	61	60
Consumer Products and Services	112	133	162	164	282	285	117	71	46	65	78
Electronics/Instrumentation	48	41	52	54	51	75	58	63	55	71	87
Financial Services	48	61	88	117	184	329	133	74	63	68	59
Healthcare Services	74	139	155	156	161	165	104	68	68	62	62
Industrial/Energy	130	155	213	188	204	253	199	128	139	160	158
IT Services	62	128	160	208	465	684	323	173	147	147	175
Media and Entertainment	138	191	219	268	707	954	374	172	131	147	212
Medical Devices and Equipment	179	214	275	297	291	297	258	232	249	286	280
Networking and Equipment	82	124	140	211	277	480	328	226	184	191	186
Other	10	9	10	11	20	13	11	3	1	6	3
Retailing/Distribution	51	68	90	117	230	281	84	49	32	38	38
Semiconductors	64	77	118	125	149	258	210	171	216	258	220
Software	436	687	829	990	1,417	2,176	1,318	1,016	978	962	958
Telecommunications	142	210	267	337	519	850	475	273	211	228	231
Unknown	-	-	-	-	-	-	-	-	-	-	-
Total	1,897	2,635	3,232	3,744	5,605	8,041	4,596	3,217	3,037	3,236	3,302

Figure 3.15 (Continued) Venture Capital Investments 1995-2015 By Industry (Number of Deals)

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	498	546	551	467	507	475	493	495	482	474
Business Products and Services	92	107	117	68	71	50	33	57	50	50
Computers and Peripherals	58	68	57	47	51	56	35	37	56	59
Consumer Products and Services	77	111	100	84	109	138	185	184	220	242
Electronics/Instrumentation	92	90	98	61	73	56	53	43	53	64
Financial Services	85	87	70	50	71	64	52	58	64	82
Healthcare Services	52	56	54	38	51	50	48	45	51	78
Industrial/Energy	223	309	359	264	298	328	269	250	242	258
IT Services	239	291	281	238	306	371	321	363	332	336
Media and Entertainment	333	404	422	280	344	432	417	478	481	420
Medical Devices and Equipment	356	391	394	350	348	369	331	343	324	306
Networking and Equipment	130	138	109	97	60	54	37	35	28	31
Other	2	11	4	6	12	9	12	10	8	27
Retailing/Distribution	42	40	41	33	30	60	61	51	62	55
Semiconductors	268	230	210	136	148	139	112	104	94	78
Software	1,049	1,078	1,126	829	1,089	1,289	1,440	1,679	1,855	1,768
Telecommunications	300	276	213	122	109	110	92	63	40	51
Unknown	-	-	-	-	-	-	-	-	-	1
Total	3,896	4,233	4,206	3,170	3,677	4,050	3,991	4,295	4,442	4,380

Figure 3.16
Venture Capital Investments 1995 to 2009 By State (\$ Millions)

State	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
California	3,108.7	4,493.9	6,025.8	7,838.5	22,908.2	42,882.1	16,710.6	9,608.5	8,644.0	10,150.8	10,907.3	12,954.7	15,405.2	14,945.0	10,307.8
New York	303.3	293.9	786.8	1,411.1	3,541.0	6,622.7	1,935.5	746.7	679.8	772.6	754.1	1,432.5	1,361.2	1,546.6	1,123.0
Massachusetts	696.2	1,056.0	1,444.8	2,011.0	5,113.3	10,601.6	4,926.4	2,663.1	2,828.9	3,165.5	2,748.1	3,145.1	3,928.9	3,407.3	2,420.3
Washington	325.9	465.3	434.2	736.5	2,340.7	2,770.8	1,066.1	594.7	467.3	867.9	843.1	1,148.9	1,367.3	881.5	589.5
Texas	479.2	588.4	954.8	1,244.5	3,173.3	6,255.8	3,140.3	1,195.6	1,223.0	1,215.1	1,178.3	1,523.7	1,509.5	1,463.0	679.7
Illinois	199.0	358.0	414.3	428.9	1,232.7	2,333.3	1,003.0	313.6	379.9	225.2	314.4	427.1	437.9	475.0	254.7
New Jersey	241.6	459.9	496.0	504.0	910.3	3,144.1	1,542.3	971.8	802.8	992.3	905.6	905.3	552.5	731.5	613.0
Maryland	140.0	139.5	174.2	350.2	616.5	1,961.5	935.6	628.1	325.9	709.5	668.3	843.2	686.6	558.5	422.4
Georgia	161.8	251.9	372.6	523.2	1,164.1	2,272.2	848.9	574.9	277.5	500.5	264.4	413.6	431.6	403.3	308.6
Colorado	325.1	321.2	405.0	841.9	1,832.9	4,096.1	1,245.5	598.7	613.9	363.2	617.5	705.2	686.3	891.6	463.2
Utah	23.2	57.5	90.7	116.2	418.4	666.9	220.1	135.7	111.8	249.8	242.2	198.1	194.9	256.3	142.3
North Carolina	210.7	180.9	271.8	326.9	853.6	1,821.8	585.6	551.2	379.4	311.1	338.9	422.5	551.6	502.1	245.3
Pennsylvania	128.0	305.6	540.9	607.4	1,763.5	2,807.7	1,097.5	497.8	513.1	630.1	519.6	940.9	1,040.2	782.9	448.6
Connecticut	141.3	146.0	270.0	372.4	892.2	1,550.8	608.2	191.9	223.6	251.6	212.1	289.0	271.0	250.5	138.6
Florida	270.9	406.2	506.1	639.8	1,697.4	2,693.5	937.3	414.9	323.2	416.6	329.2	337.5	617.3	265.2	334.7
Virginia	274.4	439.3	297.6	749.7	1,238.9	3,319.4	1,004.2	426.9	393.3	294.1	536.8	449.4	658.7	507.0	212.7
Minnesota	192.3	165.9	256.8	347.7	616.5	951.7	475.2	345.5	208.5	388.8	274.3	310.7	413.1	486.6	306.9
Michigan	65.7	79.4	106.2	122.4	253.5	356.4	154.9	109.4	95.2	134.3	93.3	131.3	107.0	216.6	183.5
Ohio	68.7	160.5	180.9	319.1	421.0	1,012.6	244.8	266.0	194.2	90.2	140.7	90.3	227.2	250.3	110.7
Missouri	98.5	56.1	72.6	611.7	309.1	655.8	267.4	81.0	79.5	26.0	127.7	57.8	47.6	92.5	26.1
Oregon	38.6	90.5	126.9	53.5	501.0	810.4	248.6	165.1	140.5	142.4	132.2	134.2	247.9	152.2	41.4
Tennessee	157.7	178.2	106.8	107.3	581.0	466.3	193.3	122.5	82.6	96.2	101.5	43.2	126.7	84.3	81.2
D. of Columbia	0.8	6.7	5.2	46.9	539.7	508.3	161.8	23.5	56.1	77.2	23.1	45.2	53.5	43.3	47.8
New Hampshire	30.5	42.9	53.3	167.8	233.8	838.5	257.9	225.7	172.6	127.6	97.2	126.8	165.3	273.6	71.6
Nebraska	0.5	10.4	3.7	29.1	57.3	163.1	90.1	16.9	4.6	0.2	13.1	7.5	2.9	11.8	-
Arizona	83.4	95.5	170.2	228.3	365.5	669.1	247.5	212.4	103.9	72.2	134.7	276.7	288.3	258.6	135.0
Delaware	4.4	14.2	1.1	-	16.8	134.7	14.6	19.4	0.4	2.1	11.1	5.3	7.3	79.0	19.8
Wisconsin	9.1	26.3	62.9	51.3	88.5	259.7	92.6	51.2	37.6	66.0	67.8	72.0	82.8	63.6	31.2
Maine	1.5	1.5	3.7	59.7	44.9	140.2	3.9	16.9	2.7	26.0	5.1	39.9	7.8	5.4	11.4
New Mexico	3.6	12.9	32.5	7.7	12.1	21.1	14.2	13.9	1.2	17.2	65.2	26.1	131.1	45.3	5.5
Idaho	15.2	0.1	1.2	30.3	16.5	8.5	2.7	10.6	52.2	2.5	10.0	17.8	18.7	22.8	14.6
Kansas	8.7	26.2	9.2	10.4	30.2	264.8	40.3	8.9	11.4	48.7	7.2	24.5	81.9	59.5	6.5
South Carolina	53.1	100.2	61.0	168.0	218.2	415.2	10.1	45.3	11.8	5.2	-	8.3	86.2	12.2	7.1
Indiana	15.2	20.8	29.7	44.0	46.7	272.3	56.5	40.1	24.5	67.8	123.7	32.8	70.6	93.7	232.1
Alabama	28.5	50.2	109.9	58.3	65.9	278.5	80.3	65.1	35.7	69.2	39.7	19.9	45.9	48.8	57.4
Oklahoma	6.1	31.8	27.8	115.4	70.0	44.5	13.8	33.0	35.1	68.1	80.8	14.9	8.1	17.3	4.5
Vermont	14.0	4.5	7.0	9.7	4.5	46.4	11.6	1.2	0.5	4.5	34.8	24.1	17.6	42.2	47.1
Kentucky	21.6	31.1	35.0	37.5	81.9	201.8	88.9	13.8	5.4	48.2	35.0	28.2	56.9	32.8	22.3
Rhode Island	3.5	20.3	11.5	26.0	35.4	92.6	118.7	95.9	62.8	58.0	72.8	77.2	4.5	16.1	30.0
Iowa	12.1	22.1	17.1	8.8	3.9	16.4	9.1	2.0	0.0	5.3	12.1	1.5	25.3	58.2	84.1

Figure 3.16 (Continued)
Venture Capital Investments 1995-2009 By State (\$ Millions)

State	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nevada	2.9	18.7	9.7	61.2	47.1	80.9	33.3	31.8	23.2	47.6	64.9	19.6	23.7	12.6	15.4
Arkansas	5.0	-	4.0	29.9	25.9	34.3	104	9.7	1.2	3.7	5.1	6.5	6.2	-	-
Louisiana	25.5	13.7	26.5	41.0	234.0	103.3	46.0	17.7	2.3	9.6	3.0	11.4	10.1	14.6	5.8
South Dakota	-	-	-	-	0.7	0.3	16	18.1	3.5	2.2	-	0.0	4.0	0.5	0.8
Montana	-	-	-	-	16.3	16.7	24.8	-	-	-	274	0.0	4.0	15.6	14.5
North Dakota	9.8	-	1.1	0.5	3.0	6.1	1.0	-	14.5	2.0	-	-	0.2	5.5	4.7
Mississippi	2.7	10.6	8.4	4.5	250.7	23.5	30.0	5.0	0.9	4.9	4.0	16.2	-	-	0.0
West Virginia	-	-	23.8	2.0	-	4.5	14	15.9	12.6	5.8	10.5	4.9	10.8	30.0	3.0
Unknown	0.3	2.2	4.4	54.1	2.4	50.4	14.3	-	-	-	-	-	-	-	0.5
Puerto Rico	7.8	8.2	12.5	1.3	4.6	42.1	32.0	0.5	0.1	1.5	28.8	14.3	16.0	13.8	-
Alaska	-	-	-	-	-	3.5	-	-	-	-	-	-	-	-	-
Wyoming	-	-	2.0	-	-	-	-	-	-	1.5	4.1	6.5	0.2	1.5	-
Hawai'i	-	20.5	1.5	4.2	12.8	203.0	37.8	4.4	17.8	13.7	14.6	32.8	4.9	7.5	74
Total	8,016.5	11,285.4	15,071.6	21,561.5	54,908.6	104,997.8	40,938.6	22,202.6	19,682.2	22,852.2	23,245.4	27,865.4	32,104.6	30,435.6	20,334.2

Figure 3.16b
Venture Capital Investments 2010-2015 By State (\$ Millions)

State	2010	2011	2012	2013	2014	2015
California	11,948.3	15,323.1	14,573.1	15,400.1	29,353.3	33,866.6
New York	1,417.2	2,528.5	1,938.1	2,837.9	4,426.4	6,254.4
Massachusetts	2,458.8	3,098.9	3,349.2	3,041.2	4,655.7	5,677.9
Washington	612.7	543.9	863.3	899.0	1,344.5	1,210.8
Texas	1,121.6	1,630.6	1,025.5	1,324.7	1,426.8	1,170.8
Illinois	676.8	785.4	613.7	457.8	1,048.8	1,103.6
New Jersey	480.9	414.1	353.3	339.3	378.6	979.0
Maryland	468.4	438.1	402.3	657.1	371.4	872.0
Georgia	347.0	423.9	252.3	396.5	491.6	836.1
Colorado	464.4	660.9	627.5	472.5	817.4	782.6
Utah	150.5	240.8	318.4	299.1	794.7	710.0
North Carolina	403.3	304.0	201.1	261.7	348.7	675.7
Pennsylvania	558.1	515.6	524.2	464.9	787.4	638.2
Connecticut	130.2	172.6	152.0	214.0	563.9	446.7
Florida	234.2	341.6	196.3	458.5	864.9	445.8
Virginia	427.8	513.9	276.3	636.8	476.9	428.2
Minnesota	145.1	280.7	266.4	266.9	359.8	371.7
Michigan	143.9	83.1	245.7	111.1	223.9	328.4
Ohio	216.8	169.5	270.8	254.3	300.6	263.5
Missouri	97.0	134.5	21.5	59.8	170.1	257.2
Oregon	122.4	164.3	126.1	143.5	188.9	227.6
Tennessee	70.3	115.8	130.9	169.9	152.7	193.6

Figure 3.16b (Continued) Venture Capital Investments 2010-2015 By State (\$ Millions)						
State	2010	2011	2012	2013	2014	2015
D. of Columbia	101.8	53.5	60.1	280.6	242.2	172.0
New Hampshire	56.5	81.2	98.4	93.4	112.8	160.7
Nebraska	2.0	0.0	3.1	11.0	41.5	120.0
Arizona	95.7	239.3	245.4	111.9	251.9	113.5
Delaware	31.7	30.9	9.2	71.3	28.7	98.2
Wisconsin	118.9	48.7	70.1	31.8	71.9	88.9
Maine	4.3	38.6	12.8	29.7	18.7	88.2
New Mexico	11.8	84.9	30.9	50.0	21.9	73.8
Idaho	9.8	5.1	15.2	6.5	1.9	63.0
Kansas	47.8	53.8	53.0	32.9	51.4	56.2
South Carolina	36.9	51.5	39.5	85.7	47.7	53.7
Indiana	80.0	177.9	84.2	23.4	49.8	52.9
Alabama	0.6	3.5	23.1	4.2	10.9	39.1
Oklahoma	13.0	0.6	33.0	8.2	13.6	29.8
Vermont	33.1	24.9	4.4	21.0	39.4	23.0
Kentucky	16.7	12.5	23.6	15.4	20.9	22.6
Rhode Island	59.3	42.2	85.1	81.7	124.1	16.3
Iowa	51.5	28.4	6.3	34.6	22.0	12.3
Nevada	28.8	26.0	3.3	15.1	45.3	12.2
Arkansas	5.0	-	5.0	85.5	19.9	10.4
Louisiana	1.1	6.4	1.7	5.7	47.5	10.1
South Dakota	-	4.1	0.0	11.9	3.0	7.1
Montana	1.9	3.2	5.6	0.0	-	1.5
North Dakota	3.2	4.0	2.4	24.1	7.5	0.1
Mississippi	-	-	4.6	0.7	0.0	-
West Virginia	3.8	2.1	14.6	1.2	1.6	-
Unknown	0.0	0.0	-	-	-	-
Puerto Rico	4.5	-	0.1	-	-	-
Alaska	-	-	-	-	-	-
Wyoming	10.0	-	-	-	-	-
Hawaii	4.8	0.6	0.6	0.7	0.4	-
Total	23,529.9	29,907.9	27,663.5	30,304.9	50,843.3	59,065.6

State	Venture Capital Investments 1995-2009 By State (Number of Deals)														
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
California	686	1,017	1,138	1,393	2,222	2,948	1,541	1,109	1,164	1,271	1,342	1,602	1,736	1,709	1,302
New York	74	90	157	199	356	608	294	156	121	157	130	232	224	270	210
Massachusetts	196	287	335	400	594	792	519	390	392	389	394	412	480	458	345
Pennsylvania	64	85	139	148	153	259	156	108	107	112	109	152	178	191	137
Texas	101	138	175	201	320	484	344	177	175	177	183	204	189	165	126
Washington	65	82	89	111	207	259	144	113	82	115	123	141	169	159	110
Illinois	44	55	87	73	118	203	130	81	59	60	59	67	70	73	52
Colorado	58	83	98	128	161	223	117	92	72	72	90	115	114	120	92
Tennessee	21	29	26	24	47	51	30	25	24	27	24	14	23	27	20
Virginia	38	58	83	99	154	283	145	91	85	79	93	94	107	88	51
Georgia	51	55	80	100	161	225	138	81	64	79	64	90	73	79	45
Maryland	32	48	47	59	100	178	92	92	85	98	118	109	96	107	79
Ohio	36	56	53	66	52	81	43	51	33	37	40	42	67	64	58
North Carolina	36	60	80	82	104	153	88	78	76	56	47	58	70	62	39
Florida	61	59	77	73	117	190	113	65	66	62	52	56	60	45	35
Connecticut	43	45	66	75	97	123	78	41	38	38	35	30	36	43	41
Utah	6	16	31	35	43	58	44	29	24	31	31	43	37	41	32
Michigan	12	21	28	29	44	55	22	27	18	17	21	24	23	46	37
New Jersey	56	69	86	84	117	186	156	94	85	95	81	96	99	95	80
Oregon	17	28	41	18	52	67	42	28	23	31	28	31	38	33	13
Missouri	19	26	18	23	29	54	18	28	18	9	11	14	18	25	14
Minnesota	50	48	89	79	84	107	88	60	59	54	44	47	61	53	41
Arizona	27	30	29	39	57	71	35	27	20	13	28	34	37	24	24
Wisconsin	8	11	19	16	19	27	20	11	8	14	18	20	21	19	14
D. of Columbia	1	5	2	4	18	45	22	7	6	7	8	8	11	12	6
New Mexico	2	5	4	4	6	8	4	6	3	5	13	7	27	17	13
Indiana	8	9	13	9	11	28	7	12	9	10	13	14	17	14	15
New Hampshire	10	17	17	24	31	62	39	41	35	22	21	24	26	30	14
Nebraska	1	5	3	6	7	11	10	3	2	2	3	4	4	2	-
Maine	2	5	2	14	11	15	9	6	3	4	3	8	8	4	4
Arkansas	2	-	2	3	5	5	3	5	3	2	2	6	2	-	-
Rhode Island	3	2	4	5	11	11	11	14	10	8	12	6	3	6	15
Oklahoma	2	7	5	12	8	9	5	4	3	12	1	8	6	5	4
Delaware	4	6	4	-	3	5	1	2	1	1	5	4	5	9	5
Vermont	6	5	5	4	2	4	3	4	3	3	4	8	7	8	8
South Carolina	5	15	15	17	10	11	4	4	3	3	-	2	9	9	5
Nevada	2	4	7	11	10	11	6	6	7	7	8	7	8	6	4
Kansas	4	9	6	3	8	22	10	8	11	13	5	9	14	25	16
Iowa	9	6	4	7	2	4	5	1	1	4	3	2	3	8	9
Kentucky	9	7	15	16	16	14	5	3	3	6	4	10	10	10	10

Figure 3.17 (Continued)
Venture Capital Investments 1995-2009 By State (Number of Deals)

State	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alabama	9	8	17	14	10	30	15	12	10	8	6	10	12	9	13
Idaho	1	1	2	3	2	3	2	2	5	2	3	5	7	6	4
Louisiana	7	4	12	9	9	14	10	7	2	4	3	2	6	11	12
Montana	-	-	-	-	2	3	2	-	-	-	2	1	1	2	1
South Dakota	-	-	-	-	1	1	2	2	1	4	-	1	3	1	3
North Dakota	2	-	1	1	1	1	1	-	2	1	-	-	1	4	3
West Virginia	-	-	2	1	-	2	2	8	5	3	5	4	5	2	3
Alaska	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Hawaii	-	3	4	3	3	3	5	2	7	5	6	11	6	7	3
Mississippi	1	3	4	3	5	6	3	3	3	5	1	4	-	-	2
Puerto Rico	4	6	2	2	2	11	5	1	1	1	2	3	4	2	-
Unknown	2	7	7	15	3	16	8	-	-	-	-	-	-	-	1
Wyoming	-	-	2	-	-	-	-	-	-	-	1	4	1	2	1
Total	1,897	2,635	3,232	3,744	5,605	8,041	4,596	3,217	3,037	3,236	3,302	3,896	4,233	4,206	3,170

Figure 3.17b
Venture Capital Investments 2010-2015 By State (Number of Deals)

State	2010	2011	2012	2013	2014	2015
California	1,483	1,663	1,644	1,734	1,871	1,779
New York	300	364	363	433	445	463
Massachusetts	382	396	430	380	393	424
Pennsylvania	165	154	189	237	189	201
Texas	169	171	171	161	187	163
Washington	119	122	113	129	114	116
Illinois	78	102	83	93	97	95
Colorado	88	116	110	85	93	87
Tennessee	32	44	85	108	88	74
Virginia	62	77	80	67	75	74
Georgia	70	61	55	43	60	71
Maryland	74	75	64	80	88	71
Ohio	64	69	58	78	66	69
North Carolina	57	48	35	53	56	64
Florida	46	57	33	50	44	57
Connecticut	61	63	51	55	56	56
Utah	27	46	44	34	42	55
Michigan	31	34	52	74	51	54
New Jersey	74	61	52	45	35	51
Oregon	32	37	31	39	31	45
Missouri	15	23	12	36	48	43

Figure 3.17b
Venture Capital Investments 2010-2015 By State (Number of Deals)

State	2010	2011	2012	2013	2014	2015
Minnesota	31	48	32	35	37	30
Arizona	20	26	21	24	30	28
Wisconsin	21	13	13	17	26	24
D. of Columbia	15	13	26	34	32	23
New Mexico	9	10	12	17	13	17
Indiana	16	14	17	13	21	16
New Hampshire	9	16	9	19	10	14
Nebraska	2	1	4	9	18	13
Maine	7	5	6	6	12	12
Arkansas	1	-	1	5	5	11
Rhode Island	11	14	15	13	15	11
Oklahoma	2	2	6	8	8	10
Delaware	9	11	6	6	11	9
Vermont	7	8	5	9	13	9
South Carolina	7	3	5	15	5	7
Nevada	4	3	4	9	8	6
Kansas	37	47	13	10	11	5
Iowa	2	3	2	4	8	4
Kentucky	15	9	8	7	14	4
Alabama	2	2	6	4	3	3
Idaho	5	3	4	2	2	3
Louisiana	3	7	4	6	4	3
Montana	3	2	6	1	-	2
South Dakota	-	2	1	1	1	2
North Dakota	1	1	1	3	2	1
West Virginia	4	2	3	1	2	1
Alaska	-	-	-	-	-	-
Hawaii	2	1	3	1	1	-
Mississippi	-	-	2	2	1	-
Puerto Rico	1	-	1	-	-	-
Unknown	1	1	-	-	-	-
Wyoming	1	-	-	-	-	-
Total	3,677	4,050	3,991	4,295	4,442	4,380

Figure 3.18
Venture Capital Investments
First vs. Follow-on Deals
Total Dollars Invested (\$ Billions)

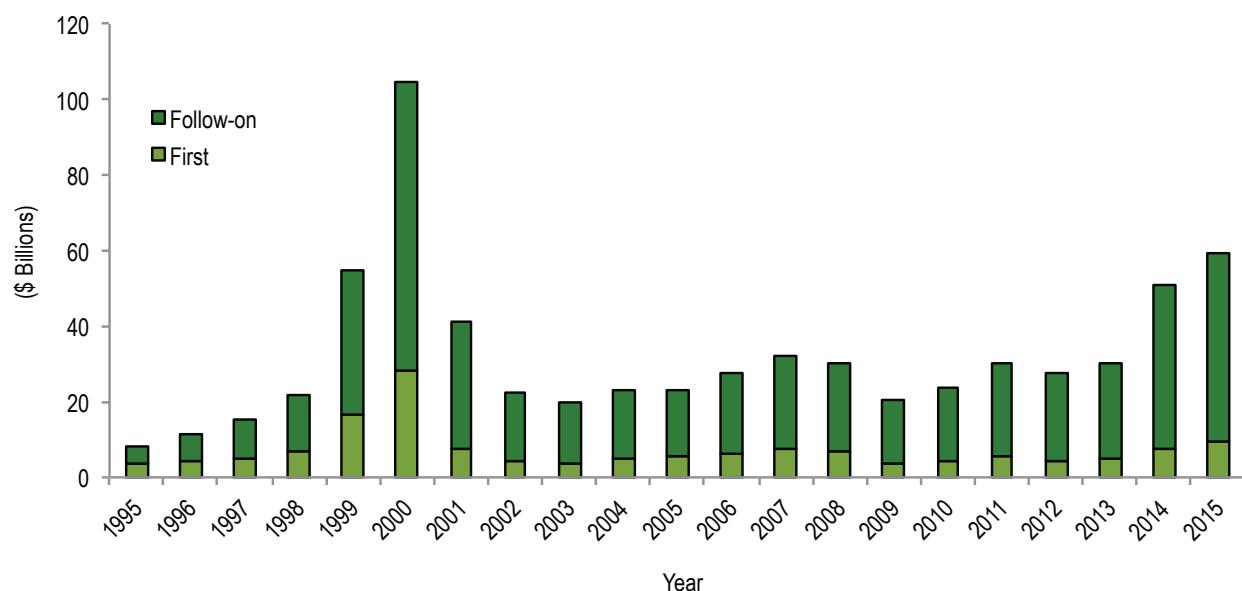


Figure 3.19
Venture Capital Investments (\$ Millions)
First vs. Follow-on

Year	First	Follow-on	Total
1995	3,972	4,045	8,016.5
1996	4,132	7,153	11,285.4
1997	4,873	10,199	15,071.6
1998	7,215	14,347	21,561.5
1999	16,328	38,581	54,908.6
2000	28,513	76,485	104,997.8
2001	7,316	33,622	40,938.6
2002	4,319	17,883	22,202.6
2003	3,689	15,993	19,682.2
2004	5,020	17,832	22,852.2
2005	5,608	17,637	23,245.4
2006	6,288	21,577	27,865.4
2007	7,773	24,332	32,104.6
2008	6,585	23,850	30,435.6
2009	3,462	16,872	20,334.2
2010	4,377	19,153	23,529.9
2011	5,500	24,408	29,907.9
2012	4,522	23,142	27,663.5
2013	5,084	25,221	30,304.9
2014	7,551	43,292	50,843.3
2015	9,181	49,885	59,065.6

Figure 3.20
Venture Capital Investments
Number of Companies Receiving

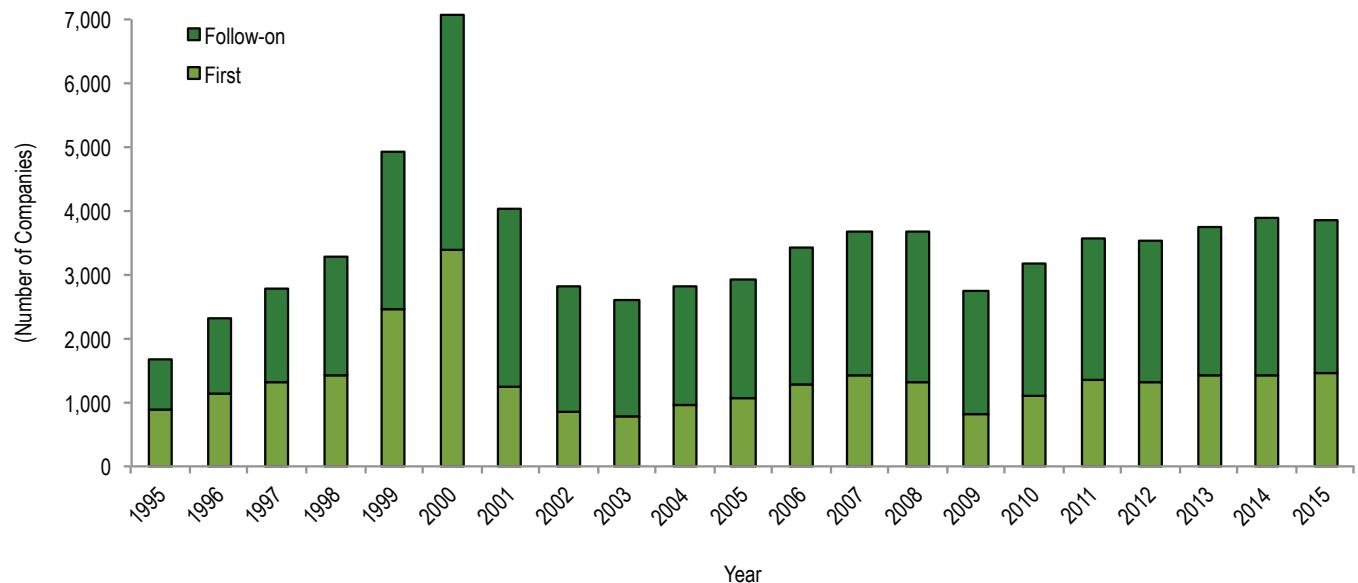


Figure 3.21
Venture Capital Investments
First vs Follow-on

Year	No. of Cos Receiving Initial Deals Financing	No. of Cos Receiving Follow-On Financing	No. of Cos Receiving Financing*
1995	901	778	1,574
1996	1,146	1,169	2,116
1997	1,308	1,475	2,580
1998	1,441	1,833	3,042
1999	2,466	2,447	4,479
2000	3,392	3,693	6,426
2001	1,235	2,790	3,861
2002	847	1,986	2,722
2003	779	1,842	2,521
2004	974	1,852	2,720
2005	1,069	1,861	2,803
2006	1,273	2,138	3,235
2007	1,419	2,260	3,507
2008	1,315	2,361	3,499
2009	835	1,914	2,662
2010	1,100	2,066	3,045
2011	1,359	2,197	3,383
2012	1,335	2,206	3,372
2013	1,437	2,325	3,568
2014	1,441	2,450	3,728
2015	1,444	2,418	3,709

* No. of Cos receiving financing can be less than the sum of the first two columns because any given company can receive initial and follow-on financing in the same year

Figure 3.22
First Sequence by Stage of Development (\$ Millions)

Stage	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Seed	742.6	636.2	799.3	1,003.7	2,790.4	2,527.2	645.7	266.8	303.4	382.9	556.9
Early Stage	898.1	1,372.4	1,725.3	2,730.1	6,368.4	16,403.9	4,419.1	2,343.0	2,123.7	2,600.3	2,607.1
Expansion	1,634.9	1,662.9	1,866.5	2,830.7	5,831.2	8,655.1	1,885.1	1,325.1	947.4	1,292.8	1,556.4
Later Stage	696.1	460.9	481.9	650.3	1,338.0	926.8	366.4	384.4	314.5	744.4	887.6
Total	3,971.7	4,132.4	4,873.0	7,214.8	16,328.0	28,512.9	7,316.4	4,319.4	3,688.9	5,020.5	5,608.0

Figure 3.22 (Continued)
First Sequence by Stage of Development (\$ Millions)

Stage	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Seed	1,146.7	1,405.8	1,409.6	831.5	881.0	866.3	581.0	820.8	636.0	705.1
Early Stage	2,505.4	2,915.7	2,373.4	1,351.2	1,791.0	2,645.2	2,253.7	2,922.0	3,965.5	5,596.7
Expansion	1,818.8	2,528.7	1,747.1	775.8	912.6	1,023.5	991.8	670.8	2,040.5	1,794.6
Later Stage	817.4	922.9	1,055.1	503.4	792.8	964.6	695.3	670.6	909.1	1,084.7
Total	6,288.3	7,773.1	6,585.2	3,461.9	4,377.3	5,499.6	4,521.8	5,084.2	7,551.1	9,181.1

Figure 3.23
First Sequence by Stage of Development (Number of Deals)

Stage	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Seed	256	308	348	460	660	589	222	130	166	175	209
Early Stage	281	402	472	502	1,117	1,914	692	468	425	537	539
Expansion	290	361	419	411	623	797	279	196	142	183	248
Later Stage	74	75	69	68	66	92	42	53	46	79	73
Total	901	1,146	1,308	1,441	2,466	3,392	1,235	847	779	974	1,069

Figure 3.23 (Continued)
First Sequence by Stage of Development (Number of Deals)

Stage	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Seed	327	423	381	225	277	347	222	199	163	147
Early Stage	568	591	562	392	559	734	865	992	977	1,030
Expansion	267	295	227	141	167	168	156	162	195	179
Later Stage	111	110	145	77	97	110	92	84	106	88
Total	1,273	1,419	1,315	835	1,100	1,359	1,335	1,437	1,441	1,444

Figure 3.24 First Sequence by Industry (\$ Millions)

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	159.3	209.6	345.9	384.3	417.9	808.1	825.6	700.3	423.8	724.0	619.6
Business Products and Services	136.3	161.2	267.6	329.5	1,038.1	1,894.0	279.5	117.8	346.6	225.9	147.2
Computers and Peripherals	148.1	115.2	110.2	119.6	273.5	336.8	258.8	18.6	83.0	92.6	84.1
Consumer Products and Services	309.8	206.5	194.8	260.3	810.8	954.3	145.6	44.9	78.0	123.7	259.9
Electronics/Instrumentation	52.9	85.7	123.8	47.5	79.2	144.1	117.0	82.3	45.4	94.0	130.1
Financial Services	114.0	269.2	252.2	461.3	762.8	1,477.2	297.5	74.5	94.4	247.9	334.3
Healthcare Services	300.4	273.9	342.5	239.2	359.4	427.8	84.4	155.1	70.5	87.5	135.1
Industrial/Energy	448.2	254.5	352.3	797.1	708.2	1,094.8	471.1	435.0	269.0	309.0	531.5
IT Services	44.9	225.4	228.8	377.2	1,604.2	2,576.7	304.3	167.4	136.1	199.1	342.4
Media and Entertainment	775.1	364.6	419.6	678.1	2,472.9	2,845.6	345.9	208.5	221.5	285.2	567.9
Medical Devices and Equipment	188.4	219.6	263.1	273.2	310.4	339.5	267.8	246.0	311.6	333.4	385.1
Networking and Equipment	95.5	131.4	224.3	325.9	1,574.8	2,629.8	809.5	245.4	120.5	210.2	183.5
Retailing/Distribution	214.0	130.7	114.2	335.3	698.7	868.3	59.1	34.7	12.4	118.3	132.8
Semiconductors	69.5	130.5	166.2	172.5	292.2	1,145.2	502.9	350.3	369.4	413.0	269.7
Software	537.1	937.4	1,064.0	1,396.2	2,922.5	6,188.5	1,717.1	1,238.5	948.0	1,264.6	1,142.7
Telecommunications	365.2	416.4	388.4	955.8	1,910.1	4,733.3	793.7	182.9	158.6	278.4	342.0
Other	13.0	0.5	15.3	61.8	92.3	49.0	36.6	17.0	0.0	13.6	0.1
Total	3,971.7	4,132.4	4,873.0	7,214.8	16,328.0	28,512.9	7,316.4	4,319.4	3,688.9	5,020.5	5,608.0

Figure 3.24 (Continued) First Sequence by Industry (\$ Millions)

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	1,097.5	1,122.8	927.6	467.2	627.4	859.5	443.6	695.9	727.9	1,844.2
Business Products and Services	190.0	261.3	100.7	111.6	72.7	78.0	25.2	64.0	447.8	110.0
Computers and Peripherals	50.8	112.5	112.7	52.0	41.9	87.9	52.9	84.1	137.7	117.9
Consumer Products and Services	111.5	206.1	195.0	119.9	176.4	288.2	276.5	184.3	386.0	641.1
Electronics/Instrumentation	135.9	136.1	67.3	45.0	46.7	17.6	63.5	26.5	104.4	51.6
Financial Services	202.6	368.6	242.4	144.3	152.8	108.9	17.6	185.1	118.2	287.4
Healthcare Services	78.7	75.9	52.8	59.5	149.9	97.6	64.2	53.4	92.5	183.2
Industrial/Energy	618.4	1,252.4	1,295.0	563.5	458.5	643.1	268.1	141.3	452.8	464.9
IT Services	350.8	477.7	609.1	297.4	409.0	316.1	291.2	369.3	323.5	672.5
Media and Entertainment	677.5	608.2	476.6	234.2	373.4	567.2	483.8	425.3	834.2	653.5
Medical Devices and Equipment	565.8	725.9	665.1	341.9	296.7	253.2	214.0	206.9	459.6	338.4
Networking and Equipment	125.6	143.7	50.7	37.4	156.8	89.1	31.6	36.6	57.0	16.5
Retailing/Distribution	49.5	85.4	34.6	16.4	59.9	161.9	43.6	35.9	267.0	144.3
Semiconductors	291.5	212.9	196.9	69.5	116.6	88.8	65.0	30.7	115.6	70.8
Software	1,274.1	1,520.9	1,265.8	806.4	1,075.8	1,776.7	2,010.7	2,450.1	2,982.9	3,462.4
Telecommunications	408.0	459.7	292.9	92.1	154.2	63.6	146.4	17.8	40.0	86.6
Other	60.0	3.0	0.0	3.5	8.7	2.4	23.9	77.1	3.9	35.8
Total	6,288.3	7,773.1	6,585.2	3,461.9	4,377.3	5,499.6	4,521.8	5,084.2	7,551.1	9,181.1

Figure 3.25 First Sequence by Industry (Number of Deals)

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	54	68	86	108	81	124	111	115	92	109	120
Business Products and Services	33	40	50	73	145	223	53	26	28	34	33
Computers and Peripherals	42	34	43	30	35	50	27	12	19	19	18
Consumer Products and Services	56	52	70	70	138	100	30	24	20	30	43
Electronics/Instrumentation	20	19	19	17	15	27	27	18	19	22	32
Financial Services	32	38	42	64	99	170	40	28	19	36	31
Healthcare Services	42	59	53	37	52	57	20	20	17	15	22
Industrial/Energy	81	78	96	86	100	123	80	60	54	72	74
IT Services	28	67	62	91	234	323	73	27	31	52	65
Media and Entertainment	70	77	108	114	380	393	74	43	38	58	99
Medical Devices and Equipment	55	86	110	95	87	70	62	60	78	80	83
Networking and Equipment	32	48	52	82	103	208	90	37	20	39	25
Retailing/Distribution	34	35	33	45	116	120	19	9	6	20	22
Semiconductors	25	30	54	46	51	116	75	54	64	79	43
Software	222	326	331	337	593	886	320	269	235	247	287
Telecommunications	69	88	94	139	227	392	126	43	38	56	69
Other	6	1	5	7	10	10	8	2	1	6	3
Total	901	1,146	1,308	1,441	2,466	3,392	1,235	847	779	974	1,069

Figure 3.25 (Continued) First Sequence by Industry (Number of Deals)

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	150	151	145	92	120	112	87	106	100	121
Business Products and Services	37	55	49	25	27	24	14	31	30	31
Computers and Peripherals	11	26	18	13	12	15	6	11	25	20
Consumer Products and Services	41	58	51	31	36	64	91	76	82	94
Electronics/Instrumentation	23	27	34	17	16	8	15	13	15	13
Financial Services	30	49	30	19	36	24	15	20	20	34
Healthcare Services	18	17	12	13	22	12	11	17	24	29
Industrial/Energy	111	149	158	80	88	95	77	66	68	74
IT Services	93	100	115	86	95	134	103	133	97	103
Media and Entertainment	159	180	164	88	145	202	192	190	184	178
Medical Devices and Equipment	126	120	108	84	69	72	70	67	58	63
Networking and Equipment	19	23	11	9	9	13	7	4	4	5
Retailing/Distribution	12	12	15	9	17	22	25	20	20	26
Semiconductors	49	41	34	16	16	18	16	14	21	16
Software	299	325	326	225	351	496	563	643	674	594
Telecommunications	94	76	42	23	31	43	32	18	12	18
Other	1	10	3	5	10	5	11	8	7	25
Total	1,273	1,419	1,315	835	1,100	1,359	1,335	1,437	1,441	1,444

Figure 3.26
Internet-Related Investments By Year

Year	No. of Companies	(\\$ Millions)
1995	433	1,938.1
1996	760	4,113.0
1997	1,025	6,345.7
1998	1,489	11,864.3
1999	3,067	42,520.2
2000	4,617	80,701.5
2001	2,396	26,588.6
2002	1,481	11,496.7
2003	1,257	9,305.3
2004	1,278	10,574.6
2005	1,361	10,850.5
2006	1,673	13,041.8
2007	1,790	14,837.5
2008	1,864	13,666.2
2009	1,442	9,173.6
2010	1,711	10,799.4
2011	2,133	15,734.4
2012	2,206	15,870.0
2013	2,382	19,318.2
2014	2,510	34,163.4
2015	2,434	40,237.8
Total	39,309	403,140.7

Figure 3.30
2015 Internet-Related Investments By Industry Sector

Industry Group	(\\$ Millions)
Software	23,401.2
Media and Entertainment	4,353.6
IT Services	3,821.3
Consumer Products and Services	3,457.5
Financial Services	2,620.9
Retailing/Distribution	1,001.1
Telecommunications	564.5
Computers and Peripherals	337.0
Healthcare Services	289.1
Networking and Equipment	281.8
Business Products and Services	82.2
Industrial/Energy	27.6
TOTAL	40,237.8

Figure 3.27
Top 5 States by Internet-Related Investments in 2015

State	(\\$ Millions)
California	24,441.1
New York	4,891.1
Massachusetts	2,596.7
Illinois	846.5
Texas	701.6
TOTAL*	33,476.9

*Total includes above 5 states only

Figure 3.28 Internet-Related Investments by Region in 2015

State/Region	(\\$ Millions)
Silicon Valley	21,156.6
NY Metro	5,558.6
LA/Orange County	2,994.4
New England	2,883.3
Southeast	1,384.6
Midwest	1,325.6
Northwest	963.1
DC/Metroplex	871.1
SouthWest	761.5
Texas	701.6
Colorado	603.3
North Central	345.0
San Diego	287.3
Philadelphia Metro	256.7
South Central	76.2
Upstate NY	66.0
Sacramento/N.Cal	2.9
TOTAL	40,237.8

Figure 3.29
2015 Internet-Related Investments By Stage

Company Stage	(\\$ Millions)
Seed	202.9
Early Stage	12,124.0
Expansion	17,962.5
Later Stage	9,948.3
TOTAL	40,237.8

Figure 3.31
2015 Internet-Related vs. Non Internet-Related By Industry Sector (\$ Million)

Industry	Internet Related	Non-Internet Related	Total
Biotechnology	-	7,602.9	7,602.9
Business Products and Services	82.2	530.8	612.9
Computers and Peripherals	337.0	400.5	737.5
Consumer Products and Services	3,457.5	1,369.2	4,826.7
Electronics/Instrumentation	-	391.7	391.7
Financial Services	2,620.9	558.2	3,179.1
Healthcare Services	289.1	554.4	843.5
Industrial/Energy	27.6	3,149.5	3,177.1
IT Services	3,821.3	42.1	3,863.4
Media and Entertainment	4,353.6	395.6	4,749.2
Medical Devices and Equipment	-	2,747.9	2,747.9
Networking and Equipment	281.8	11.0	292.8
Other	-	67.7	67.7
Retailing/Distribution	1,001.1	21.5	1,022.5
Semiconductors	-	739.2	739.2
Software	23,401.2	96.9	23,498.2
Telecommunications	564.5	147.9	712.4
Total	40,237.8	18,827.0	59,064.8

Figure 3.32
**2015 Internet-Related vs. Non Internet-Related By Industry Sector
(Number of Companies)**

Industry	Internet Related	Non-Internet Related	Total
Biotechnology	-	383	383
Business Products and Services	16	29	45
Computers and Peripherals	11	37	48
Consumer Products and Services	100	104	204
Electronics/Instrumentation	-	50	50
Financial Services	42	25	67
Healthcare Services	23	39	62
Industrial/Energy	4	198	202
IT Services	277	10	287
Media and Entertainment	346	35	381
Medical Devices and Equipment	-	242	242
Networking and Equipment	21	3	24
Other	-	27	27
Retailing/Distribution	48	4	52
Semiconductors	-	63	63
Software	1,511	20	1,531
Telecommunications	35	6	41
Total	2,434	1,275	3,709

Figure 3.33
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

Source	Target State																					
	AL	AR	AZ	CA	CO	CT	DC	DE	FL	GA	IA	ID	IL	IN	KS	KY	LA	MA	MD	ME	MI	MN
AL	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	4.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
AR	0.0	0.0	0.0	4.9	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
AZ	0.0	0.0	10.1	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	0.0	0.0	0.0	
CA	12.8	0.5	10.2	12,950.4	123.7	122.6	48.2	18.1	17.3	200.2	0.0	0.0	207.9	2.8	14.1	0.0	1.0	1,113.6	242.2	10.0	41.6	54.7
CO	0.0	0.0	0.0	64.9	108.4	0.0	6.3	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	4.8	0.0	0.0	1.1	9.0
CT	0.0	0.0	0.0	226.5	14.6	21.4	0.0	0.0	3.7	0.0	0.0	0.0	108.7	0.0	0.0	0.0	0.0	67.3	13.5	0.0	0.0	0.0
DC	0.0	0.0	0.0	161.7	8.5	0.0	18.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	17.3	0.0	0.0	0.0
DE	0.0	0.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FF	12.8	0.5	4.7	3,970.6	38.9	37.7	8.0	7.5	36.9	122.3	0.0	0.0	44.5	2.7	18.8	13.1	0.0	599.0	43.9	0.0	34.1	21.1
FL	0.0	0.0	0.0	33.0	4.7	0.8	0.0	0.0	17.2	0.0	0.0	0.0	6.2	5.4	0.0	0.0	0.0	57.3	0.0	0.0	11	0.0
GA	0.0	0.0	0.0	27.4	0.0	0.0	0.0	0.0	3.3	61.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	7.0
IA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ID	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IL	0.0	0.0	5.1	331.6	4.0	0.0	12.5	0.0	2.4	0.4	0.0	0.0	200.9	0.6	2.0	0.5	0.0	34.8	6.0	0.0	2.3	2.6
IN	0.0	0.0	0.0	18.7	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	3.0	8.5	0.0	0.0	0.0	22.2	0.0	0.0	0.2	4.2
KS	0.0	2.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KY	0.0	0.0	0.4	1.7	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	1.1	0.0	3.0	0.0	0.0	0.0	0.0
LA	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.0
MA	0.0	2.5	16.4	2,424.9	16.3	77.2	0.0	20.0	92.6	80.2	0.0	15.0	61.4	2.0	0.0	4.0	0.0	1,539.4	66.5	60.0	0.9	27.0
MD	0.0	0.0	0.7	318.9	12.3	0.5	22.0	3.8	1.5	33.6	0.0	0.0	13.6	15.9	0.0	0.0	0.0	41.5	25.2	0.0	0.1	24.2
ME	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0	2.1	0.0	0.0	0.0
MI	0.0	0.0	0.0	80.5	0.0	0.0	0.0	0.0	1.2	1.5	0.0	0.0	3.0	1.5	0.0	0.0	0.0	1.5	0.0	0.0	66.8	14.2
MN	0.0	0.0	4.9	179.5	5.5	0.0	0.0	0.0	6.7	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	38.3
MO	0.0	0.0	0.0	37.3	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	12.4	0.3	0.0	0.0	6.0
MT	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NC	0.0	0.0	0.0	27.8	0.0	0.0	5.8	0.0	4.0	1.9	0.0	0.0	0.4	0.0	0.0	0.0	0.0	23.4	2.4	0.0	3.2	0.0
ND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	9.0
NE	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NH	0.0	0.0	0.0	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.1	0.0	0.0	0.0	0.0
NJ	0.0	0.0	6.4	107.0	9.5	0.3	1.5	0.0	4.0	7.8	0.0	0.0	3.9	0.0	0.0	0.0	0.0	35.2	3.5	0.0	0.0	1.8
NM	0.0	0.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NV	0.0	0.0	0.0	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
NY	0.0	0.0	15.9	3,251.3	184.2	85.4	12.8	11.5	83.0	97.1	0.0	0.0	213.0	0.9	13.3	0.0	0.0	447.9	238.6	0.6	50.6	4.8
OH	0.0	0.0	0.0	40.2	0.7	0.0	0.0	0.0	15.0	5.1	0.0	0.0	2.4	0.0	0.0	0.0	0.0	19.9	0.0	0.0	1.9	9.0
OK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OR	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PA	5.5	0.0	0.0	228.0	3.2	4.3	2.9	12.8	10.4	14.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	99.6	2.6	0.0	2.8	31.4
RI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.5	0.0	0.0	0.0	0.0
SC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Figure 3.33 (Continued)
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

Source	Target State																					
	State	AL	AR	AZ	CA	CO	CT	DC	DE	FL	GA	IA	ID	IL	IN	KS	KY	LA	MA	MD	ME	MI
SD	0.0	0.0	0.0	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	3.0
TN	0.1	0.5	4.0	10.0	0.0	0.0	0.1	0.0	0.0	2.0	0.0	0.0	1.0	0.1	0.0	0.0	0.1	8.2	0.0	0.0	0.0	13.0
TX	0.0	0.0	0.5	199.7	11.3	0.0	0.0	0.0	0.8	0.0	0.0	2.7	17.3	0.0	0.0	0.0	0.0	14.4	0.0	0.0	2.9	0.0
UN	8.0	3.0	28.8	8,684.3	199.6	93.8	23.9	24.4	118.8	144.7	8.0	2.7	174.6	12.4	4.3	4.0	9.0	1,438.4	174.2	15.4	103.8	91.3
UT	0.0	0.0	3.9	150.5	15.0	0.0	0.0	0.0	0.0	0.0	0.0	42.7	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0
VA	0.0	0.0	1.5	66.7	3.0	0.0	7.3	0.0	20.1	0.0	0.0	0.0	1.0	0.0	0.8	0.0	0.0	10.8	36.0	0.0	0.0	0.0
VT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
WA	0.0	0.5	0.0	208.5	10.3	0.0	2.1	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	12.4	0.0	0.0	1.8	0.0
WI	0.0	0.0	0.0	8.2	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.5	0.0	1.5	0.0	0.0	11	0.0	0.0	12.9	0.0
TOTAL	39.1	10.4	113.5	33,866.6	782.6	446.7	172.0	98.2	445.8	836.1	12.3	63.0	1,103.6	52.9	56.2	22.6	10.1	5,677.9	872.0	88.2	328.4	371.7

Figure 3.33b
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

Source	Target State																						
	State	MO	MT	NC	ND	NE	NH	NJ	NM	NV	NY	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VA	VT
AL	0.0	0.0	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	1.8	0.0	1.9	0.0
AR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
AZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	3.7	0.0	0.0	
CA	58.2	0.0	59.3	0.0	24.2	68.4	151.0	5.1	1.3	1,245.2	68.8	0.0	40.6	159.2	0.0	15.0	0.0	16.4	249.6	229.4	52.0	0.0	
CO	0.0	0.0	35.0	0.0	0.0	0.0	0.0	0.0	0.6	11.2	2.3	0.0	2.2	0.0	1.7	0.0	0.0	0.0	14.1	0.9	24.1	4.8	
CT	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	0.0	167.8	0.0	0.0	0.0	2.4	0.0	0.0	3.0	13.7	0.0	0.0	14.0	2.0	
DC	0.8	0.0	3.2	0.0	0.0	0.0	0.0	0.0	0.0	23.9	0.0	0.0	6.5	14.0	0.0	0.0	0.0	0.0	12.2	0.0	0.0	11.8	0.0
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FF	4.8	0.0	54.2	0.0	0.0	20.2	130.6	5.9	4.6	537.5	5.3	0.0	10.4	28.4	2.0	0.3	0.0	4.5	69.9	26.1	13.2	0.0	
FL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.5	2.2	0.0	0.0	0.0	7.7	0.1	0.0	0.0	0.2	6.3	0.0	0.0	
GA	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.2	0.0	8.2	0.0	1.5	5.0	0.6	7.7	0.0	
IA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ID	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0	0.0	
IL	0.2	0.0	7.4	0.0	1.0	1.1	0.0	1.0	0.0	37.6	13.4	0.0	1.2	12.0	0.0	0.0	0.0	11.3	30.5	2.5	0.8	0.0	
IN	0.0	0.0	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	4.4	5.6	0.0	0.0	
KS	1.5	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
KY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	
LA	4.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	
MA	0.0	0.0	89.3	0.0	0.0	16.9	101.6	8.0	0.0	669.0	19.4	9.6	1.3	39.7	6.6	0.0	0.0	4.3	66.1	7.0	44.2	0.0	
MD	0.4	0.0	4.7	0.0	0.0	1.5	7.6	15.0	0.0	150.0	10.0	0.0	2.9	6.2	0.0	0.0	0.0	0.0	4.8	16.5	44.2	0.0	
ME	0.0	0.0	0.0	0.0	0.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	8.0	0.0	
MI	1.7	0.0	0.0	0.0	0.0	0.0	0.0	4.1	3.1	0.2	1.6	0.0	2.1	3.5	0.0	0.0	0.0	0.1	2.0	0.0	0.0	0.0	
MN	0.2	0.0	0.0	0.0	9.0	0.0	70.0	0.0	0.0	17.2	0.0	0.0	2.4	0.0	0.0	0.0	0.0	3.5	20.0	0.0	0.0	0.0	

Figure 3.33b
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

Source	Target State																					
	State	MO	MT	NC	ND	NE	NH	NJ	NM	NV	NY	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VA
MO	19.9	0.0	5.0	0.0	0.0	0.0	0.0	14	0.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MT	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NC	4.4	0.0	73.2	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	3.6	0.1	0.0	0.0	0.7	50.8	16.0	0.8	0.0
ND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NE	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3	0.0	0.0
NH	0.0	0.0	0.0	0.0	0.0	2.3	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NJ	0.0	0.0	0.5	0.0	0.0	0.0	1.6	0.0	0.0	29.2	2.0	0.0	0.0	12.9	0.0	0.0	0.0	0.0	3.8	6.8	15.0	0.0
NM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NY	4.5	0.0	84.8	0.0	0.0	7.0	104.3	0.0	0.6	1,052.9	33.6	4.6	8.9	54.3	0.0	0.0	3.0	29.6	159.2	109.8	67.6	0.4
OH	5.2	0.0	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.2	0.0	0.0	8.5	0.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0
OK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0	0.0	0.0	5.7	0.0	0.0	0.0	0.0
OR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PA	17.8	0.0	4.6	0.0	0.0	3.4	56.2	0.0	0.0	136.9	0.0	0.0	76.0	96.6	0.0	0.4	0.0	0.0	12.7	3.4	6.4	0.0
RI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SC	0.0	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0
SD	0.0	0.0	0.0	0.0	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0
TN	0.0	0.0	9.1	0.1	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	8.9	0.4	0.0	0.0	32.5	12.0	1.6	0.0	0.0
TX	3.0	0.0	38.5	0.0	0.2	0.0	13	2.0	0.0	12.6	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.5	156.7	9.7	0.0	0.0
UN	130.0	1.2	179.6	0.0	70.2	21.1	341.3	21.0	2.0	2,045.2	534	10.3	34.3	177.4	3.8	27.3	1.1	63.8	292.9	127.8	714	13.9
UT	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	16.0	2.1	0.0	2.1	0.0	0.0	0.0	0.0	0.0	15	96.4	0.0	0.0
VA	0.0	0.0	4.2	0.0	1.0	0.0	4.5	0.0	0.0	26.5	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.8	0.0	6.1	39.3	0.0
VT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9
WA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.8	5.0	0.0	17.5	2.3	0.0	0.0	0.0	0.0	0.0	12.2	2.1	0.0
WI	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0	0.0	14.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0
TOTAL	257.2	1.5	675.7	0.1	120.0	160.7	979.0	73.8	12.2	6,254.4	263.5	29.8	227.6	638.2	16.3	53.7	7.1	193.6	1,170.8	710.0	428.2	23.0

Figure 3.33c
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

SOURCE STATE	Target State			
	WA	WI	WV	TOTAL
AL	0.0	0.0	0.0	25.2
AR	0.0	0.0	0.0	8.0
AZ	0.0	0.0	0.0	39.1
CA	374.6	12.5	0.0	18,022.6
CO	13.4	0.0	0.0	305.8
CT	33.2	0.0	0.0	698.3
DC	0.0	0.0	0.0	283.1
DE	0.0	0.0	0.0	12.1
FF	42.7	0.9	0.0	5,978.6
FL	0.0	8.0	0.0	165.7
GA	0.0	0.0	0.0	130.3
IA	0.0	0.0	0.0	4.0
ID	0.0	0.0	0.0	2.9
IL	29.6	6.3	0.0	761.5
IN	2.0	0.0	0.0	81.0
KS	0.0	0.0	0.0	13.3
KY	0.6	0.0	0.0	8.8
LA	0.0	0.0	0.0	21.6
MA	85.4	4.0	0.0	5,678.8
MD	0.0	0.0	0.0	777.7
ME	0.0	0.0	0.0	29.3
MI	1.9	0.0	0.0	190.5
MN	3.2	0.0	0.0	426.3
MO	0.0	0.0	0.0	86.1
MT	0.1	0.0	0.0	1.1

Figure 3.33c
Sources and Targets of Invested Capital Investments 2015 (\$ Millions)

SOURCE STATE	Target State			
	WA	WI	WV	TOTAL
NC	1.7	0.0	0.0	221.0
ND	2.0	1.2	0.0	13.2
NE	9.4	0.0	0.0	20.4
NH	6.2	0.0	0.0	39.1
NJ	5.0	0.0	0.0	257.8
NM	0.0	0.0	0.0	13.2
NV	0.0	0.0	0.0	4.2
NY	88.4	0.0	0.0	6,524.4
OH	0.0	0.0	0.0	152.3
OK	0.0	0.0	0.0	11.0
OR	0.0	0.0	0.0	12.7
PA	5.5	0.1	0.0	837.5
RI	0.0	0.0	0.0	23.2
SC	0.0	0.0	0.0	7.0
SD	0.0	0.0	0.0	20.3
TN	3.4	0.0	0.0	108.5
TX	10.7	0.0	0.0	491.7
UN	365.3	32.5	0.0	15,454.0
UT	0.0	0.0	0.0	334.3
VA	5.4	0.0	0.0	236.2
VT	0.0	0.0	0.0	2.3
WA	116.3	0.0	0.0	424.5
WI	5.0	23.4	0.0	105.1
TOTAL	1,210.8	88.9	0.0	59,065.6

Figure 3.34
Top 5 States By Percentage Invested Within State in 2015

Fund Domicile	Pct. Invested Within State
California	72%
Georgia	47%
Colorado	35%
Michigan	35%
North Carolina	33%

This chart lists the top 5 fund investor states that have invested the largest share of their total capital deployment in 2015 within the same state (minimum \$20 million invested).

Figure 3.35
Top 5 States By Portion Received From In-State Funds 2015

Company Domicile	Pct. Invested From State
California	38%
Massachusetts	27%
Wisconsin	26%
Michigan	20%
Illinois	18%

This chart lists the top 5 company states based on the size of the portion (of total capital) received from funds located within the same state (minimum \$20 million invested).

Figure 3.36
Number of States Invested Into in 2015 By State of Venture Firm

Location of Venture Firm	No. of States Invested In
California	37
Massachusetts	35
New York	33
Illinois	29
Pennsylvania	27
Maryland	26
Tennessee	21
Colorado	21
New Jersey	20
Texas	19
Michigan	19
North Carolina	17

Figure 3.37
**Number of States California Venture Firms
Invested Into By Year**

Year	No. of States Invested In
1995	35
2005	36
2015	37

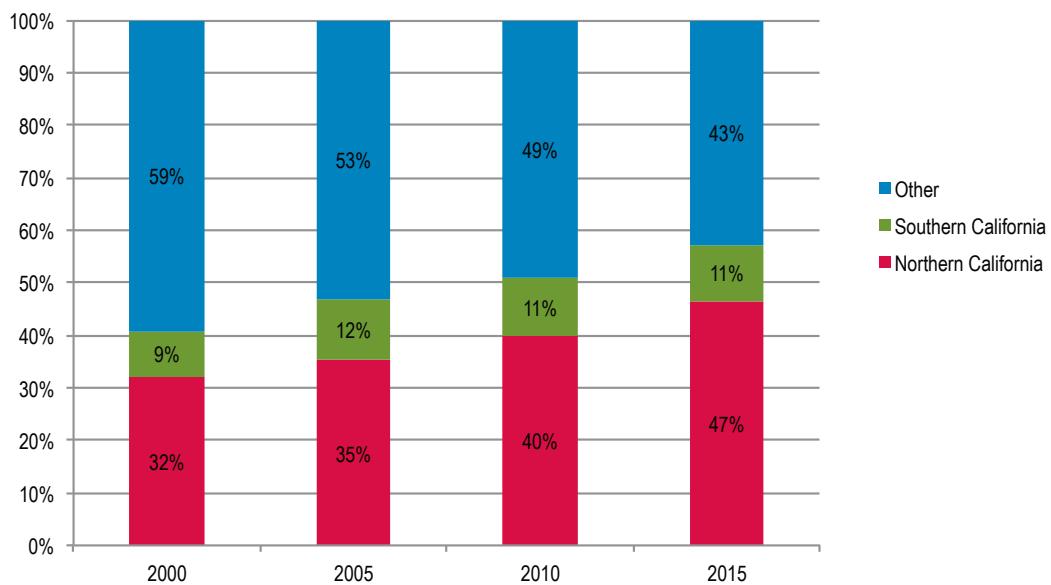
Figure 3.38 Corporate Investments By Year

Year	No. of All Venture Capital Deals	No. of Deals with CVC Involvement	Calculated Percentage of Deals with Corporate VC Involvement	\$M Average Amount of All VC Deals	\$M Average Amount of CVC Participation	Total VC Investment \$M	Total CVC Investment \$M	Calculated Percentage of Dollars Coming from CVCs
1995	1,897	139	7.3%	4.23	3.15	8,016.52	437.82	5.5%
1996	2,635	234	8.9%	4.28	3.35	11,285.42	784.21	6.9%
1997	3,232	323	10.0%	4.66	2.83	15,071.55	915.29	6.1%
1998	3,744	500	13.4%	5.76	3.60	21,561.53	1,801.94	8.4%
1999	5,605	1,225	21.9%	9.80	6.44	54,908.60	7,893.22	14.4%
2000	8,041	1,936	24.1%	13.06	7.64	104,997.85	14,789.59	14.1%
2001	4,596	956	20.8%	8.91	4.79	40,938.60	4,583.04	11.2%
2002	3,217	544	16.9%	6.90	3.36	22,202.55	1,826.45	8.2%
2003	3,037	431	14.2%	6.48	2.97	19,682.16	1,279.32	6.5%
2004	3,236	538	16.6%	7.06	2.78	22,852.19	1,493.23	6.5%
2005	3,302	557	16.9%	7.04	2.64	23,245.37	1,468.56	6.3%
2006	3,896	814	20.9%	7.15	3.17	27,865.38	2,579.27	9.3%
2007	4,233	847	20.0%	7.58	3.16	32,104.63	2,677.57	8.3%
2008	4,206	902	21.4%	7.24	2.99	30,435.57	2,697.58	8.9%
2009	3,170	406	12.8%	6.41	3.30	20,334.19	1,338.47	6.6%
2010	3,677	489	13.3%	6.40	3.74	23,529.92	1,827.80	7.8%
2011	4,050	611	15.1%	7.38	3.78	29,907.93	2,307.98	7.7%
2012	3,991	631	15.8%	6.93	3.59	27,663.46	2,263.79	8.2%
2013	4,295	741	17.3%	7.06	4.34	30,304.93	3,217.24	10.6%
2014	4,442	809	18.2%	11.45	7.11	50,843.30	5,755.20	11.3%
2015	4,380	930	21.2%	13.49	8.29	59,065.64	7,709.29	13.1%

Figure 3.39
Clean Technology Investments By Year

Year	Clean Technology Investments (\$ Millions)	No. of Clean Technology Deals	Average Investment Per Deal (\$ Millions)
1995	64.6	34	1.9
1996	141.5	44	3.2
1997	180.4	51	3.5
1998	177.7	41	4.3
1999	256.1	52	4.9
2000	642.6	49	13.1
2001	351.5	58	6.1
2002	360.2	52	6.9
2003	240.4	60	4.0
2004	459.6	80	5.7
2005	595.0	93	6.4
2006	1,729.1	149	11.6
2007	2,924.2	251	11.7
2008	4,205.4	297	14.2
2009	2,189.7	226	9.7
2010	3,747.9	293	12.8
2011	4,275.3	312	13.7
2012	2,873.1	227	12.7
2013	1,443.3	175	8.2
2014	2,028.6	154	13.2
2015	1,209.5	143	8.5

Figure 3.40
California Investments as a Percentage of Overall Investment (Dollars Invested)



EXITS

IPOs and M&As

Once successful portfolio startups mature, venture funds generally exit their positions in those companies by taking them public through an initial public offering (IPO) or by selling them to presumably larger organizations (via an acquisition, merger, trade sale, or financial buyer). This then lets the venture firm distribute the proceeds to investors, raise a new fund for future investment, and invest in the next generation of companies. This chapter collectively refers to any type of sale as a merger and acquisition (M&A), and considers IPOs separately. In addition to covering venture capital, this chapter also presents total private equity acquisition statistics, which is the combined total of venture (reported separately) and buyout backed companies.

Both the IPO and M&A markets for venture-backed companies in 2015 were unable to maintain the pace of activity from 2014. The decline in venture-backed IPOs was in line with an overall decline in filings on public exchanges though the 77 venture-backed IPOs accounted for 42% of all IPOs last year, relatively on par with 2013 and 2014. While there was a dip in venture-backed IPOs, 2015 was down only four percent compared to 2013 and up 60 percent and 54 percent from 2012 and 2011, respectively. Venture-backed IPOs in 2015 raised \$9.4 billion and generated \$58.8 billion in post-offer value, which was generated from \$8.8 billion total venture investment in those companies. For the third straight year, biotechnology companies represented the majority of venture-backed IPOs in 2015.

There were 360 venture-backed M&As in 2015. Of these, 87 had disclosed values totaling \$17 billion – roughly one-third of the prior year's amount. Software companies accounted for approximately 50 percent of the number of M&A transactions reported.

Methodology

This chapter focuses on company exits by venture funds through IPOs and through acquisitions (trade sale, merger, and acquisition). Some additional charts are provided on private equity-backed acquisitions because of the venture industry's interest in that data. With Thomson's expansion of global deals coverage beginning in 2012, the criteria used to report these exits were redefined and refined. These are explained below.

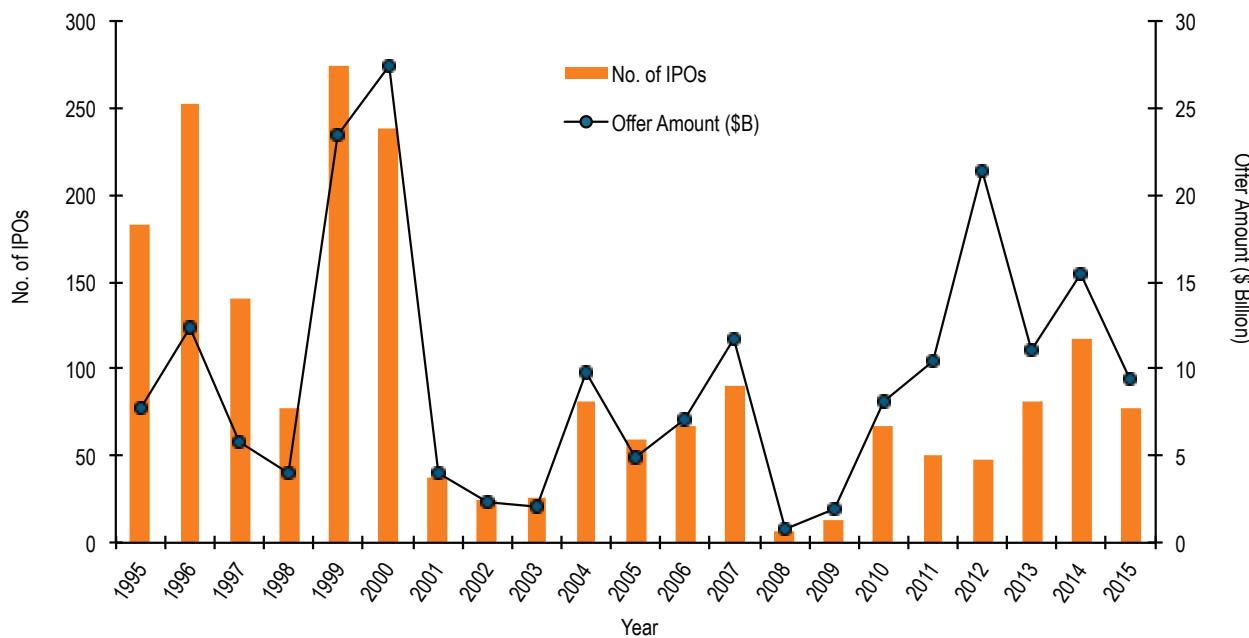
In this chapter and throughout this Yearbook, we use the classic

nomenclature for describing the two main types of private equity: Private Equity = Venture Capital + Buyout/Mezzanine

Therefore, charts describing Private Equity in this chapter and throughout this Yearbook include both buyout/mezzanine activity and venture capital activity.

The Thomson Reuters venture capital (and private equity) exits coverage includes a full history for the United States and Canada as well as Global Exits from 2005 to the present. Multiple exits per company are now tracked, including IPOs (although secondary offerings

Figure 4.01
Venture-Backed IPOs



are not tracked, since the first IPO is considered the exit), Secondary Sales (sponsor to sponsor), Trade Sales (VC/PE Firm to Non-PE Firm), Buybacks, Reverse Takeovers, and Writeoffs. All values are sourced from the industry-leading Thomson Reuters Deals database with hyperlinks to the Tearsheets to view the underlying details of the transactions. The private equity-backed exits component in ThomsonONE.com can be used to further analyze all of the VC and PE Exits content herein.

Specifically, venture capital IPO exits reported in this chapter are those done on United States stock exchanges/markets with at least one United States-domiciled venture fund investor.

Specifically, venture capital (and private equity) acquisition exits reported in this chapter are completed secondary sales and trade sales where the company was domiciled in the United States and had at least one United States-domiciled venture capital (or private equity) investor.

Figure 4.02
Number of Venture-Backed IPOs
vs. All IPOs

Year	No. of All IPOs	No. of Venture-Backed IPOs
1995	578	183
1996	883	253
1997	638	140
1998	466	77
1999	578	275
2000	629	238
2001	119	37
2002	114	24
2003	75	26
2004	239	81
2005	214	59
2006	219	67
2007	267	90
2008	73	7
2009	59	13
2010	154	67
2011	168	50
2012	140	48
2013	182	81
2014	273	117
2015	183	77

Note: IPO counts reflect IPOs on US stock exchanges and markets. Venture-backed IPOs are those with at least one US-domiciled venture fund investor.

Figure 4.03
Venture-Backed IPOs 1995 to 2015 Value and Age Characteristics

Year	No. of IPOs	Offer Amount (\$Mil)	Median Offer Amt (\$Mil)	Mean Offer Amt (\$Mil)	Post Offer Value (\$Mil)	Median Post Value (\$Mil)	Mean Post Value (\$Mil)	Median Time to Exit (yrs)	Mean Time to Exit (yrs)
1995	183	7,793	36	43	30,528	111	242	3.8	4.9
1996	253	12,318	35	49	66,528	128	318	3.2	4.2
1997	140	5,818	33	42	20,912	92	170	3.0	6.1
1998	77	4,073	43	53	12,312	151	184	2.4	3.1
1999	275	23,408	69	85	123,872	298	466	2.8	3.0
2000	238	27,443	83	115	123,235	368	590	3.1	3.7
2001	37	4,039	67	109	15,958	293	532	4.0	4.5
2002	24	2,333	89	97	8,322	266	347	3.3	5.0
2003	26	2,024	71	78	7,412	252	285	5.4	5.6
2004	81	9,810	69	121	49,952	252	617	5.4	6.0
2005	59	4,913	63	83	54,670	205	927	5.5	5.4
2006	67	7,065	86	105	71,124	283	1078	5.3	5.6
2007	90	11,739	97	130	66,121	367	735	6.0	6.0
2008	7	765	83	109	3,645	278	521	7.4	7.3
2009	13	1,980	123	152	9,192	548	707	5.9	6.9
2010	67	8,070	95	120	108,061	442	1613	5.0	6.0
2011	50	10,441	105	209	92,501	601	1850	6.2	7.0
2012	48	21,354	88	445	121,589	370	2533	7.3	7.9
2013	81	11,068	91	137	62,650	354	783	7.4	8.1
2014	117	15,512	86	133	124,638	299	1074	6.9	7.5
2015	77	9,379	87	122	58,811	325	764	6.5	6.4

Figure 4.04
Venture-Backed IPOs by MoneyTree Industry Total Offering Size (\$ Millions) 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	437	956	575	195	479	4,211	353	342	442	1,616	897
Business Products and Services	35	511	185	58	1,137	594	0	248	62	0	507
Computers and Peripherals	339	301	75	46	215	617	0	63	0	0	8
Consumer Products and Services	335	204	160	541	636	295	120	39	82	280	3
Electronics/Instrumentation	296	199	77	76	135	251	46	0	0	0	0
Financial Services	273	1,597	209	45	521	50	771	231	353	1,447	478
Healthcare Services	162	269	263	123	426	156	368	83	59	124	77
Industrial/Energy	495	1,090	828	60	207	1,107	747	0	0	415	299
IT Services	308	396	151	239	2,141	2,030	0	104	0	49	140
Media and Entertainment	141	727	505	199	2,692	1,243	0	353	75	1,434	404
Medical Devices and Equipment	995	1,666	416	90	32	634	520	456	0	806	380
Networking and Equipment	313	729	416	235	2,937	4,339	275	0	0	69	0
Other	0	0	203	0	46	177	100	0	0	0	0
Retailing/Distribution	111	331	159	344	1,584	459	26	259	65	0	28
Semiconductors	696	36	319	37	221	1,052	133	0	381	522	472
Software	2,366	1,809	912	959	5,618	4,924	405	155	330	2,506	570
Telecommunications	492	1,498	365	828	4,380	5,304	173	0	175	542	651
Total	7,793	12,318	5,818	4,073	23,408	27,443	4,039	2,333	2,024	9,810	4,913

Figure 4.04 (Continued)
Venture-Backed IPOs by MoneyTree Industry Total Offering Size (\$ Millions) 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	895	1,292	6	153	1,068	997	854	3,507	5,356	4,001
Business Products and Services	0	1,202	0	0	190	322	0	0	0	0
Computers and Peripherals	0	124	188	0	0	367	0	193	0	489
Consumer Products and Services	542	154	0	163	727	847	262	631	2,538	121
Electronics/Instrumentation	0	0	0	438	0	95	0	0	0	0
Financial Services	551	1,178	0	0	558	0	117	253	1,302	0
Healthcare Services	0	130	94	132	138	0	0	0	272	180
Industrial/Energy	1,114	1,117	0	88	955	984	141	0	83	396
IT Services	207	884	0	0	379	163	789	576	428	440
Media and Entertainment	864	209	0	0	1,347	2,962	16,173	2,839	730	40
Medical Devices and Equipment	633	1,407	134	0	299	145	115	283	586	892
Networking and Equipment	479	313	0	0	267	0	316	301	279	25
Other	0	0	0	0	0	0	0	0	0	50
Retailing/Distribution	144	452	0	0	178	0	0	0	487	307
Semiconductors	136	975	0	0	534	255	130	274	0	866
Software	866	1,361	344	604	1,302	2,500	2,153	2,022	3,451	1,507
Telecommunications	633	943	0	402	128	805	305	187	0	65
Total	7,065	11,739	765	1,980	8,070	10,441	21,354	11,068	15,512	9,379

Figure 4.05
Venture-Backed IPOs by MoneyTree Industry Total Number of Companies 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	16	32	21	7	8	47	4	4	7	26	15
Business Products and Services	1	7	3	1	16	8	0	1	1	0	4
Computers and Peripherals	8	10	3	2	4	6	0	1	0	0	1
Consumer Products and Services	9	8	6	7	9	3	3	1	2	3	1
Electronics/Instrumentation	9	8	2	1	2	3	1	0	0	0	0
Financial Services	5	10	4	2	7	1	2	2	4	7	1
Healthcare Services	3	5	8	3	6	2	5	1	1	1	1
Industrial/Energy	11	19	19	2	3	7	4	0	0	2	3
IT Services	5	9	4	5	28	16	0	1	0	1	1
Media and Entertainment	3	13	7	3	31	11	0	4	1	7	5
Medical Devices and Equipment	20	44	12	2	1	11	6	4	0	13	8
Networking and Equipment	10	10	6	5	25	17	2	0	0	1	0
Other	0	0	1	0	1	1	1	0	0	0	0
Retailing/Distribution	3	8	4	6	15	4	1	1	1	0	1
Semiconductors	16	1	8	1	4	10	2	0	3	6	6
Software	56	51	26	22	80	58	5	4	4	10	6
Telecommunications	8	18	6	8	35	33	1	0	2	4	6
Grand Total	183	253	140	77	275	238	37	24	26	81	59

Figure 4.05 (Continued)
Venture-Backed IPOs by MoneyTree Industry Total Number of Companies 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	16	20	1	2	12	11	12	42	66	41
Business Products and Services	0	4	0	0	1	2	0	0	0	0
Computers and Peripherals	0	1	1	0	0	2	0	1	0	1
Consumer Products and Services	4	1	0	1	5	2	3	3	2	1
Electronics/Instrumentation	0	0	0	1	0	1	0	0	0	0
Financial Services	4	3	0	0	5	0	1	1	3	0
Healthcare Services	0	1	1	1	1	0	0	0	2	1
Industrial/Energy	7	6	0	1	5	3	2	0	1	2
IT Services	2	7	0	0	4	2	7	4	4	3
Media and Entertainment	6	2	0	0	6	8	3	6	6	1
Medical Devices and Equipment	11	11	2	0	4	2	1	4	9	12
Networking and Equipment	4	3	0	0	3	0	3	3	2	1
Other	0	0	0	0	0	0	0	0	0	1
Retailing/Distribution	1	2	0	0	2	0	0	0	2	1
Semiconductors	2	10	0	0	6	3	2	3	0	2
Software	8	12	2	5	11	9	11	13	20	9
Telecommunications	2	7	0	2	2	5	3	1	0	1
Grand Total	67	90	7	13	67	50	48	81	117	77

Figure 4.06
Average and Median Age in Years by MoneyTree Industry Companies at IPO 2000-2015

	2000		2001		2002		2003		2004		2005		2006		2007	
Industry	Mean	Median														
Biotechnology	4.5	4.3	4.5	4.6	8.4	6.7	6.0	5.1	5.6	5.1	5.6	5.5	5.3	5.0	5.1	5.1
Business Products and Services	2.0	1.7	N/A	N/A	2.7	2.7	5.7	5.7	N/A	N/A	4.3	4.4	N/A	N/A	6.1	5.2
Computers and Peripherals	4.3	2.8	N/A	N/A	15.7	15.7	N/A	N/A	N/A	N/A	0.8	0.8	N/A	N/A	6.7	6.7
Consumer Products and Services	1.4	1.5	3.7	4.6	4.6	4.6	4.3	4.3	5.5	5.2	5.5	5.5	4.9	4.9	17.8	17.8
Electronics/Instrumentation	3.4	2.7	6.3	6.3	N/A	N/A										
Financial Services	1.0	1.0	12.9	12.9	1.9	1.9	5.0	4.7	5.5	5.3	5.0	5.0	4.7	4.8	3.1	3.4
Healthcare Services	3.3	3.3	5.3	5.8	7.1	7.1	5.7	5.7	8.9	8.9	3.9	3.9	N/A	N/A	9.9	9.9
Industrial/Energy	3.4	3.2	1.1	0.4	N/A	N/A	N/A	N/A	3.1	3.1	8.2	7.0	2.1	0.6	1.6	1.2
IT Services	1.9	1.8	N/A	N/A	0.1	0.1	N/A	N/A	5.3	5.3	3.8	3.8	6.0	6.0	6.5	7.7
Media and Entertainment	4.3	3.2	N/A	N/A	4.4	3.5	5.7	5.7	6.0	5.8	5.1	4.9	8.4	8.2	6.4	6.4
Medical Devices and Equipment	5.1	4.8	5.2	4.5	3.7	3.2	N/A	N/A	8.1	7.3	6.6	7.1	6.9	5.3	6.7	6.6
Networking and Equipment	3.3	3.0	4.2	4.2	N/A	N/A	N/A	N/A	6.1	6.1	N/A	N/A	7.0	6.6	6.3	6.7
Other	1.3	1.3	2.6	2.6	N/A	N/A										
Retailing/Distribution	1.9	1.8	4.3	4.3	3.4	3.4	4.0	4.0	N/A	N/A	6.1	6.1	1.5	1.5	3.1	3.1
Semiconductors	5.5	3.7	2.9	2.9	N/A	N/A	5.3	4.1	6.5	6.4	4.3	5.0	6.7	6.7	7.9	7.2
Software	3.5	3.3	4.2	2.6	4.1	4.2	6.1	5.6	5.3	5.5	5.4	5.6	6.2	5.8	6.7	6.6
Telecommunications	3.6	3.1	1.4	1.4	N/A	N/A	6.5	6.5	5.3	5.0	5.0	4.1	4.4	4.4	6.6	7.2

Figure 4.06 (Continued)
Average and Median Age in Years by MoneyTree Industry Companies at IPO 2000-2015

	2008		2009		2010		2011		2012		2013		2014		2015	
Industry	Mean	Median														
Biotechnology	7.0	7.0	10.4	10.4	5.9	4.9	6.6	5.5	5.9	6.0	8.2	7.5	7.1	6.8	5.7	4.1
Business Products and Services	N/A	N/A	N/A	N/A	0.6	0.6	4.2	4.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Computers and Peripherals	8.7	8.7	N/A	N/A	N/A	N/A	7.3	7.3	N/A	N/A	5.0	5.0	N/A	N/A	5.2	5.2
Consumer Products and Services	N/A	N/A	5.3	5.3	5.1	4.3	3.8	3.8	7.2	8.3	6.4	3.9	5.1	5.1	1.9	1.9
Electronics/Instrumentation	N/A	N/A	7.8	7.8	N/A	N/A	12.5	12.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Services	N/A	N/A	N/A	N/A	7.0	8.9	N/A	N/A	6.7	6.7	3.3	3.3	8.3	8.5	N/A	N/A
Healthcare Services	10.2	10.2	2.0	2.0	2.6	2.6	N/A	N/A	N/A	N/A	7.3	7.3	7.3	9.2	9.2	9.2
Industrial/Energy	N/A	N/A	1.4	1.4	2.8	3.1	7.0	7.2	5.2	5.2	N/A	N/A	12.0	12.0	7.2	7.2
IT Services	N/A	N/A	N/A	N/A	6.2	6.4	8.9	8.9	9.4	7.7	9.9	9.1	6.9	6.8	6.1	6.0
Media and Entertainment	N/A	N/A	N/A	N/A	9.1	7.4	6.4	5.9	6.1	5.7	7.9	7.6	7.8	7.6	3.9	3.9
Medical Devices and Equipment	6.0	6.0	N/A	N/A	5.2	5.2	5.5	5.5	4.9	4.9	7.5	7.7	9.1	8.2	7.9	8.2
Networking and Equipment	N/A	N/A	N/A	N/A	7.4	7.4	N/A	N/A	10.1	9.9	5.7	6.2	8.6	8.6	17.8	17.8
Other	N/A	N/A	5.1	5.1												
Retailing/Distribution	N/A	N/A	N/A	N/A	2.2	2.2	N/A	N/A	N/A	N/A	N/A	N/A	5.0	5.0	8.8	8.8
Semiconductors	N/A	N/A	N/A	N/A	4.9	4.4	7.6	7.6	13.1	13.1	8.8	9.5	N/A	N/A	7.7	7.7
Software	6.7	6.7	6.4	7.3	7.1	5.9	8.0	9.0	8.7	7.6	8.0	6.8	8.0	6.7	6.2	6.8
Telecommunications	N/A	N/A	10.4	10.4	8.5	8.5	8.0	9.8	9.4	8.8	16.9	16.9	N/A	N/A	10.2	10.2

Figure 4.07**Venture-Backed Merger & Acquisitions by Years**

Year	Total No. of M&A's	No. With Disclosed Values	Price (\$ Millions)	Average (\$ Millions)	Median (\$ Millions)	Mean Time To Exit (Years)	Median Time To Exit (Years)
1995	92	58	3,801.8	65.5	31.0	4.6	4.1
1996	109	77	8,249.9	107.1	52.0	5.2	4.1
1997	146	101	7,817.7	77.4	43.5	4.5	3.2
1998	189	113	8,002.0	70.8	47.5	4.5	2.8
1999	228	155	38,710.6	249.7	85.6	3.6	2.8
2000	379	245	79,996.4	326.5	125.0	3.2	2.7
2001	385	175	25,115.6	143.5	30.0	3.0	2.2
2002	364	166	11,913.2	71.8	20.0	3.5	2.9
2003	324	135	8,243.6	61.1	27.5	4.3	3.6
2004	403	200	23,432.4	117.2	49.0	5.0	4.6
2005	447	201	19,717.3	98.1	45.0	5.4	5.2
2006	482	207	24,221.0	117.0	58.3	5.7	5.7
2007	488	201	30,745.5	153.0	85.0	5.8	6.3
2008	417	134	14,925.7	111.4	52.6	5.9	5.6
2009	350	109	12,364.9	113.4	30.0	5.7	5.5
2010	525	152	17,733.5	116.7	65.8	5.8	5.1
2011	492	170	24,197.2	142.3	81.0	5.8	5.0
2012	477	132	22,694.2	171.9	100.0	6.1	5.6
2013	386	95	16,909.8	178.0	130.0	5.9	4.9
2014	472	140	48,139.9	343.9	93.8	6.2	5.5
2015	360	87	16,947.1	194.8	110.0	6.1	4.7

Average acquisition price is calculated by dividing total known acquisition proceeds by the number of transactions where the proceeds are known, not the total number of transactions. Median figures are calculated based on transactions with disclosed amounts only.

Figure 4.08**Private Equity-Backed Merger & Acquisitions by Year**

Year	Total No. of M&A's	No. With Disclosed Values	Price (\$ Millions)	Average (\$ Millions)	Median (\$ Millions)	Mean Time To Exit (Years)	Median Time To Exit (Years)
1995	143	89	9,607.2	107.9	58.0	5.0	4.8
1996	162	119	19,651.9	165.1	63.4	4.8	3.8
1997	222	151	31,359.2	207.7	53.2	5.1	3.8
1998	275	181	34,789.5	192.2	72.9	4.5	3.0
1999	308	205	62,661.9	305.7	106.0	3.8	3.0
2000	474	304	134,860.0	443.6	128.2	3.5	2.8
2001	465	220	64,155.5	291.6	46.0	3.4	2.4
2002	442	220	30,825.5	140.1	37.0	3.8	3.0
2003	431	203	25,863.7	127.4	52.0	4.5	3.8
2004	561	290	49,573.4	170.9	77.0	5.2	4.6
2005	684	314	65,934.6	210.0	82.3	5.4	5.2
2006	774	334	100,023.3	299.5	78.9	5.6	5.5
2007	877	361	186,179.0	515.7	135.0	5.6	5.2
2008	671	225	57,896.1	257.3	80.0	5.4	4.6
2009	491	163	55,084.7	337.9	47.0	5.5	4.9
2010	854	291	102,152.3	351.0	130.0	5.7	4.8
2011	850	298	91,534.7	307.2	130.5	5.8	5.0
2012	978	305	129,355.9	424.1	175.0	5.9	5.3
2013	823	211	88,010.7	417.1	150.0	5.9	5.4
2014	1,071	332	156,699.1	472.0	197.2	6.3	5.9
2015	849	242	160,430.2	662.9	255.0	6.2	5.0

Average acquisition price is calculated by dividing total known acquisition proceeds by the number of transactions where the proceeds are known, not the total number of transactions. Note: Private Equity includes venture capital, buyouts, mezzanine, and other private equity financed companies. Therefore, data from fig. 4.07 is included here. Median figures are calculated based on transactions with disclosed amounts only.

Figure 4.09
Venture-Backed Acquisitions by MoneyTree Industry Total Transaction Values 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	89	388	265	141	846	1,206	679	115	259	688	2,478
Business Products and Services	0	130	181	47	397	1,637	157	870	151	3,024	132
Computers and Peripherals	140	846	373	422	721	4,610	357	51	47	680	248
Consumer Products and Services	23	46	237	388	503	2,611	519	343	418	444	582
Electronics/Instrumentation	42	12	105	60	133	3,456	167	71	6	116	72
Financial Services	810	46	34	459	1,299	1,355	617	557	98	380	890
Healthcare Services	475	130	180	64	0	286	177	818	37	679	624
Industrial/Energy	53	1,127	193	381	962	1,396	858	182	1,006	2,128	1,117
IT Services	15	315	80	523	699	2,384	491	612	1,002	2,004	1,066
Media and Entertainment	38	2,160	2,106	343	10,878	3,227	6,315	999	209	3,355	2,980
Medical Devices and Equipment	110	298	507	130	298	433	932	414	580	1,168	1,268
Networking and Equipment	1,024	1,090	178	981	11,521	18,359	5,425	818	813	1,311	1,290
Other	0	0	0	0	0	0	0	350	0	0	212
Retailing/Distribution	29	0	39	28	689	824	4	0	857	118	0
Semiconductors	84	54	11	627	1,903	7,210	2,099	2,703	361	688	575
Software	541	1,228	2,196	2,888	5,621	23,475	3,689	1,886	2,098	4,972	4,870
Telecommunications	328	381	1,133	521	2,241	7,528	2,630	1,125	301	1,678	1,313
Total	3,802	8,250	7,818	8,002	38,711	79,996	25,116	11,913	8,244	23,432	19,717

Figure 4.09 (Continued)
Venture-Backed Acquisitions by MoneyTree Industry Total Transaction Values 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	2,104	6,050	1,320	843	3,720	3,948	2,967	3,075	6,086	2,834
Business Products and Services	409	1,694	570	314	181	315	697	0	4	0
Computers and Peripherals	492	6	49	500	348	557	764	945	1,881	16
Consumer Products and Services	486	245	284	0	141	1,143	615	0	3,270	25
Electronics/Instrumentation	38	87	80	0	0	510	0	115	1	182
Financial Services	985	1,896	988	0	832	466	435	0	117	72
Healthcare Services	968	542	27	5	755	601	756	250	0	462
Industrial/Energy	1,425	2,229	832	886	1,276	1,674	1,141	455	766	121
IT Services	795	2,482	745	203	1,415	2,084	2,077	898	2,112	1,114
Media and Entertainment	2,599	3,039	2,251	892	1,051	1,013	2,430	1,382	1,960	2,388
Medical Devices and Equipment	1,704	1,832	499	2,569	1,571	3,809	1,779	1,493	2,670	2,234
Networking and Equipment	628	549	609	643	678	24	146	430	159	65
Other	0	246	0	0	95	0	0	0	0	87
Retailing/Distribution	393	180	10	930	14	0	0	30	1,726	80
Semiconductors	1,029	964	664	628	1,047	743	1,284	1,601	787	462
Software	7,879	6,923	4,210	1,745	3,782	6,860	5,623	5,686	24,937	6,805
Telecommunications	2,287	1,785	1,789	2,205	826	451	1,980	550	1,665	0
Total	24,221	30,746	14,926	12,365	17,733	24,197	22,694	16,910	48,140	16,947

Figure 4.10
Venture-Backed Acquisitions by MoneyTree Industry Number of Companies 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	10	10	9	11	12	16	21	9	15	24	30
Business Products and Services	0	4	2	4	4	15	29	14	15	20	22
Computers and Peripherals	5	10	8	7	11	13	6	2	8	8	8
Consumer Products and Services	1	5	7	7	11	16	14	7	12	10	11
Electronics/Instrumentation	1	4	6	4	3	4	6	7	4	5	3
Financial Services	5	4	4	5	13	13	19	13	9	15	12
Healthcare Services	9	4	3	9	2	9	5	13	3	6	12
Industrial/Energy	5	8	9	18	11	13	12	12	9	12	23
IT Services	2	5	7	12	16	22	31	38	25	34	22
Media and Entertainment	3	7	11	10	19	40	52	27	15	33	31
Medical Devices and Equipment	7	6	13	11	10	9	19	12	9	23	27
Networking and Equipment	8	13	4	8	22	24	16	20	23	30	22
Other	1	0	0	0	0	0	0	1	1	1	1
Retailing/Distribution	1	0	4	2	7	14	15	7	7	7	7
Semiconductors	3	2	2	8	9	21	14	14	12	17	17
Software	28	21	45	61	59	119	94	128	120	133	163
Telecommunications	3	6	12	12	19	31	32	40	37	25	36
Total	92	109	146	189	228	379	385	364	324	403	447

Figure 4.10 (Continued)
Venture-Backed Acquisitions by MoneyTree Industry Number of Companies 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	32	32	25	19	38	33	33	22	36	24
Business Products and Services	24	33	14	13	14	13	15	4	8	7
Computers and Peripherals	10	3	7	4	6	7	6	7	5	4
Consumer Products and Services	10	10	11	7	7	8	12	6	10	8
Electronics/Instrumentation	5	6	8	3	5	4	5	6	4	4
Financial Services	16	12	10	5	14	9	9	8	2	4
Healthcare Services	12	11	12	7	14	15	10	6	1	9
Industrial/Energy	16	20	22	16	24	19	31	14	29	13
IT Services	30	38	27	21	44	47	50	25	55	34
Media and Entertainment	27	50	36	33	63	65	46	48	59	30
Medical Devices and Equipment	25	27	13	26	21	37	32	24	19	24
Networking and Equipment	28	15	24	23	23	18	12	6	5	1
Other	1	2	2	0	1	2	0	1	0	1
Retailing/Distribution	8	9	5	1	6	1	4	5	7	3
Semiconductors	20	19	24	22	27	15	18	14	14	9
Software	177	159	146	121	172	175	163	173	203	181
Telecommunications	41	42	31	29	46	24	31	17	15	4
Total	482	488	417	350	525	492	477	386	472	360

Figure 4.11
Private Equity-Backed Acquisitions by MoneyTree Industry Total Transaction Values 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	422	407	396	468	879	2,102	679	2,540	927	1,738	2,900
Business Products and Services	200	440	207	1,331	694	2,532	513	1,356	253	4,077	1,948
Computers and Peripherals	140	846	384	422	758	4,732	643	223	47	995	735
Consumer Products and Services	699	1,128	1,360	1,521	693	3,612	1,628	2,711	3,656	5,264	5,981
Electronics/Instrumentation	42	375	107	162	312	3,456	1,204	381	6	422	1,698
Financial Services	1,514	2,707	2,745	1,520	1,605	1,383	1,116	3,038	292	474	2,957
Healthcare Services	598	1,494	3,702	317	112	668	617	1,193	37	1,855	3,440
Industrial/Energy	2,490	2,120	4,610	4,738	2,841	2,973	3,193	4,073	7,417	12,455	20,798
IT Services	15	485	1,620	523	2,836	3,138	533	674	1,282	2,128	2,192
Media and Entertainment	398	3,428	3,195	11,274	19,715	42,607	6,332	4,439	1,612	6,958	5,379
Medical Devices and Equipment	244	1,000	1,298	2,075	1,324	516	1,188	940	1,243	2,078	3,574
Networking and Equipment	1,024	1,090	178	1,337	12,000	21,152	6,054	818	934	1,406	2,348
Other	0	0	0	229	0	0	176	350	190	143	1,676
Retailing/Distribution	472	452	8,034	3,863	3,265	1,660	2,227	175	3,174	1,042	978
Semiconductors	97	54	11	640	3,066	7,324	2,224	3,248	361	731	1,251
Software	553	1,228	2,326	3,041	10,115	25,748	3,795	2,121	3,983	5,574	5,478
Telecommunications	698	2,399	1,187	1,331	2,449	11,257	32,034	2,546	451	2,232	2,603
Total	9,607	19,652	31,359	34,790	62,662	134,860	64,156	30,825	25,864	49,573	65,935

Figure 4.11 (Continued)
Private Equity-Backed Acquisitions by MoneyTree Industry Total Transaction Values 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	2,104	7,127	1,497	4,857	7,052	4,499	14,269	4,318	9,883	22,314
Business Products and Services	11,642	5,804	2,714	561	2,259	2,540	5,894	9,687	4,772	5,201
Computers and Peripherals	492	29	769	500	348	754	851	1,268	2,645	16
Consumer Products and Services	7,653	22,156	2,242	1,465	11,182	2,285	4,685	7,134	8,674	6,695
Electronics/Instrumentation	72	2,997	355	0	1,333	2,407	2,275	1,240	1	1,881
Financial Services	1,001	2,666	3,792	3,463	2,291	9,887	4,556	7,267	15,430	13,796
Healthcare Services	3,643	4,054	780	581	7,110	7,818	8,034	1,010	5,856	5,612
Industrial/Energy	24,179	56,594	12,141	1,819	24,718	25,849	31,047	15,350	32,140	37,114
IT Services	929	4,893	5,509	203	3,696	2,172	3,949	3,301	7,585	15,784
Media and Entertainment	26,597	22,249	3,024	1,678	2,212	4,078	16,631	3,085	7,805	6,290
Medical Devices and Equipment	2,845	5,939	6,131	3,422	7,477	4,985	3,896	12,448	4,493	17,400
Networking and Equipment	1,536	946	782	1,218	678	3,838	576	2,613	872	2,673
Other	630	474	8,203	0	3,015	871	4,341	585	3,453	1,261
Retailing/Distribution	1,630	30,996	924	945	6,484	2,792	5,259	863	6,950	1,385
Semiconductors	1,272	1,479	719	628	1,672	743	1,400	1,601	1,029	807
Software	9,668	13,326	6,152	2,262	16,831	12,501	12,395	10,365	41,567	18,156
Telecommunications	4,128	4,451	2,162	31,482	3,795	3,516	9,296	5,874	3,543	4,047
Total	100,023	186,179	57,896	55,085	102,152	91,535	129,356	88,011	156,699	160,430

Note: Private Equity includes venture capital, buyouts, mezzanine, and other private equity-financed companies. Therefore, transactions from Figure 4.09 are included here.

Figure 4.12
Private Equity-Backed Acquisitions by MoneyTree Industry Number of Companies 1995 to 2015

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Biotechnology	13	11	10	15	14	18	22	11	17	28	33
Business Products and Services	3	6	7	9	7	22	34	21	18	29	34
Computers and Peripherals	6	10	9	7	13	15	8	3	9	9	13
Consumer Products and Services	5	14	15	18	15	23	25	22	26	39	34
Electronics/Instrumentation	1	9	8	5	5	4	11	9	4	10	7
Financial Services	10	11	12	11	17	16	26	19	13	19	19
Healthcare Services	10	8	5	12	5	11	8	15	4	13	25
Industrial/Energy	25	20	35	39	33	37	36	34	47	67	127
IT Services	3	6	12	13	22	25	32	41	27	37	27
Media and Entertainment	5	12	17	19	28	54	59	31	27	43	42
Medical Devices and Equipment	11	9	17	17	13	13	20	14	14	27	36
Networking and Equipment	10	13	4	11	24	25	17	20	25	31	28
Other	1	0	0	1	0	0	1	1	3	4	10
Retailing/Distribution	3	2	9	9	13	19	18	9	15	14	20
Semiconductors	4	2	2	10	11	26	15	16	12	19	19
Software	29	21	46	65	67	128	98	132	127	143	172
Telecommunications	4	8	14	14	21	38	35	44	43	29	38
Total	143	162	222	275	308	474	465	442	431	561	684

Figure 4.12 (Continued)
Private Equity-Backed Acquisitions by MoneyTree Industry Number of Companies 1995 to 2015

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	33	37	29	26	47	39	47	31	57	41
Business Products and Services	44	68	33	18	35	39	55	45	54	44
Computers and Peripherals	11	5	9	6	7	10	12	12	11	6
Consumer Products and Services	54	62	40	26	44	47	50	58	67	62
Electronics/Instrumentation	9	18	15	3	12	14	9	14	10	15
Financial Services	21	21	19	14	29	29	30	35	39	23
Healthcare Services	30	30	22	10	32	41	41	30	22	42
Industrial/Energy	110	147	115	53	120	134	222	154	213	165
IT Services	42	47	30	24	55	52	63	39	88	53
Media and Entertainment	54	85	50	47	76	84	83	70	98	55
Medical Devices and Equipment	33	39	20	41	43	55	51	38	41	41
Networking and Equipment	32	20	29	25	25	25	16	13	12	9
Other	5	8	14	1	9	8	9	8	11	12
Retailing/Distribution	24	28	16	7	30	13	30	21	35	19
Semiconductors	21	23	30	22	30	19	20	16	19	11
Software	200	187	163	133	203	211	201	215	268	235
Telecommunications	51	52	37	35	57	30	39	24	26	16
Total	774	877	671	491	854	850	978	823	1071	849

Note: Private Equity includes venture capital, buyouts, mezzanine, and other private equity-financed companies. Therefore, transactions from Figure 4.10 are included here.

Figure 4.13**Venture-Backed M&A Transaction Values vs. Amount Invested (% of Number of Companies)**

Relationship Between Transaction Values vs. Cumulative Total Venture Investment				
Year	< TVI	1x-4x TVI	4x-10x TVI	>10x TVI
1995	14%	26%	22%	38%
1996	7%	28%	30%	35%
1997	10%	41%	14%	34%
1998	15%	22%	31%	32%
1999	14%	15%	26%	45%
2000	8%	23%	22%	47%
2001	41%	19%	23%	17%
2002	49%	27%	13%	11%
2003	45%	38%	11%	6%
2004	35%	34%	20%	11%
2005	30%	36%	20%	15%
2006	29%	36%	19%	16%
2007	22%	30%	25%	23%
2008	28%	29%	25%	18%
2009	44%	22%	24%	10%
2010	31%	31%	22%	16%
2011	15%	28%	32%	24%
2012	18%	24%	29%	29%
2013	18%	35%	29%	18%
2014	18%	31%	31%	21%
2015	21%	33%	29%	17%

This chart is prepared by analyzing all deals where total venture investment and acquisition price are confirmed. Each deal is classified as a ratio of company acquisition (exit) price to total venture investment from all rounds. This chart compares the number of deals in each category. An acquisition where deal price is less than the total venture investment ("<TVI") clearly did not result in a good return. Four times the investment to 10 times the investment can be a good outcome. An acquisition for more than 10 times venture investment is usually a nice outcome.

Figure 4.14**Venture-Backed IPOs Cos In Registration vs. Number of Venture-Backed IPOs**

Year	No. of Venture-Backed IPOs	No. of Moneytree Cos. in Registration
2005	59	16
2006	67	36
2007	90	31
2008	7	20
2009	13	23
2010	67	31
2011	50	60
2012	48	27
2013	81	22
2014	117	19
2015	77	43

*Beginning in 2012, companies could elect confidential registration. Those, of course, cannot be counted in the number in registration. As of this writing, it appears that half or more of companies seeking to go public are electing confidential registration.

Figure 4.15
Venture-Backed IPO Post Offer Value Ranges by Number of Companies

Year	\$10B or Greater	\$1B-\$10B	\$500M-\$1B	\$100M-\$500M	<\$100M
1995	-	4	5	60	57
1996	-	10	10	110	79
1997	-	1	4	51	67
1998	-	-	3	42	22
1999	-	20	49	181	16
2000	-	33	37	132	7
2001	-	5	4	15	6
2002	-	-	7	15	2
2003	-	-	2	22	2
2004	1	4	10	63	4
2005	2	5	7	33	14
2006	1	7	11	44	4
2007	1	15	16	57	2
2008	-	2	-	4	1
2009	-	3	4	6	-
2010	2	20	7	38	2
2011	2	16	13	19	2
2012	2	9	8	29	2
2013	1	13	12	50	5
2014	1	18	16	77	5
2015	-	12	15	41	9

* Count only includes IPOs with disclosed post-offer values

Figure 4.16
Venture-Backed M&A Deal Value Ranges by Number of Companies

Year	>\$1B	\$500M-\$1B	\$100M-\$500M	<\$100M
1995	-	1	10	47
1996	1	2	17	57
1997	-	1	22	78
1998	-	-	27	86
1999	2	12	58	84
2000	15	23	101	106
2001	3	4	43	125
2002	1	3	28	134
2003	-	2	29	104
2004	4	6	46	144
2005	1	3	58	139
2006	2	3	62	140
2007	1	15	74	112
2008	1	4	42	88
2009	-	8	34	68
2010	-	11	49	92
2011	1	12	64	93
2012	5	10	53	64
2013	3	8	47	38
2014	7	14	51	71
2015	4	7	36	41

* Count only includes venture-backed acquisitions with disclosed values

Figure 4.17
Venture-Backed US Company IPOs by Year by Country

Country	2005		2006		2007		2008		2009	
	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)
Argentina	-	-	-	-	1	333	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	-	-	-
Bahamas	-	-	1	138	-	-	-	-	-	-
Bermuda	-	-	-	-	-	-	-	-	-	-
Canada	1	91	-	-	-	-	-	-	-	-
China	5	621	5	625	12	2,482	-	-	2	220
Denmark	-	-	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	-	-	-
Germany	-	-	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-	-	-
Israel	2	68	1	78	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-	-	-	-	-
Norway	-	-	1	44	-	-	-	-	-	-
Russia	-	-	1	381	-	-	-	-	-	-
South Korea	2	191	1	144	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-	-	-	-
Taiwan	1	70	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-	-	-
United States	48	3,872	57	5,656	77	8,924	7	765	11	1,760
Total	59	4,913	67	7,065	90	11,739	7	765	13	1,980

*To be included in this chart, non-US based companies must be trading on a U.S. exchange/market and have at least 1 U.S. venture fund investor.

Figure 4.17 Venture-Backed US Company IPOs by Year by Country (Continued)

Country	2010		2011		2012		2013		2014		2015		Total	
	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)	No. of Exits	Offer Amt (\$ Mil)
Argentina	-	-	-	-	-	-	-	-	-	-	-	-	1	333
Australia	-	-	-	-	-	-	-	-	-	-	2	573	2	573
Austria	-	-	-	-	-	-	-	-	-	-	1	106	1	106
Bahamas	-	-	-	-	-	-	-	-	-	-	-	-	1	138
Bermuda	-	-	1	621	-	-	-	-	-	-	-	-	1	621
Canada	1	660	-	-	-	-	-	-	2	95	1	151	12	1,462
China	19	2,608	8	1,740	2	166	4	556	8	2,987	1	40	66	12,045
Denmark	-	-	-	-	-	-	-	-	-	-	1	124	1	124
France	-	-	1	77	-	-	1	288	-	-	-	-	2	365
Germany	-	-	-	-	-	-	-	-	1	56	-	-	1	56
Hong Kong	1	103	-	-	-	-	-	-	-	-	-	-	1	103
India	1	81	-	-	-	-	-	-	-	-	-	-	1	81
Israel	-	-	-	-	-	-	2	208	2	1,077	3	330	10	1,761
Malaysia	-	-	-	-	-	-	-	-	1	169	-	-	1	169
Netherlands	-	-	1	305	-	-	1	90	1	112	-	-	3	506
Norway	-	-	-	-	-	-	-	-	-	-	-	-	1	44
Russia	-	-	1	1,435	-	-	-	-	-	-	-	-	2	1,815
South Korea	-	-	-	-	-	-	-	-	-	-	-	-	3	335
Switzerland	-	-	-	-	-	-	-	-	1	61	-	-	1	61
Taiwan	-	-	-	-	-	-	-	-	-	-	-	-	1	70
United Kingdom	-	-	-	-	-	-	1	74	1	40	2	269	4	383
United States	45	4,618	38	6,264	46	21,188	72	9,852	100	10,916	66	7,786	2,841	207,254
Total	67	8,070	50	10,441	48	21,354	81	11,068	117	15,512	77	9,379	2,957	228,404

Figure 4.18**Ratio of IPO Pre-Money Valuation to Amount Invested**

Year	Post Offer Value (\$ Billion)	Offer Amt (\$ Billion)	IPO Pre Money Valuation	Total Venture Inv. (\$ Billion)	Ratio
1995	19.3	7.9	11.4	2.2	5.2
1996	51.5	12.7	38.8	3.7	10.5
1997	19.1	5.8	13.3	2.7	4.9
1998	24.7	4.1	20.5	2.4	8.6
1999	147.3	24.0	123.4	11.0	11.2
2000	108.8	27.4	81.3	13.0	6.3
2001	19.2	4.1	15.1	2.6	5.8
2002	8.3	2.3	6.0	1.7	3.5
2003	7.4	2.0	5.4	2.4	2.2
2004	50.3	10.0	40.2	6.7	6.0
2005	39.7	5.1	34.6	3.1	11.2
2006	71.1	7.1	64.1	4.3	14.9
2007	68.2	12.3	55.9	6.7	8.3
2008	3.6	0.8	2.9	0.4	8.0
2009	9.2	2.0	7.2	0.6	12.0
2010	115.0	7.8	107.2	5.9	18.2
2011	94.7	10.7	84.0	6.6	12.7
2012	122.2	21.5	100.7	6.7	15.0
2013	62.7	11.1	51.6	9.4	5.5
2014	124.6	15.5	109.1	13.9	7.9
2015	58.8	9.4	49.4	8.8	5.6

Note: To be included in this chart, non-US based companies must be trading on a US exchange/market and have at least one US venture fund investor.

Figure 4.19**Venture-Backed IPOs 1995 to 2015 Pre-Money Valuation Analysis**

Year of IPO	Avg Val (\$ Mil)	Max (\$ Mil)	Upper Quartile (\$ Mil)	Median (\$ Mil)	Lower Quartile (\$ Mil)	Min (\$ Mil)
1995	152.0	2,128.6	144.8	104.2	61.4	10.4
1996	239.6	9,989.8	183.4	111.6	65.2	9.5
1997	148.1	1,106.3	161.1	99.3	57.2	6.6
1998	324.4	4,623.9	288.0	163.9	106.9	7.1
1999	531.9	10,203.2	537.0	303.7	186.7	5.9
2000	494.5	4,227.7	550.7	325.4	185.0	1.7
2001	534.2	3,464.1	617.7	326.6	158.6	46.6
2002	346.7	822.4	537.8	266.2	175.6	36.8
2003	285.1	821.9	353.2	251.9	171.2	41.9
2004	613.0	23,053.7	389.2	254.1	152.3	21.6
2005	672.9	22,422.9	392.2	201.9	136.6	4.6
2006	1,077.6	39,248.4	529.2	283.2	179.9	70.9
2007	749.5	14,035.4	762.8	364.7	274.1	50.0
2008	520.7	1,443.1	713.2	278.5	210.7	75.8
2009	707.1	1,622.0	852.5	547.9	313.0	212.9
2010	1,642.6	23,725.8	1,419.9	428.1	222.7	23.4
2011	1,856.0	16,465.6	1,496.6	606.3	336.2	94.8
2012	2,493.2	81,247.2	704.0	371.0	247.3	75.2
2013	783.8	14,435.1	587.8	354.1	212.7	42.9
2014	1,062.6	51,949.3	532.7	298.7	185.3	32.9
2015	1,508.0	58,811.2	657.7	325.8	149.5	38.0

GROWTH EQUITY INVESTMENTS

This edition of the NVCA Yearbook, prepared by Thomson Reuters, profiles U.S. growth equity investment in its own chapter for the third time ever. Growth equity emerged as an asset class in 2000 and continues strong today. Many of these deals are also included in venture capital statistics presented throughout this publication. Others are classified in buyout or other categories.

In 2015, we identified 463 growth equity deals in the United States, reaching a 15-year high and representing a 5 percent increase compared to 441 deals in 2014. A disclosed \$20.6 billion in equity investment was reported for 2015, up from \$19.7 billion a year earlier.

In this chapter, the definition of a growth equity company includes:

- Company's revenues are growing rapidly;
- Company is cash flow positive, profitable or approaching profitability;
- Company is often founder-owned and /or managed;
- Investor is agnostic about control and purchases minority ownership positions more often than not;
- Industry investment mix is similar to that of earlier stage Venture Capital investors;
- Capital is used for company needs or shareholder liquidity;
- Additional financing rounds are not usually expected until exit;
- Investments are unlevered or use light leverage at purchase;
- Investment returns are primarily a function of growth, not leverage.

Methodology

The growth equity asset class really emerged from the private equity asset class (which includes venture capital, buyouts and mezzanine activity) after the millennial tech bubble. Therefore, our statistics begin in 2000. These transactions for the most part were already captured in the Thomson One database. But they were, and still are, reported under the respective venture capital or buyout categories. For purposes of this chapter, they are aggregated and reported as if they were a standalone dataset.

While still nascent in its application, our 2016 Yearbook methodology for tagging growth equity transactions from the full venture capital/buy-

out database bears some explanation. We expect these criteria to mature over time as we gain more experience defining the asset class. For now, the criteria includes:

- Date: 1/1/2000 and later;
- Equity dollar amount invested: Zero (not disclosed) or \$15+ million;
- Geographic location of company: United States;
- Deal stage: expansion, later stage, acquisition for expansion, acquisition, LBO, mezzanine, MBO, recap or turnaround, secondary buy out, secondary purchase;
- Firms investing: Must include at least one firm from a list of 65 known, active growth equity investors.*

It should also be noted that the dollar value of many of these growth equity transactions are not disclosed, so therefore the dollar amounts reported in the charts will underestimate the amount of equity investment made by growth equity firms. For this chapter, we have excluded equity investment reported from \$1 to \$14.99 million. This allows us to capture the bulk of deals, which tend to be \$15 million or larger, as well as those for which no amount is disclosed.

Also, unlike traditional venture capital portfolio companies, which enter the portfolios with smaller and earlier stage rounds and exit with an IPO, acquisition, or failure, growth equity-backed companies enter those portfolios with more maturity, and in some cases, having already gone public but needing a restart.

Figure 5.01
Growth Equity Investments (\$ Billions)
2000 to 2015

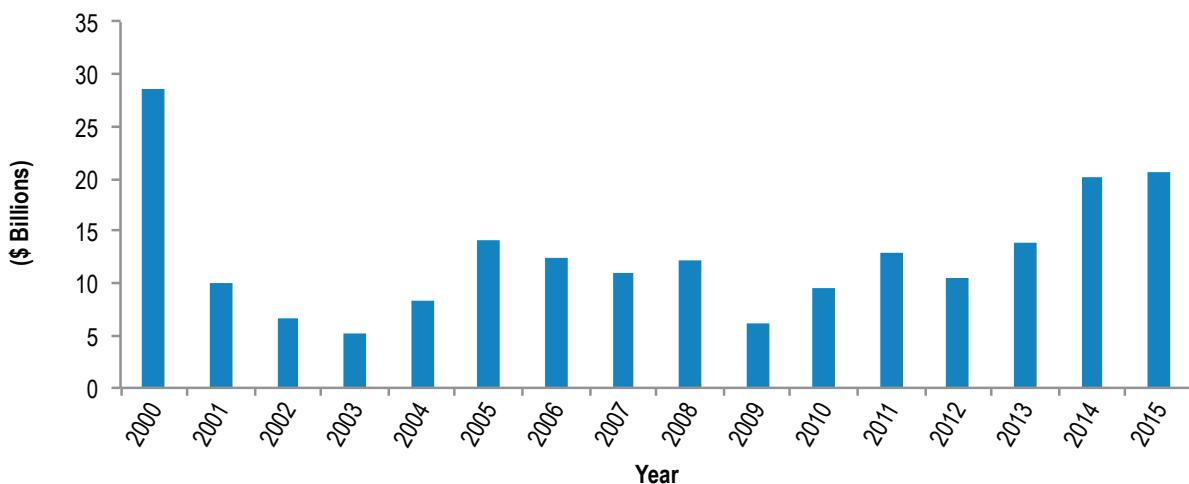
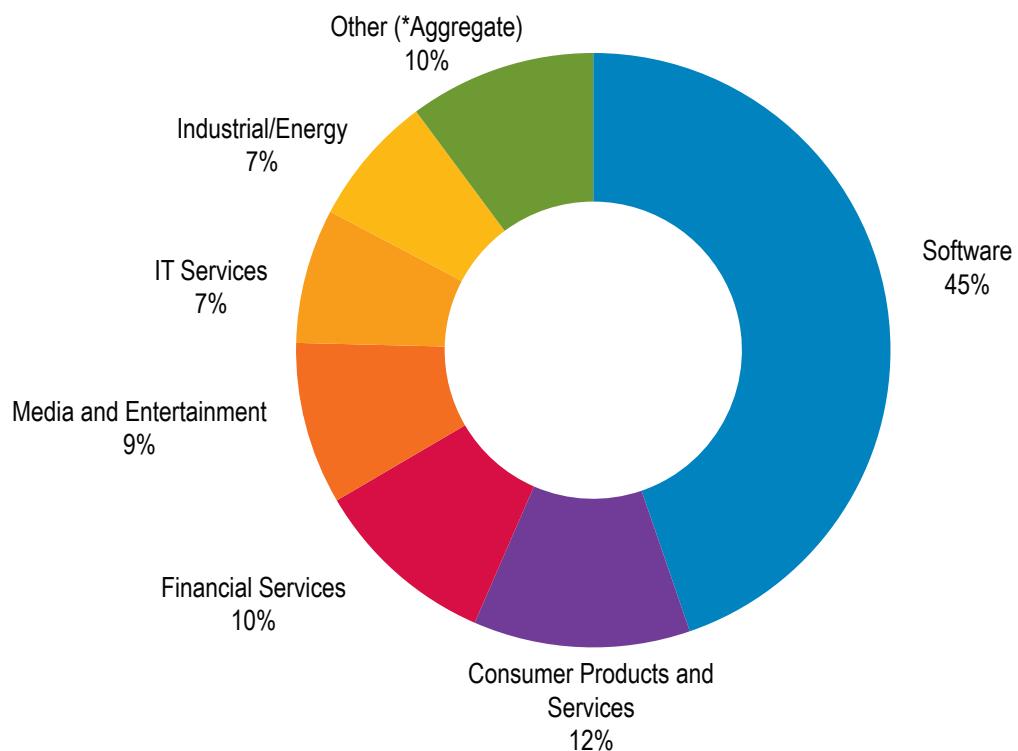


Figure 5.02
Growth Equity Investments in 2015 By Industry Sector*



*Includes: Biotechnology 2%, Medical Devices and Equipment 2%, Telecommunications 2%, Computers and Peripherals 1%, Semiconductors 1%, Retailing/Distribution 1% and Networking and Equipment 1%

Figure 5.03 Growth Equity Investments By Company State			
State	No. of Companies	No. of Deals	Amt. Invested (\$Mil)
California	193	181	12,689.71
New York	53	51	2,114.69
Massachusetts	35	34	1,336.38
Utah	11	9	538.04
Washington	14	13	412.03
Total*	306	288	17,090.8

*Total includes top 5 states only

Figure 5.04 Growth Equity Investments 2000 to 2015 By Industry (\$ Millions)																
Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	797	361	536	743	781	914	829	1,098	819	313	420	379	516	200	297	501
Business Products and Services	612	222	444	97	154	166	158	288	2,451	133	40	30	95	259	33	23
Computers and Peripherals	723	88	152	20	187	56	42	71	15	0	73	118	151	342	580	261
Consumer Products and Services	840	186	221	176	739	61	1,324	568	343	228	423	987	949	817	1,621	2,431
Electronics/Instrumentation	197	83	45	134	96	150	164	251	212	147	131	123	206	72	213	60
Financial Services	1,276	224	66	296	672	1,199	464	295	482	194	1,894	180	238	360	422	2,067
Healthcare Services	222	25	99	175	270	145	469	274	704	15	375	239	229	96	131	76
Industrial/Energy	693	53	297	83	325	2,479	622	1,304	1,166	996	1,114	1,884	1,220	924	852	1,467
IT Services	2,649	595	362	71	193	3,700	509	819	759	692	499	1,023	651	640	1,136	1,509
Media and Entertainment	2,007	607	215	458	589	279	387	875	473	1,057	1,142	1,909	829	1,250	2,357	1,818
Medical Devices and Equipment	395	571	497	240	413	456	512	1,002	875	469	963	1,247	309	1,678	370	425
Networking and Equipment	4,240	2,500	1,209	570	532	650	410	592	259	203	421	200	691	117	161	110
Other	0	0	46	0	130	220	0	305	321	0	52	0	0	50	30	
Retailing/Distribution	861	79	193	0	55	103	0	192	135	44	30	168	194	327	323	122
Semiconductors	1,000	639	407	499	478	578	3,064	645	349	54	365	482	254	165	247	158
Software	6,440	2,402	847	1,041	2,084	1,510	2,168	1,571	2,526	1,073	1,313	3,816	3,550	6,445	11,091	9,217
Telecommunications	5,697	1,416	1,008	597	761	1,375	1,230	913	430	531	270	210	365	271	235	327
Total	28,648	10,050	6,644	5,201	8,457	14,040	12,351	11,063	12,319	6,149	9,525	12,995	10,446	13,962	20,118	20,604

Figure 5.05
Growth Equity Investments 2000 to 2015 By Industry (Number of Deals)

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Biotechnology	22	11	15	22	31	28	25	37	32	13	18	14	19	11	8	16
Business Products and Services	20	9	3	3	8	11	11	12	13	8	7	7	7	11	14	6
Computers and Peripherals	10	2	5	1	8	4	2	6	1	0	3	7	5	7	7	5
Consumer Products and Services	27	6	7	5	10	11	16	23	11	12	12	24	28	17	21	30
Electronics/Instrumentation	6	1	2	4	4	5	6	10	7	4	6	5	7	3	7	4
Financial Services	15	6	4	8	13	14	12	14	19	14	15	15	12	13	12	20
Healthcare Services	6	1	5	7	10	3	7	8	8	4	13	12	11	4	9	6
Industrial/Energy	15	2	5	4	13	13	19	43	36	22	36	36	28	18	23	16
IT Services	75	24	16	6	13	16	27	57	39	31	35	49	32	26	38	49
Media and Entertainment	65	15	4	11	17	11	22	28	33	25	34	39	43	33	50	28
Medical Devices and Equipment	15	19	20	14	17	23	20	36	34	14	27	21	15	16	15	17
Networking and Equipment	80	63	31	25	21	23	16	22	13	10	20	11	9	5	4	4
Other	0	0	1	0	4	4	2	10	5	2	1	0	0	1	3	5
Retailing/Distribution	23	4	2	2	2	9	2	6	7	1	6	4	5	5	5	6
Semiconductors	29	22	17	17	23	27	28	27	16	4	13	18	9	8	10	8
Software	204	89	43	33	62	62	65	85	91	59	91	119	167	157	209	236
Telecommunications	99	44	25	21	31	17	26	25	20	14	14	11	12	8	6	7
Total	711	318	205	183	287	281	306	449	385	237	351	392	409	343	441	463

Figure 5.06
Growth Equity Investments 2000 to 2015 By MoneyTree Region (\$ Millions)

Region/State	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Silicon Valley	10,985	3,016	1,852	1,304	1,938	2,121	2,575	2,722	3,364	2,673	3,366	5,207	3,923	4,237	10,795	9,695
LA/Orange County	1,421	417	284	323	630	612	1,036	1,043	668	200	659	1,398	1,164	446	760	2,687
NY Metro	2,342	808	320	270	920	3,728	742	1,283	815	455	740	1,304	706	2,386	2,071	2,243
New England	3,976	1,811	556	785	940	576	846	1,379	975	285	1,882	610	891	881	1,139	1,439
Southeast	1,773	426	674	571	478	481	2,127	464	1,293	828	644	365	581	649	504	955
SouthWest	197	89	153	30	480	128	217	755	212	55	60	181	440	172	797	580
DC/Metroplex	1,209	731	307	278	375	463	229	341	407	98	228	515	392	400	301	512
Northwest	993	320	113	159	300	254	280	456	134	259	449	105	394	196	599	447
Midwest	1,163	428	862	210	375	253	320	645	272	362	561	826	540	628	1,156	392
Texas	1,939	1,072	594	522	1,246	1,048	3,121	738	463	101	432	1,974	382	3,369	955	339
San Diego	404	229	137	119	182	248	441	286	241	233	106	198	98	120	245	308
South Central	42	36	0	0	0	45	0	0	0	150	0	35	173	83	0	300
Colorado	1,232	331	138	230	126	245	139	447	832	146	38	105	553	89	373	269
North Central	310	96	20	113	153	160	109	108	2,409	70	56	0	68	181	112	225
Philadelphia Metro	453	212	416	287	227	3,629	139	330	234	233	279	94	143	109	276	153
Upstate NY	0	0	190	0	85	0	30	47	0	0	24	63	0	16	0	60
AK/HI/PR	190	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sacramento/N.Cal	19	30	27	0	0	50	0	19	0	0	0	16	0	0	35	0
Total	28,648	10,050	6,644	5,201	8,457	14,040	12,351	11,063	12,319	6,149	9,525	12,995	10,446	13,962	20,118	20,604

Figure 5.07
Growth Equity Investments 2000 to 2015 By MoneyTree Region (Number of Deals)

Region/State	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Silicon Valley	273	99	69	52	84	83	81	117	140	70	135	146	140	131	169	149
NY Metro	44	23	10	12	16	31	29	48	36	25	35	50	42	41	58	61
New England	108	57	22	33	42	29	32	52	33	20	19	31	34	25	31	38
LA/Orange County	38	12	13	8	15	20	27	38	25	11	26	28	28	22	25	35
Southeast	38	15	21	17	18	20	25	29	30	19	22	19	21	27	22	33
Midwest	29	11	9	8	13	9	19	33	17	17	21	25	34	18	37	28
Texas	45	33	16	18	26	16	24	35	23	17	25	30	24	27	15	24
DC/Metroplex	38	22	11	6	18	15	13	21	20	12	17	16	22	12	11	18
Northwest	30	11	6	5	16	11	11	13	10	10	12	12	14	6	19	17
SouthWest	6	3	5	2	12	7	8	11	9	6	5	3	14	8	17	13
Colorado	16	6	4	4	4	6	5	14	9	7	9	6	10	9	11	10
San Diego	13	9	6	6	7	12	10	12	8	8	6	7	4	3	6	9
Philadelphia Metro	16	9	6	7	8	11	13	12	14	9	8	12	11	5	7	9
North Central	12	4	3	5	6	8	4	6	9	5	8	2	6	6	9	8
South Central	3	2	0	0	0	1	3	2	1	1	2	2	3	2	2	8
Upstate NY	0	0	2	0	2	1	1	2	0	0	1	2	0	1	1	3
Sacramento/N.Cal	1	1	2	0	0	1	1	2	0	0	0	1	2	0	1	0
AK/HI/PR	1	1	0	0	0	0	0	2	1	0	0	0	0	0	0	0
Total	711	318	205	183	287	281	306	449	385	237	351	392	409	343	441	463

*Data used for the Growth Equity charts is based on the following criteria: The investment dollar totals include investments in U.S.-based companies that are relevant to Growth Equity (Expansion, Later Stage, Acq. for Expansion, Acquisition, LBO, Mezzanine, MBO, Recap or Turnaround, Secondary Buyout, Secondary Purchase), with a total equity investment amount of \$15 million and up, and participation from at least one firm classified as a Growth Equity investor. Participating firms include the following: 3i, 3i Group PLC, ABS Capital Partners, Inc., Accel Partners & Co Inc, Adams Street Partners LLC, Andreessen Horowitz LLC, Apax Partners LLP, Austin Ventures LP, Bain Capital Venture Partners LLC, Battery Ventures LP, Bessemer Venture Partners LP, Bregal Capital LLP, Carrick Capital Management Company LLC, Catalyst Investors LLC, Catterton Partners Corp, Chicago Growth Partners, Columbia Capital, Columbia Capital Group, Inc., Edison Ventures, Francisco Partners LP, Frazier Healthcare, FTV Capital, General Atlantic LLC, General Catalyst Partners LLC, GGV Capital, Great Hill Equity Partners LLC, Highland Capital Partners LLC, Insight Venture Partners LLC, Institutional Venture Partners, JMI Equity, Kennet Venture Partners Ltd, Kleiner Perkins Caufield & Byers LLC, Level Equity, LLR Partners Inc, M/C Partners, Mainsail Partners LP, Meritech Capital Partners, New Enterprise Associates, Inc., Newspring Capital, Noro-Moseley Partners, North Bridge Venture Partners L P, Norwest Venture Partners, Oak Investment Partners, Pine Brook Road Partners LLC, Polaris Partners, Redpoint Ventures, Rho Capital Partners Inc, Sequoia Capital, Serent Capital LLC, Silver Lake Partners LP, Spectrum Equity, Stripes Group LLC, Summit Partners LP, Susquehanna Growth Equity LLC, Symmetric Capital, TA Associates Management, L.P., Trident Capital, Updata Partners, Volition Capital LLC, Weston Presidio Capital, WestView Capital Partners, Duff Ackerman & Goodrich LLC, Draper Fisher Jurvetson International Inc, Draper Fisher Jurvetson Gotham Venture Partners, Draper Fisher Jurvetson New England (AKA DFJ/NE), Technology Crossover Ventures, Revolution Ventures LLC, Element Partners, Riveria Investment Group. Company and deal counts include 'Growth Equity' transactions with disclosed and undisclosed equity investment totals.

APPENDIX A

Glossary

“A” round – a financing event whereby angel groups and / or venture capitalists become involved in a fast growth company that was previously financed by founders and their friends and families.

Accredited investor – a person or legal entity, such as a company or trust fund, that meets certain net worth and income qualifications and is considered to be sufficiently sophisticated to make investment decisions in private offerings. Regulation D of the Securities Act of 1933 exempts accredited investors from protection of the Securities Act. The Securities and Exchange Commission has proposed revisions to the accredited investor qualifying rules, which may or may not result in changes for venture investors. The current criteria for a natural person are: \$1 million net worth or annual income exceeding \$200,000 individually or \$300,000 with a spouse. Directors, general partners and executive officers of the issuer are considered to be accredited investors.

Alpha – a term derived from statistics and finance theory that is used to describe the return produced by a fund manager in excess of the return of a benchmark index. Manager returns and benchmark returns are measured net of the risk-free rate. In addition, manager returns are adjusted for the risk of the manager’s portfolio relative to the risk of the benchmark index. Alpha is a proxy for manager skill.

Alternative asset class – a class of investments that includes venture capital, leverage buyouts, hedge funds, real estate, and oil and gas, but excludes publicly traded securities. Pension plans, college endowments and other relatively large institutional investors typically allocate a certain percentage of their investments to alternative assets with an objective to diversify their portfolios.

Angel – a wealthy individual that invests in companies in relatively early stages of development. Usually angels invest less than \$1 million per startup.

Anti-dilution – a contract clause that protects an investor from a substantial reduction in percentage ownership in a company due to the issuance by the company of additional shares to other entities. The mechanism for making an adjustment that maintains the same percentage ownership is called a Full Ratchet. The most commonly used adjustment provides partial protection and is called Weighted Average.

ASC Topic 820 – FASB Accounting Standards Codification

(ASC) Topic 820 (formerly known as FAS 157) is the accounting standard which dictates how to measure and disclose fair value for financial reporting purposes. FASB ASC Topic 946 (Investment Companies) dictates that all investments should be reported at fair value.

“B” round – a financing event whereby investors such as venture capitalists and organized angel groups are sufficiently interested in a company to provide additional funds after the “A” round of financing. Subsequent rounds are called “C”, “D” and so on.

Basis point (“bp”) – one one-hundredth (1/100) of a percentage unit. For example, 50 basis points equals one half of one percent. Banks quote variable loan rates in terms of an index plus a margin and the margin is often described in basis points, such as LIBOR plus 400 basis points (or, as the experts say, “beeps”).

Beta – a measure of volatility of a public stock relative to an index or a composite of all stocks in a market or geographical region. A beta of more than one indicates the stock has higher volatility than the index (or composite) and a beta of one indicates volatility equivalent to the index (or composite). For example, the price of a stock with a beta of 1.5 will change by 1.5% if the index value changes by 1%. Typically, the S&P500 index is used in calculating the beta of a stock.

Beta product – a product that is being tested by potential customers prior to being formally launched into the marketplace.

Board of directors – a group of individuals, typically composed of managers, investors and experts who have a fiduciary responsibility for the well being and proper guidance of a corporation. The board is elected by the shareholders.

Book – see Private placement memorandum.

Bootstrapping – the actions of a startup to minimize expenses and build cash flow, thereby reducing or eliminating the need for outside investors.

Bp – see Basis point.

Bridge financing – temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders. In venture capital, a bridge is usually a short term note

(6 to 12 months) that converts to preferred stock. Typically, the bridge lender has the right to convert the note to preferred stock at a price that is a 20% to 25% discount from the price of the preferred stock in the next financing round. See Mezzanine and Wipeout bridge.

Broad-based weighted average anti-dilution – A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A's preferred stock is repriced to a weighted average of investor A's price and investor B's price. A broad-based anti-dilution method uses all common stock outstanding on a fully diluted basis (including all convertible securities, warrants and options) in the denominator of the formula for determining the new weighted average price. See Narrow-based weighted average anti-dilution.

Burn rate – the rate at which a startup with little or no revenue uses available cash to cover expenses. Usually expressed on a monthly or weekly basis.

Business Development Company (BDC) – a publicly traded company that invests in private companies and is required by law to provide meaningful support and assistance to its portfolio companies.

Business plan – a document that describes a new concept for a business opportunity. A business plan typically includes the following sections: executive summary, market need, solution, technology, competition, marketing, management, operations, exit strategy, and financials (including cash flow projections). For most venture capital funds fewer than 10 of every 100 business plans received eventually receive funding.

Buyout – a sector of the private equity industry. Also, the purchase of a controlling interest of a company by an outside investor (in a leveraged buyout) or a management team (in a management buyout).

Buy-sell agreement – a contract that sets forth the conditions under which a shareholder must first offer his or her shares for sale to the other shareholders before being allowed to sell to entities outside the company.

C Corporation – an ownership structure that allows any number of individuals or companies to own shares. A C corporation is a stand-alone legal entity so it offers some protection to its owners, managers and investors from liability resulting from its actions.

Capital Asset Pricing Model (CAPM) – a method of estimating

the cost of equity capital of a company. The cost of equity capital is equal to the return of a risk-free investment plus a premium that reflects the risk of the company's equity.

Capital call – when a private equity fund manager (usually a “general partner” in a partnership) requests that an investor in the fund (a “limited partner”) provide additional capital. Usually a limited partner will agree to a maximum investment amount and the general partner will make a series of capital calls over time to the limited partner as opportunities arise to finance startups and buyouts.

Capital gap – the difficulty faced by some entrepreneurs in trying to raise between \$2 million and \$5 million. Friends, family and angel investors are typically good sources for financing rounds of less than \$2 million, while many venture capital funds have become so large that investments in this size range are difficult.

Capitalization table – a table showing the owners of a company's shares and their ownership percentages as well as the debt holders. It also lists the forms of ownership, such as common stock, preferred stock, warrants, options, senior debt, and subordinated debt.

Capital gains – a tax classification of investment earnings resulting from the purchase and sale of assets. Typically, a company's investors and founders have earnings classified as long term capital gains (held for a year or longer), which are taxed at a lower rate than ordinary income.

Capital stock – a description of stock that applies when there is only one class of shares. This class is known as “common stock”.

Capital Under Management – A frequently-used metric for sizing total funds managed by a venture capital or buyout firm. In practice, there are several ways of calculating this. In the US, this is the total committed capital for all funds managed by a firm on which it collects management fees. This calculation ignores whether portions of the committed capital have not yet been called and whether portions of the fund have been liquidated and distributed. It typically does not include aging funds in their “out years” on which fees are not being collected. For purposes of this book in calculating capital managed in figure 1.04, because direct data is not available, the last eight vintage years of capital commitments is considered a proxy for the industry's total capital under management.

Capped participating preferred stock – preferred stock whose participating feature is limited so that an investor cannot receive more than a specified amount. See Participating preferred stock.

Carried interest – the share in the capital gains of a venture capital fund which is allocated to the General Partner. Typically, a fund must return the capital given to it by limited partners plus any preferential rate of return before the general partner can share in the profits of the fund. The general partner will typically receive a 20% carried interest, although some successful firms receive 25%-30%. Also known as “carry” or “promote.”

Clawback – a clause in the agreement between the general partner and the limited partners of a private equity fund. The clawback gives limited partners the right to reclaim a portion of disbursements to a general partner for profitable investments based on significant losses from later investments in a portfolio.

Closing – the conclusion of a financing round whereby all necessary legal documents are signed and capital has been transferred.

Club deal – the act of investing by two or more entities in the same target company, usually involving a leveraged buyout transaction.

Co-investment – the direct investment by a limited partner alongside a general partner in a portfolio company.

Collateral – hard assets of the borrower, such as real estate or equipment, for which a lender has a legal interest until a loan obligation is fully paid off.

Commitment – an obligation, typically the maximum amount that a limited partner agrees to invest in a fund. See Capital call.

Common stock – a type of security representing ownership rights in a company. Usually, company founders, management and employees own common stock while investors own preferred stock. In the event of a liquidation of the company, the claims of secured and unsecured creditors, bondholders and preferred stockholders take precedence over common stockholders. See Preferred stock.

Comparable – a private or public company with similar characteristics to a private or public company that is being valued. For example, a telecommunications equipment manufacturer whose market value is 2 times revenues can be used to estimate the value of a similar and relatively new company with a new product in the same industry. See Liquidity discount.

Control – the authority of an individual or entity that owns more than 50% of equity in a company or owns the largest block of shares compared to other shareholders.

Consolidation – see Rollup.

Conversion – the right of an investor or lender to force a company to replace the investor’s preferred shares or the lender’s debt with common shares at a preset conversion ratio. A conversion feature was first used in railroad bonds in the 1800’s.

Convertible debt – a loan which allows the lender to exchange the debt for common shares in a company at a preset conversion ratio. Also known as a “convertible note.”

Convertible preferred stock – a type of stock that gives an owner the right to convert to common shares of stock. Usually, preferred stock has certain rights that common stock doesn’t have, such as decision-making management control, a promised return on investment (dividend), or senior priority in receiving proceeds from a sale or liquidation of the company. Typically, convertible preferred stock automatically converts to common stock if the company makes an initial public offering (IPO). Convertible preferred is the most common tool for private equity funds to invest in companies.

Co-sale right – a contractual right of an investor to sell some of the investor’s stock along with the founder’s or majority shareholder’s stock if either the founder or majority shareholder elects to sell stock to a third-party. Also known as Tag-along right.

Cost of capital – see Weighted average cost of capital.

Cost of revenue – the expenses generated by the core operations of a company.

Covenant – a legal promise to do or not do a certain thing. For example, in a financing arrangement, company management may agree to a negative covenant, whereby it promises not to incur additional debt. The penalties for violation of a covenant may vary from repairing the mistake to losing control of the company.

Coverage ratio – describes a company’s ability to pay debt from cash flow or profits. Typical measures are EBITDA/Interest, (EBITDA minus Capital Expenditures)/Interest, and EBIT/Interest.

Cram down round – a financing event upon which new investors with substantial capital are able to demand and receive contractual terms that effectively cause the issuance of sufficient new shares by the startup company to significantly reduce (“dilute”) the ownership percentage of previous investors.

Cumulative dividends – the owner of preferred stock with cumulative dividends has the right to receive accrued (previously unpaid) dividends in full before dividends are paid to any other classes of stock.

Current ratio – the ratio of current assets to current liabilities.

Data room – a specific location where potential buyers / investors can review confidential information about a target company. This information may include detailed financial statements, client contracts, intellectual property, property leases, and compensation agreements.

Deal flow – a measure of the number of potential investments that a fund reviews in any given period.

Defined benefit plan – a company retirement plan in which the benefits are typically based on an employee's salary and number of years worked. Fixed benefits are paid after the employee retires. The employer bears the investment risk and is committed to providing the benefits to the employee. Defined benefit plan managers can invest in private equity funds.

Defined contribution plan – a company retirement plan in which the employee elects to contribute some portion of his or her salary into a retirement plan, such as a 401(k) or 403(b). The employer may also contribute to the employee's plan. With this type of plan, the employee bears the investment risk. The benefits depend solely on the amount of money made from investing the employee's contributions.

Demand rights – a type of registration right. Demand rights give an investor the right to force a startup to register its shares with the SEC and prepare for a public sale of stock (IPO).

Dilution – the reduction in the ownership percentage of current investors, founders and employees caused by the issuance of new shares to new investors.

Dilution protection – see Anti-dilution and Full ratchet.

Direct secondary transaction – A transaction in which the buyer purchases shares of an operating company from an existing seller. While the transaction is a secondary sale of shares, the transacted interest is a primary issue purchase directly into an operating company. Sellers are often venture capitalists selling their ownership stake in a portfolio company. Buyers are often funds that specialize in such investments.

Disbursement – an investment by a fund in a company.

Discount rate – the interest rate used to determine the present value of a series of future cash flows.

Discounted cash flow (DCF) – a valuation methodology whereby the present value of all future cash flows expected from a company

is calculated.

Distressed debt – the bonds of a company that is either in or approaching bankruptcy. Some private equity funds specialize in purchasing such debt at deep discounts with the expectation of exerting influence in the restructuring of the company and then selling the debt once the company has meaningfully recovered.

Distribution – the transfer of cash or securities to a limited partner resulting from the sale, liquidation or IPO of one or more portfolio companies in which a general partner chose to invest.

Dividends – payments made by a company to the owners of certain securities. Typically, dividends are paid quarterly, by approval of the board of directors, to owners of preferred stock.

Down round – a round of financing whereby the valuation of the company is lower than the value determined by investors in an earlier round.

Drag-along rights – the contractual right of an investor in a company to force all other investors to agree to a specific action, such as the sale of the company.

Drawdown schedule – an estimate of the gradual transfer of committed investment funds from the limited partners of a private equity fund to the general partners.

Due diligence – the investigatory process performed by investors to assess the viability of a potential investment and the accuracy of the information provided by the target company.

Dutch auction – a method of conducting an IPO where-by newly issued shares of stock are committed to the highest bidder, then, if any shares remain, to the next highest bidder, and so on until all the shares are committed. Note that the price per share paid by all buyers is the price commitment of the buyer of the last share.

Early stage – the state of a company after the seed (formation) stage but before middle stage (generating revenues). Typically, a company in early stage will have a core management team and a proven concept or product, but no positive cash flow.

Earnings before interest and taxes (EBIT) – a measurement of the operating profit of a company. One possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBIT.

Earnings before interest, taxes, depreciation and amortization (EBITDA) – a measurement of the cash flow of a company. One possible valuation methodology is based on a comparison of

private and public companies' value as a multiple of EBITDA.

Earn out – an arrangement in which sellers of a business receive additional future payments, usually based on financial performance metrics such as revenue or net income.

Elevator pitch – a concise presentation, lasting only a few minutes (an elevator ride), by an entrepreneur to a potential investor about an investment opportunity.

Employee Stock Ownership Program (ESOP) – a plan established by a company to reserve shares for employees.

Entrepreneur – an individual who starts his or her own business.

Entrepreneurship – the application of innovative leadership to limited resources in order to create exceptional value.

Enterprise Value (EV) – the sum of the market values of the common stock and long term debt of a company, minus excess cash.

Equity – the ownership structure of a company represented by common shares, preferred shares or unit interests. Equity = Assets – Liabilities.

ESOP – see Employee Stock Ownership Program.

Evergreen fund – a fund that reinvests its profits in order to ensure the availability of capital for future investments.

Exit strategy – the plan for generating profits for owners and investors of a company. Typically, the options are to merge, be acquired or make an initial public offering (IPO). An alternative is to recapitalize (releverage the company and then pay dividends to shareholders).

Expansion stage – the stage of a company characterized by a complete management team and a substantial increase in revenues.

Fair value – a financial reporting principle for valuing assets and liabilities, for example, portfolio companies in venture capital fund portfolios. In 2007, more defined rules took effect. See ASC Topic 820.

Fairness opinion – a letter issued by an investment bank that charges a fee to assess the fairness of a negotiated price for a merger or acquisition.

FAS 157 – See ASC Topic 820 entry.

First refusal – the right of a privately owned company to purchase any shares that employees would like to sell.

Founders stock – nominally priced common stock issued to founders, officers, employees, directors, and consultants.

Free cash flow to equity (FCFE) – the cash flow available after operating expenses, interest payments on debt, taxes, net principal repayments, preferred stock dividends, reinvestment needs and changes in working capital. In a discounted cash flow model to determine the value of the equity of a firm using FCFE, the discount rate used is the cost of equity.

Free cash flow to the firm (FCFF) – the operating cash flow available after operating expenses, taxes, reinvestment needs and changes in working capital, but before any interest payments on debt are made. In a discounted cash flow model to determine the enterprise value of a firm using FCFF, the discount rate used is the weighted average cost of capital (WACC).

Friends and family financing – capital provided by the friends and family of founders of an early stage company. Founders should be careful not to create an ownership structure that may hinder the participation of professional investors once the company begins to achieve success.

Full ratchet – an anti-dilution protection mechanism whereby the price per share of the preferred stock of investor A is adjusted downward due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A's preferred stock is repriced to match the price of investor B's preferred stock. Usually as a result of the implementation of a ratchet, company management and employees who own a fixed amount of common shares suffer significant dilution. See Narrowbased weighted average anti-dilution and Broad-based weighted average anti-dilution.

Fully diluted basis – a methodology for calculating any per share ratios whereby the denominator is the total number of shares issued by the company on the assumption that all warrants and options are exercised and preferred stock.

Fund-of-funds – a fund created to invest in private equity funds. Typically, individual investors and relatively small institutional investors participate in a fund-of-funds to minimize their portfolio management efforts.

Gatekeepers – intermediaries which endowments, pension funds and other institutional investors use as advisors regarding private equity investments.

General partner (GP) – a class of partner in a partnership. The general partner retains liability for the actions of the partnership. Historically, venture capital and buyout funds have been structured as limited partnerships, with the venture firm as the GP and limited partners (LPs) being the institutional and high net worth investors that provide most of the capital in the partnership. The GP earns a management fee and a percentage of gains (see Carried interest).

GP – see General partner.

GP for hire – In a spin-out or a synthetic secondary, a GP for hire refers to the professional investor who may be hired by a purchasing firm to manage the new fund created from the orphaned assets purchased. In past cases, the GP has often expanded its role to fundraise for and run new funds aside from the initial fund.

Going-private transaction – when a public company chooses to pay off all public investors, delist from all stock exchanges, and become owned by management, employees, and select private investors.

Golden handcuffs – financial incentives that discourage founders and / or important employees from leaving a company before a predetermined date or important milestone.

Grossing up – an adjustment of an option pool for management and employees of a company which increases the number of shares available over time. This usually occurs after a financing round whereby one or more investors receive a relatively large percentage of the company. Without a grossing up, managers and employees would suffer the financial and emotional consequences of dilution, thereby potentially affecting the overall performance of the company.

Growth stage – the state of a company when it has received one or more rounds of financing and is generating revenue from its product or service. Also known as “middle stage.”

Hart-Scott-Rodino Act – a law requiring entities that acquire certain amounts of stock or assets of a company to inform the Federal Trade Commission and the Department of Justice and to observe a waiting period before completing the transaction.

Hedge fund – an investment fund that has the ability to use leverage, take short positions in securities, or use a variety of derivative instruments in order to achieve a return that is relatively less correlated to the performance of typical indices (such as the S&P 500) than traditional long-only funds. Hedge fund managers are typically compensated based on assets under management as well as fund performance.

High yield debt – debt issued via public offering or public placement (Rule 144A) that is rated below investment grade by S&P or Moody’s. This means that the debt is rated below the top four rating categories (i.e. S&P BB+, Moody’s Ba2 or below). The lower rating is indicative of higher risk of default, and therefore the debt carries a higher coupon or yield than investment grade debt. Also referred to as Junk bonds or Sub-investment grade debt.

Hockey stick – the general shape and form of a chart showing revenue, customers, cash or some other financial or operational measure that increases dramatically at some point in the future. Entrepreneurs often develop business plans with hockey stick charts to impress potential investors.

Holding period – amount of time an investment remains in a portfolio.

Hot issue – stock in an initial public offering that is in high demand.

Hot money – capital from investors that have no tolerance for lack of results by the investment manager and move quickly to withdraw at the first sign of trouble.

Hurdle rate – a minimum rate of return required before an investor will make an investment.

Incorporation – the process by which a business receives a state charter, allowing it to become a corporation. Many corporations choose Delaware because its laws are business-friendly and up to date.

Incubator – a company or facility designed to host startup companies. Incubators help startups grow while controlling costs by offering networks of contacts and shared backoffice resources.

Indenture – the terms and conditions between a bond issuer and bond buyers.

Initial public offering (IPO) – the first offering of stock by a company to the public. New public offerings must be registered with the Securities and Exchange Commission. An IPO is one of the methods that a startup that has achieved significant success can use to raise additional capital for further growth. See Qualified IPO.

In-kind distribution – a distribution to limited partners of a private equity fund that is in the form of publicly traded shares rather than cash.

Inside round – a round of financing in which the investors are

the same investors as the previous round. An inside round raises liability issues since the valuation of the company has no third party verification in the form of an outside investor. In addition, the terms of the inside round may be considered self-dealing if they are onerous to any set of shareholders or if the investors give themselves additional preferential rights.

Institutional investor – professional entities that invest capital on behalf of companies or individuals. Examples are: pension plans, insurance companies and university endowments.

Intellectual property (IP) – knowledge, techniques, writings and images that are intangible but often protected by law via patents, copyrights, and trademarks.

Interest coverage ratio – earnings before interest and taxes (EBIT) divided by interest expense. This is a key ratio used by lenders to assess the ability of a company to produce sufficient cash to pay its debt obligation.

Internal rate of return (IRR) – the interest rate at which a certain amount of capital today would have to be invested in order to grow to a specific value at a specific time in the future.

Investment thesis / Investment philosophy – the fundamental ideas which determine the types of investments that an investment fund will choose in order to achieve its financial goals.

IPEV – Stands for International Private Equity Valuation guidelines group. This group is made up of representatives of the international and US venture capital industry and has published guidelines for applying US GAAP and international IFRS valuation rules. See www.privateequityvaluation.com. Widely regarded in the US as the global successor to the US-focused PEIGG group.

IPO – see Initial public offering.

IRR – see Internal rate of return.

Issuer – the company that chooses to distribute a portion of its stock to the public.

J curve – a concept that during the first few years of a private equity fund, cash flow or returns are negative due to investments, losses, and expenses, but as investments produce results the cash flow or returns trend upward. A graph of cash flow or returns versus time would then resemble the letter “J”.

Later stage – the state of a company that has proven its concept, achieved significant revenues compared to its competition, and is approaching cash flow break even or positive net income.

Typically, a later stage company is about 6 to 12 months away from a liquidity event such as an IPO or buyout. The rate of return for venture capitalists that invest in later stage, less risky ventures is lower than in earlier stage ventures.

LBO – see Leveraged buyout. Lead investor – the venture capital investor that makes the largest investment in a financing round and manages the documentation and closing of that round. The lead investor sets the price per share of the financing round, thereby determining the valuation of the company.

Letter of intent – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as a “Term Sheet”.

Leverage – the use of debt to acquire assets, build operations and increase revenues. By using debt, a company is attempting to achieve results faster than if it only used its cash available from pre-leverage operations. The risk is that the increase in assets and revenues does not generate sufficient net income and cash flow to pay the interest costs of the debt.

Leveraged buyout (LBO) – the purchase of a company or a business unit of a company by an outside investor using mostly borrowed capital.

Leveraged recapitalization – the reorganization of a company’s capital structure resulting in more debt added to the balance sheet. Private equity funds can recapitalize a portfolio company and then direct the company to issue a one-time dividend to equity investors. This is often done when the company is performing well financially and the debt markets are expanding.

Leverage ratios – measurements of a company’s debt as a multiple of cash flow. Typical leverage ratios include Total Debt / EBITDA, Total Debt / (EBITDA minus Capital Expenditures), and Senior Debt / EBITDA.

L.I.B.O.R. – see The London Interbank Offered Rate.

License – a contract in which a patent owner grants to a company the right to make, use or sell an invention under certain circumstances and for compensation.

Limited liability company (LLC) – an ownership structure designed to limit the founders’ losses to the amount of their investment. An LLC itself does not pay taxes, rather its owners pay taxes on their proportion of the LLC profits at their individual tax rates.

Limited partnership – a legal entity composed of a general partner and various limited partners. The general partner manages the investments and is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The general partner collects a management fee and earns a percentage of capital gains (see Carried interest), while the limited partners receive income, capital gains and tax benefits.

Limited partner (LP) – an investor in a limited partnership. The general partner is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The limited partner receives income, capital gains and tax benefits.

Liquidation – the sale of a company. This may occur in the context of an acquisition by a larger company or in the context of selling off all assets prior to cessation of operations (Chapter 7 bankruptcy). In a liquidation, the claims of secured and unsecured creditors, bondholders and preferred stockholders take precedence over common stockholders.

Liquidation preference – the contractual right of an investor to priority in receiving the proceeds from the liquidation of a company. For example, a venture capital investor with a “2x liquidation preference” has the right to receive two times its original investment upon liquidation.

Liquidity discount – a decrease in the value of a private company compared to the value of a similar but publicly traded company. Since an investor in a private company cannot readily sell his or her investment, the shares in the private company must be valued less than a comparable public company.

Liquidity event – a transaction whereby owners of a significant portion of the shares of a private company sell their shares in exchange for cash or shares in another, usually larger company. For example, an IPO is a liquidity event.

Lock-up agreement – investors, management and employees often agree not to sell their shares for a specific time period after an IPO, usually 6 to 12 months. By avoiding large sales of its stock, the company has time to build interest among potential buyers of its shares.

London Interbank Offered Rate (L.I.B.O.R.) – the average rate charged by large banks in London for loans to each other. LIBOR is a relatively volatile rate and is typically quoted in maturities of one month, three months, six months and one year.

Management buyout (MBO) – a leveraged buyout controlled by

the members of the management team of a company or a division. Often an MBO is conducted in partnership with a buyout fund.

Management fee – a fee charged to the limited partners in a fund by the general partner. Management fees in a private equity fund usually range from 0.75% to 3% of capital under management, depending on the type and size of fund. For venture capital funds, 2% is typical.

Management rights – the rights often required by a venture capitalist as part of the agreement to invest in a company. The venture capitalist has the right to consult with management on key operational issues, attend board meetings and review information about the company’s financial situation. Market capitalization – the value of a publicly traded company as determined by multiplying the number of shares outstanding by the current price per share.

MBO – see Management buyout.

Mezzanine – a layer of financing that has intermediate priority (seniority) in the capital structure of a company. For example, mezzanine debt has lower priority than senior debt but usually has a higher interest rate and often includes warrants. In venture capital, a mezzanine round is generally the round of financing that is designed to help a company have enough resources to reach an IPO. See Bridge financing.

MoneyTree™ Report – Officially known as The MoneyTree Report from PricewaterhouseCoopers and the National Venture Capital Association based on data provided by Thomson Reuters. This report provides much of the data in this report. It is used for investment statistics in United States based companies. Specific definition information is available in several of the appendices of this Yearbook.

Multiples – a valuation methodology that compares public and private companies in terms of a ratio of value to an operations figure such as revenue or net income. For example, if several publicly traded computer hardware companies are valued at approximately 2 times revenues, then it is reasonable to assume that a startup computer hardware company that is growing fast has the potential to achieve a valuation of 2 times its revenues. Before the startup issues its IPO, it will likely be valued at less than 2 times revenue because of the lack of liquidity of its shares. See Liquidity discount.

Narrow-based weighted average anti-dilution – a type of antidilution mechanism. A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally

received. Investor A's preferred stock is repriced to a weighted average of investor A's price and investor B's price. A narrow-based anti-dilution uses only common stock outstanding in the denominator of the formula for determining the new weighted average price.

National Venture Capital Association (NVCA) – the trade organization that tracks venture capital activity in the United States.

NDA – see Non-disclosure agreement.

Non-cumulative dividends – dividends that are payable to owners of preferred stock at a specific point in time only if there is sufficient cash flow available after all company expenses have been paid. If cash flow is insufficient, the owners of the preferred stock will not receive the dividends owed for that time period and will have to wait until the board of directors declares another set of dividends.

Non-disclosure agreement (NDA) – an agreement issued by entrepreneurs to protect the privacy of their ideas when disclosing those ideas to third parties.

Non-interference – an agreement often signed by employees and management whereby they agree not to interfere with the company's relationships with employees, clients, suppliers and sub-contractors within a certain time period after termination of employment.

No-shop clause – a section of an agreement to purchase a company whereby the seller agrees not to market the company to other potential buyers for a specific time period.

Non-solicitation – an agreement often signed by employees and management whereby they agree not to solicit other employees of the company regarding job opportunities.

NVCA – see National Venture Capital Association.

Offering memorandum – a legal document that provides details of an investment to potential investors. See Private placement memorandum.

OID – see Original issue discount.

Operating cash flow – the cash flow produced from the operation of a business, not from investing activities (such as selling assets) or financing activities (such as issuing debt). Calculated as net operating income (NOI) plus depreciation.

Option pool – a group of options set aside for long term, phased compensation to management and employees.

Outstanding shares – the total amount of common shares of a company, not including treasury stock, convertible preferred stock, warrants and options.

Pay to play – a clause in a financing agreement whereby any investor that does not participate in a future round agrees to suffer significant dilution compared to other investors. The most onerous version of "pay to play" is automatic conversion to common shares, which in essence ends any preferential rights of an investor, such as the right to influence key management decisions.

Pari passu – a legal term referring to the equal treatment of two or more parties in an agreement. For example, a venture capitalist may agree to have registration rights that are pari passu with the other investors in a financing round.

Participating dividends – the right of holders of certain preferred stock to receive dividends and participate in additional distributions of cash, stock or other assets.

Participating preferred stock – a unit of ownership composed of preferred stock and common stock. The preferred stock entitles the owner to receive a predetermined sum of cash (usually the original investment plus accrued dividends) if the company is sold or has an IPO. The common stock represents additional continued ownership in the company.

PEIGG – acronym for Private Equity Industry Guidelines Group, an ad hoc group of individuals and firms involved in the private equity industry for the purpose of establishing valuation and reporting guidelines. With the implementation of FAS 157 in 2007, the group's mission was essentially complete. Several of its members then joined IPEV, which is viewed by US VCs as the international successor to PEIGG.

Piggyback rights – rights of an investor to have his or her shares included in a registration of a startup's shares in preparation for an IPO.

PIK dividend – a dividend paid to the holder of a stock, usually preferred stock, in the form of additional stock rather than cash. PIK refers to payment in kind.

PIPEs – see Private investment in public equity.

Placement agent – a company that specializes in finding institutional investors that are willing and able to invest in a

private equity fund. Sometimes a private equity fund will hire a placement agent so the fund partners can focus on making and managing investments in companies rather than on raising capital.

Portfolio company – a company that has received an investment from a private equity fund.

Post-money valuation – the valuation of a company including the capital provided by the current round of financing. For example, a venture capitalist may invest \$5 million in a company valued at \$2 million “pre-money” (before the investment was made). As a result, the startup will have a post-money valuation of \$7 million.

PPM – see Private placement memorandum.

Preemptive rights – the rights of shareholders to maintain their percentage ownership of a company by buying shares sold by the company in future financing rounds.

Preference – seniority, usually with respect to dividends and proceeds from a sale or dissolution of a company.

Preferred return – a minimum return per annum that must be generated for limited partners of a private equity fund before the general partner can begin receiving a percentage of profits from investments.

Preferred stock – a type of stock that has certain rights that common stock does not have. These special rights may include dividends, participation, liquidity preference, anti-dilution protection and veto provisions, among others. Private equity investors usually purchase preferred stock when they make investments in companies.

Pre-money valuation – the valuation of a company prior to the current round of financing. For example, a venture capitalist may invest \$5 million in a company valued at \$2 million pre-money. As a result, the startup will have a “post-money” valuation of \$7 million.

Primary shares – shares sold by a corporation (not by individual shareholders).

Private Equity Growth Capital Council (PEGCC) – an advocacy, communications and research organization for the buyout industry in the United States.

Private equity – equity investments in non-public companies, usually defined as being made up of venture capital funds and buyout funds. Real estate, oil and gas, and other such partnerships are sometimes included in the definition.

Private investment in public equity (PIPEs) – investments by a private equity fund in a publicly traded company, usually at a discount and in the form of preferred stock.

Private placement – the sale of a security directly to a limited number of institutional and qualified individual investors. If structured correctly, a private placement avoids registration with the Securities and Exchange Commission.

Private placement memorandum (PPM) – a document explaining the details of an investment to potential investors. For example, a private equity fund will issue a PPM when it is raising capital from institutional investors. Also, a startup may issue a PPM when it needs growth capital. Also known as “Offering Memorandum”.

Private securities – securities that are not registered with the Securities and Exchange Commission and do not trade on any exchanges. The price per share is negotiated between the buyer and the seller (the “issuer”).

Prudent man rule – a fundamental principle for professional money management which serves as a basis for the Prudent Investor Act. The principle is based on a statement by Judge Samuel Putnum in 1830: “Those with the responsibility to invest money for others should act with prudence, discretion, intelligence and regard for the safety of capital as well as income.” In the 1970s a favorable interpretation of this rule enabled pension fund managers to invest in venture capital for the first time.

Qualified IPO – a public offering of securities valued at or above a total amount specified in a financing agreement. This amount is usually specified to be sufficiently large to guarantee that the IPO shares will trade in a major exchange (NASDAQ or New York Stock Exchange). Usually upon a qualified IPO preferred stock is forced to convert to common stock.

Quartile – one fourth of the data points in a data set. Often, private equity investors are measured by the results of their investments during a particular period of time. Institutional investors often prefer to invest in private equity funds that demonstrate consistent results over time, placing in the upper quartile of the investment results for all funds.

Ratchet – a mechanism to prevent dilution. An antidilution clause in a contract protects an investor from a reduction in percentage ownership in a company due to the future issuance by the company of additional shares to other entities.

Realization ratio – the ratio of cumulative distributions to paid-in capital. The realization ratio is used as a measure of the distributions from investment results of a private equity partnership compared

to the capital under management.

Recapitalization – the reorganization of a company's capital structure.

Red herring – a preliminary prospectus filed with the Securities and Exchange Commission and containing the details of an IPO offering. The name refers to the disclosure warning printed in red letters on the cover of each preliminary prospectus advising potential investors of the risks involved.

Redemption rights – the right of an investor to force the startup company to buy back the shares issued as a result of the investment. In effect, the investor has the right to take back his/her investment and may even negotiate a right to receive an additional sum in excess of the original investment.

Registration – the process whereby shares of a company are registered with the Securities and Exchange Commission under the Securities Act of 1933 in preparation for a sale of the shares to the public.

Regulation D – Often referred to as simply “Reg D,” an SEC regulation that governs private placements. Private placements are investment offerings for institutional and accredited individual investors, but not the general public.

Restricted shares – shares that cannot be traded in the public markets.

Return on investment (ROI) – the proceeds from an investment, during a specific time period, calculated as a percentage of the original investment. Also, net profit after taxes divided by average total assets.

Rights offering – an offering of stock to current shareholders that entitles them to purchase the new issue, usually at a discount.

Rights of co-sale with founders – a clause in venture capital investment agreements that allows the VC fund to sell shares at the same time that the founders of a startup chose to sell.

Right of first refusal – a contractual right to participate in a transaction. For example, a venture capitalist may participate in a first round of investment in a startup and request a right of first refusal in any following rounds of investment.

Risk-free rate – a term used in finance theory to describe the return from investing in a riskless security. In practice, this is often taken to be the return on US Treasury Bills.

Road show – presentations made in several cities to potential investors and other interested parties. For example, a company will often make a road show to generate interest among institutional investors prior to its IPO.

ROI – see Return on investment.

Rollup – the purchase of relatively smaller companies in a sector by a rapidly growing company in the same sector. The strategy is to create economies of scale. For example, the movie theater industry underwent significant consolidation in the 1960's and 1970's.

Round – a financing event usually involving several private equity investors.

Royalties – payments made to patent or copyright owners in exchange for the use of their intellectual property.

Rule 144 – a rule of the Securities and Exchange Commission that specifies the conditions under which the holder of shares acquired in a private transaction may sell those shares in the public markets.

S corporation – an ownership structure that limits its number of owners to 100. An S corporation does not pay taxes, rather its owners pay taxes on their proportion of the corporation's profits at their individual tax rates.

SBIC – see Small Business Investment Company.

Scalability – a characteristic of a new business concept that entails the growth of sales and revenues with a much slower growth of organizational complexity and expenses. Venture capitalists look for scalability in the startups they select to finance.

Scale-down – a schedule for phased decreases in management fees for general partners in a limited partnership as the fund reduces its investment activities toward the end of its term.

Scale-up – the process of a company growing quickly while maintaining operational and financial controls in place. Also, a schedule for phased increases in management fees for general partners in a limited partnership as the fund increases its investment activities over time.

Secondary market – a market for the sale of limited partnership interests in private equity funds. Sometimes limited partners chose to sell their interest in a partnership, typically to raise cash or because they cannot meet their obligation to invest more capital according to the takedown schedule. Certain investment companies specialize in buying these partnership interests at a discount.

Secondary shares – shares sold by a shareholder (not by the corporation).

Securities and Exchange Commission (SEC) – the regulatory body that enforces federal securities laws such as the Securities Act of 1933 and the Securities Exchange Act of 1934.

Seed capital – investment provided by angels, friends and family to the founders of a startup in seed stage.

Seed stage – the state of a company when it has just been incorporated and its founders are developing their product or service.

Senior debt – a loan that has a higher priority in case of a liquidation of the asset or company.

Seniority – higher priority.

Series A preferred stock – preferred stock issued by a fast growth company in exchange for capital from investors in the “A” round of financing. This preferred stock is usually convertible to common shares upon the IPO or sale of the company.

Shareholder agreement – a contract that sets out, for example, the basis on which the company will be operated and the shareholders’ rights and obligations. It provides protection to minority shareholders.

Sharpe Ratio – a method of calculating the risk-adjusted return of an investment. The Sharpe Ratio is calculated by subtracting the risk-free rate from the return on a specific investment for a time period (usually one year) and then dividing the resulting figure by the standard deviation of the historical (annual) returns for that investment. The higher the Sharpe Ratio, the better.

Small Business Investment Company (SBIC) – a company licensed by the Small Business Administration to receive government capital in the form of debt or equity in order to use in private equity investing.

Stock option – a right to purchase or sell a share of stock at a specific price within a specific period of time. Stock purchase options are commonly used as long term incentive compensation for employees and management of fast growth companies.

Strategic investor – a relatively large corporation that agrees to invest in a young or a smaller company in order to have access to its proprietary technology, product or service.

Subordinated debt – a loan that has a lower priority than a senior loan in case of a liquidation of the asset or company. Also known as “junior debt”.

Success rate – the proportion of venture funded companies that are considered successful. A study of companies funded by VCs during the 1990s indicated that 14% of the companies went public and another 11% were acquired.

Sweat equity – ownership of shares in a company resulting primarily from work rather than investment of capital.

Syndicate – a group of investors that agree to participate in a round of funding for a company. Alternatively, a syndicate can refer to a group of investment banks that agree to participate in the sale of stock to the public as part of an IPO.

Synthetic secondary – A popular method of completing a direct secondary transaction in which the buyer becomes a limited partner (LP) in a special purpose vehicle (SPV) or similar entity which has been set up out of the underlying investments in order to create a limited partnership interest. The term arose because of the synthetic nature of the direct purchase through the LP secondary transaction.

Tag-along right – the right of a minority investor to receive the same benefits as a majority investor. Usually applies to a sale of securities by investors. Also known as Co-sale right.

Takedown – a schedule of the transfer of capital in phases in order to complete a commitment of funds. Typically, a takedown is used by a general partner of a private equity fund to plan the transfer of capital from the limited partners.

Tender offer – an offer to public shareholders of a company to purchase their shares.

Term loan – a bank loan for a specific period of time, usually up to ten years in leveraged buyout structures.

Term sheet – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as “Letter of Intent”.

Tranche – a portion of a set of securities. Each tranche may have different rights or risk characteristics. When venture capital firms finance a company, a round may be disbursed in two or three tranches, each of which is paid when the company attains one or

more milestones.

Turnaround – a process resulting in a substantial increase in a company's revenues, profits and reputation.

Under water option – an option is said to be under water if the current fair market value of a stock is less than the option exercise price.

Underwriter – an investment bank that chooses to be responsible for the process of selling new securities to the public. An underwriter usually chooses to work with a syndicate of investment banks in order to maximize the distribution of the securities.

Venture capital – a segment of the private equity industry which focuses on investing in new companies with high growth potential and accompanying high risk.

Venture capital method – a pricing valuation method whereby an estimate of the future value of a company is discounted by a certain interest rate and adjusted for future anticipated dilution in order to determine the current value. Usually, discount rates for the venture capital method are considerably higher than public stock return rates, representing the fact that venture capitalists must achieve significant returns on investment in order to compensate for the risks they take in funding unproven companies.

Vesting – a schedule by which employees gain ownership over time of a previously agreed upon amount of retirement funding or stock options.

Vintage – the year that a private equity fund stops accepting new investors and begins to make investments on behalf of those investors. Venture funds are generally benchmarked to funds of the same vintage year.

Voting rights – the rights of holders of preferred and common stock in a company to vote on certain acts affecting the company. These matters may include payment of dividends, issuance of a new class of stock, merger or liquidation.

Warrant – a security which gives the holder the right to purchase shares in a company at a pre-determined price. A warrant is a long term option, usually valid for several years or indefinitely. Typically, warrants are issued concurrently with preferred stocks or bonds in order to increase the appeal of the stocks or bonds to potential investors.

Washout round – a financing round whereby previous investors, the founders and management suffer significant dilution. Usually as a result of a washout round, the new investor gains majority

ownership and control of the company.

Weighted average cost of capital (WACC) – the average of the cost of equity and the after-tax cost of debt. This average is determined using weight factors based on the ratio of equity to debt plus equity and the ratio of debt to debt plus equity.

Weighted average anti-dilution – an anti-dilution protection mechanism whereby the conversion rate of preferred stock is adjusted in order to reduce an investor's loss due to an increase in the number of shares in a company. Without anti-dilution protection, an investor would suffer from a reduction of his or her percentage ownership. Usually as a result of the implementation of a weighted average anti-dilution, company management and employees who own a fixed amount of common shares suffer significant dilution, but not as badly as in the case of a full ratchet.

Write-down – a decrease in the reported value of an asset or a company.

Write-off – a decrease in the reported value of an asset or a company to zero.

Write-up – an increase in the reported value of an asset or a company.

Zombie – a company that has received capital from investors but has only generated sufficient revenues and cash flow to maintain its operations without significant growth. Sometimes referred to as "walking dead." Typically, a venture capitalist has to make a difficult decision as to whether to liquidate a zombie or continue to invest funds in the hopes that the zombie will become a winner.

These definitions were graciously provided by the Center for Private Equity and Entrepreneurship at the Tuck School of Business at Dartmouth. Please refer to the Center's website for additional definitions and information at <http://cpee.tuck.dartmouth.edu/industry-research/glossary/a>. Used by permission. Thomson Reuters and National Venture Capital Association are grateful to the Center for its support.

APPENDIX B

MoneyTree Report Criteria

PricewaterhouseCoopers/National Venture Capital Association MoneyTree Report™, Data: Thomson Reuters

The MoneyTree Report is a quarterly study of venture capital investment activity in the United States. As a collaboration between PricewaterhouseCoopers and the National Venture Capital Association, based upon data from Thomson Reuters, it is the only industry-endorsed research of its kind. The MoneyTree Report is the definitive source of information on emerging companies that receive financing and the venture capital firms that provide it. The study is a staple of the financial community, entrepreneurs, government policymakers and the business press worldwide.

Report Criteria

The MoneyTree™ Report records cash for equity investments as the cash is actually received by the company (also called a tranche) as opposed to when financing is committed (often referred to as a “term sheet”) to a company. Accordingly, the amount reported in a given quarter may be less than the total round amount committed to the company at the time when the round of financing closed.

The type of financing as it is used in the MoneyTree™ Report refers to the number of tranches a company has received. The number designation (1, 2, 3, etc.) does not refer to the round of financing. Rounds are usually designated alphabetically, e.g. Series A, Series B, and so on. The MoneyTree™ Report does not track rounds.

Summary Description

The MoneyTree™ Report measures cash-for-equity investments by the professional venture capital community in private emerging companies in the U.S. It is based on data provided by Thomson Reuters.

General Definition

The report includes the investment activity of professional venture capital firms with or without a US office, SBICs, venture arms of corporations, institutions, investment banks and similar entities whose primary activity is financial investing. Where there are other participants such as angels, corporations, and governments in a qualified and verified financing round the entire amount of the round is included.

Qualifying transactions include cash investments by these entities either directly or by participation in various forms of private placement. All recipient companies are private, and may have been newly-created or spun-out of existing companies.

The report excludes debt, buyouts, recapitalizations, secondary purchases, IPOs, investments in public companies such as PIPES (private investments in public entities), investments for which the proceeds are primarily intended for acquisition such as roll-ups, change of ownership, and other forms of private equity that do not involve cash such as services-in-kind and venture leasing.

Investee companies must be domiciled in one of the 50 US states or DC even if substantial portions of their activities are outside the United States.

Specific Methodology

The focus of the report is on cash received by the company. Therefore, tranches not term sheets are the determining factor. Drawdowns on commitments are recognized at the time the company receives the money rather than recorded as a lump sum amount at the time the term sheet is executed. Convertible debt and bridge loans are recognized only when converted to equity.

Once a company has received a qualifying venture capital financing round, all subsequent equity financing rounds are included regardless of whether the round involved a venture capital firm as long as all other investment criteria are met (e.g. cash-for-equity, not buyout or services in kind).

Angel, incubator and similar investments are considered pre-venture financing if the company has received no prior qualifying venture capital investment and are not included in the MoneyTree™ results. Angel, incubator and similar investments that are part of a qualifying venture capital round or follow a qualifying venture capital round are included to the extent that such investments can be fully verified as meeting all other criteria (e.g. cash for equity, not buyout or services in kind).

Direct investment by corporations (not through a corporate venture capital arm) is excluded unless (a) the investment is clearly demonstrated to be primarily a financial investment rather than outsourced R&D or market development, (b) it is a co-investment in an otherwise qualifying round, or (c) it follows a qualifying venture round in a company and meets all other criteria (e.g. cash-for-equity, not buyout or services in kind).

Data is primarily obtained from a quarterly survey of venture capital practitioners conducted by Thomson Reuters. Information is augmented by other research techniques including other public and private sources. All data is subject to verification with the venture capital firms and/or the investee companies.

Only professional independent venture capital firms, institutional venture capital groups, and recognized corporate venture capital groups are included in venture capital industry rankings.

Disclaimer

PricewaterhouseCoopers and the National Venture Capital Association have taken responsible steps to ensure that the information contained in the MoneyTree™ Report has been obtained from reliable sources. However, neither of the parties nor Thomson Reuters can warrant the ultimate validity of the data obtained in this manner. Results are updated periodically. Therefore, all data is subject to change at any time.

APPENDIX C

MoneyTree Geographical Definitions

The Geographical Regions identified in the MoneyTree™ Report by PricewaterhouseCoopers and the National Venture Capital Association based on data provided by Thomson Reuters and used in this NVCA Yearbook are as follows:

Alaska/Hawaii/Puerto Rico: Alaska, Hawaii, and Puerto Rico

Colorado: The state of Colorado

DC/Metroplex: Washington, D.C., Virginia, West Virginia, and Maryland

LA/Orange County: Los Angeles, Ventura, Orange, and Riverside Counties (i.e., southern California, except San Diego)

Midwest: Illinois, Missouri, Indiana, Kentucky, Ohio, Michigan, and western Pennsylvania

New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and parts of Connecticut (excluding Fairfield county)

New York Metro: Metropolitan NY area, northern New Jersey, and Fairfield County, Connecticut

North Central: Minnesota, Iowa, Wisconsin, North Dakota, South Dakota, and Nebraska

Northwest: Washington, Oregon, Idaho, Montana, and Wyoming

Philadelphia Metro: Eastern Pennsylvania, southern New Jersey, and Delaware

Sacramento/Northern California: Northeastern California

San Diego: San Diego area

Silicon Valley: Northern California, bay area and coastline

South Central: Kansas, Oklahoma, Arkansas, and Louisiana

Southeast: Alabama, Florida, Georgia, Mississippi, Tennessee, South Carolina, and North Carolina

Southwest: Utah, Arizona, New Mexico, and Nevada
Texas: The state of Texas

Upstate New York: Northern New York state, except Metropolitan New York City area

APPENDIX D

Industry Codes (VEIC)

1000	Communications and Media	1720	Publishing	2511	Intelligent Terminals
1100	Commercial Communications	1800	Other Communications Related	2512	Portable Terminals
1110	Radio & TV Broadcasting Stations	1810	Defense Communications	2513	Graphics Terminals
1120	CATV & Pay TV Systems	1825	Other Communications Services NEC	2519	Other Terminals
1125	Cable Service Providers	1899	Other Communications Products (not yet classified)	2520	Printers
1130	Radio & TV Broadcasting & Other Related Equipment			2521	Laser Printers
1135	Services to Commercial Communications	2000	Computer Related	2522	Color Printers
1199	Other Commercial Communications	2100	Computers and Hardware	2523	Inkjet Printers
1200	Telecommunications	2110	Mainframes & Scientific Computers	2524	Dot Matrix Printers
1210	Long Distance Telephone Services	2111	Mainframes	2529	Other Printers
1215	Local Exchange Carriers (LEC)	2112	Supercomputers and Scientific Computers	2530	Data I/O Devices
1220	Telephone Interconnect & Other Equipment	2119	Other Mainframes and Scientific Computers	2531	Mouse Input Devices
1230	Telephone answering and/or management systems,PBXs	2120	Mini & Personal/Desktop Computers	2532	TouchPad Input Devices
1299	Other Telephone Related	2121	Fail Safe Computers	2533	Pen based computing
1300	Wireless Communications	2122	Mini Computers	2539	Other Data I/O Devices
1310	Mobile Communications, Pagers & Cellular Radio	2123	Personal Computers (micro/personal)	2540	Disk Related Memory Devices
1320	Wireless Communications Services	2124	Other Mini and Personal Computers	2541	Floppy Disks & Drives
1325	Messaging Services	2125	Portable Computers (notebooks/laptops)	2542	Winchester Hard Disks and Drives
1330	Wireless Communications Components	2126	Handheld Computing (PDA)	2543	Optical Disks & Drives,CD-ROM DVD
1399	Other Wireless Communications	2130	Optical computing	2546	Disk Drive Components
1400	Facsimile Transmission	2140	Servers and Workstations	2549	Other Disk Related
1500	Data Communications	2141	Servers	2550	Tape Related Devices
1510	Local Area Networks (incl. voice/data PBX systems)	2142	Web Servers	2551	Magnetic Tapes
1515	Wide Area Networks	2143	Workstations	2552	Tape Heads & Drives
1520	Data Communications Components	2144	Thin Client Hardware	2553	Continuous Tape Backup Systems
1521	Communications Processors/Network Management	2149	Other Servers and Workstations	2559	Other Tape Related Devices
1522	Protocol Converters & Emulators	2200	Computer Graphics and Digital Imaging	2560	Other Memory Devices (excl. semiconductors)
1523	Modems and Multiplexers	2210	CAD/CAM, CAE,EDA Systems	2561	PC or PMCIA cards
1524	Other Data Communication Components	2220	Graphic Systems	2562	Memory Cards
1525	Switches/Hubs/Routers/Gateways/ATM	2230	Scanning Hardware	2563	Sound Cards
1530	Network test, monitor and support equipment	2234	OCR (Optical Character Recognition)	2564	Communications Cards
		2236	OBR (Optical Bar Recognition)	2569	Other Peripheral Cards
		2238	MICR (Magnetic Ink Character Recognition)	2590	Other Peripherals (not yet classified)
		2239	Other Scanning Related	2600	Computer Services
		2250	Graphics Printers/Plotters	2630	Time Sharing Firms
		2255	Graphics/Enhanced Video Cards	2640	Computer Leasing & Rentals
		2260	Other Graphics Peripherals	2650	Computer Training Services
		2280	Other Multimedia NEC	2655	Backup and Disaster Recover
		2290	Digital Imaging Hardware and Equipment	2660	Data Processing, Analysis & Input Services
		2295	Digital Imaging Services	2665	Computer Repair Services
		2299	Other Computer Graphics	2670	Computerized Billing & Accounting Services
		2300	Integrated Turnkey Systems and Solutions	2675	Computer Security Services
		2311	Business and Office	2691	Data communications systems management
		2312	Consumer	2699	Other Computer Services
		2313	Retailing	2700	Computer Software
		2315	Transportation	2710	Systems Software
		2316	Finance/Insurance/Real Estate	2711	Database & File Management
		2317	Agriculture	2712	Operating Systems & Utilities
		2318	Recreation/Entertainment	2713	Program Development Tools/CASE/Languages
		2319	Manufacturing/Industrial/Construction	2716	Graphics and Digital Imaging Software
		2320	Medical/Health	2719	Other Systems Software
		2321	Computer related	2720	Communications/Networking Software
		2322	Communications Products/Services	2721	Security/Firewalls, Encryption software
		2323	Education	2722	Email Software
		2324	Reference	2723	Groupware
		2325	Scientific	2724	Multimedia software
		2399	Other Integrated Systems and Solutions	2729	Other Communications/Networking
		2500	Peripherals		
		2510	Terminals		

2730	Software	2834	Publishing Services	3420	Component Testing Equipment
2731	Applications Software	2835	Transportation Services	3499	Other Electronics Related Equipment
2732	Business and Office Software	2836	Finance/Insurance/Real Estate Services	3500	Laser Related
2733	Home Use Software	2837	Agricultural Services	3510	Laser Components (incl. beamsplitters, excimers)
2734	Educational Software	2838	Recreation/Entertainment/Music/Movies		
2735	Manufacturing/Industrial Software	2839	Manufacturing/Industrial/Construction	3599	Other Laser Related
2736	Medical/Health Software	2840	Medical/Health Services	3600	Fiber Optics
2737	Banks/Financial Institutions Software	2841	Computer Related services	3610	Fiber Optic Cables
2738	Retailing Software	2842	Communications Products/Services	3620	Fiber Optic Couplers and Connectors
2739	Integrated Software	2843	Education Services	3630	Fiber Optic Communication Systems (see 1510)
2740	ERP/Inventory Software	2844	Reference	3699	Other Fiber Optics
2741	Recreational/Game Software	2845	Scientific	3700	Analytical & Scientific Instrumentation
2742	Scientific Software	2846	Legal	3710	Chromatographs & Related Laboratory Equipment
2743	Agricultural Software	2848	Recreation/Entertainment Services		
2744	Transportation Software	2849	Other Ecommerce Selling Services	3720	Other Measuring Devices
2748	Other Industry specific Software	2850	Web Aggregation/Portal Sites/Exchanges		
2749	Other Applications Software	2851	Business and Office Info/content	3799	Other Analytical & Scientific Instrumentation
2750	Artificial Intelligence Related Software	2852	Consumer Info/Content		
2751	Expert Systems	2853	Retailing Info/Content	3800	Other Electronics Related
2752	Natural Language	2854	Publishing Info/Content	3810	Military Electronics (excluding communications)
2753	Computer-Aided Instruction	2855	Transportation Info/Content		
2754	Artificial Intel. Programming Aids	2856	Finance/Real Estate/Insurance Info/Content	3820	Copiers
2755	Other Artificial Intelligence Related			3830	Calculators
2760	Software Services	2857	Agriculture Info/Content	3835	Security/Alarm/Sensors
2761	Programming Services/Systems Engineering	2858	Recreation/Entertainment/Music/Movies	3899	Other Electronics Related (incl. alarm systems)
2762	Software Consulting Services	2859	Manufac/Industrial/Constr. Info/Content		
2763	Software Distribution/Clearinghouse	2860	Medical/Health Info/Content	3900	Optoelectronics
2765	Internet/Web Design and programming services	2861	Computer Related Info/Content	3910	Photo diodes
2766	Internet Graphics Services	2862	Communications Info/Content	3920	Optoelectronics fabrication equipment
2768	Other Internet Software Services	2863	Education Info/Content	3930	Lenses with Optoelectronics applications
2769	Other Software Services	2864	Reference Info/Content	3940	Advanced photographic processes (incl lithographs)
2780	Internet Systems Software	2865	Scientific Info/Content		
2781	Internet and Online Related	2866	Legal Info/Content	3989	Other Optoelectronics Related
	Site Development and Administration Software	2867	Other Aggregation/Portal/Exchange Sites	3990	Other Electronc Semiconductor
		2870	Internet Services		
		2871	Internet Marketing Services	4000	Biotechnology and Pharmacology
2782	Internet Search Software and Engines	2873	Data Warehousing Services	4100	Human Biotechnology
2783	WebServer Software	2879	Other Internet and Online Services NEC	4110	Medical Diagnostic Biotechnology Products
2784	Web Languages (Java/ActiveX/HTML/XML)	2900	Other Computer Related	4111	In Vitro Monoclonal Antibody Diagnostics
2785	Web Authoring/Development Software	2910	Voice Synthesis	4112	In Vivo Monoclonal Antibody Diagnostics/ Imaging
2798	Other Internet Systems Software	2911	Voice Recognition		DNA/RNA Probes
2799	Other Software Related	2990	Other Computer Related (not yet classified)	4113	Other Medical Diagnostic Biotechnology
2800	Internet and Online Related			4119	Therapeutic Biotechnology Products
2810	E-Commerce--Selling products Online or Internet	3000	Other Electronics Related	4120	Therapeutic Monoclonal Antibodies
2811	Business and Office Products	3100	Electronic Components	4121	Immune Response Effectors (interferons,vaccines)
2812	Consumer Products	3110	Semiconductors	4122	Other Therapeutic Proteins (incl. hormones & TPA)
2813	Retailing Products	3111	Customized Semiconductors		Other Therapeutic Biotechnology
2814	Publishing Products	3112	Standard Semiconductors	4123	Genetic Engineering
2815	Transportation Products	3114	Flash Memory		Agricultural/Animal Biotechnology
2816	Finance/Insurance/Real Estate products	3115	Optoelectronics semiconductors (incl laser diodes)	4129	Genetically Engineered Plants
2817	Agricultural Products	3119	Other Semiconductors	4200	Genetic. Eng. Microorganisms to raise plant yield
2818	Recreation/Entertainment/Music/Movies	3120	Microprocessors	4210	Other Plant Related Biotechnology
2819	Manufacturing/Industrial/Construction	3130	Controllers and Sensors	4220	Biotech Related Animal Health & Nutrition Products
2820	Medical/Health	3132	Controllers		Genetically Engineered Animals
2821	Computer Related	3135	Sensors	4230	Other Animal Related Biotechnology
2822	Communications Products	3139	Other Controllers/Sensors	4240	Industrial Biotechnology
2823	Education Products	3140	Circuit Boards		Biochemical Products
2824	Reference Products	3160	Display Panels	4250	Biotech Related Fine Chemicals (NOT Pharmaceuts.)
2825	Scientific Products	3170	Other Electronics Related (including keyboards)	4290	Biotech Related Commodity Chemicals
2826	Legal Products			4300	Other Biochemical Products
2829	Other Ecommerce Selling Products	3200	Batteries	4310	Biotech Processes for Food Industrial Ap-
2830	Ecommerce--Selling Services Online/ Internet	3300	Power Supplies	4311	
2831	Business and Office Services	3310	Uninterruptible Power Supply (UPS)		
2832	Consumer Services	3400	Electronics Related Equipment	4312	
2833	Retailing Services	3410	Semiconductor Fabrication Equip. & Wafer Products	4319	
				4320	

	lications	5520	Pharmaceutical Production	7330	Soft Drinks & Bottling Plants
4321	Biotech Related Food Enzymes and Cultures	5530	Pharmaceutical Services	7340	Food Supplements/Vitamins
4322	Biotech Related Food Diagnostics	5540	Pharmaceutical Equipment	7350	General Food Products
4329	Other Biotech Process for Food/Industrial Products	5550	Pharmaceuticals/Fine Chemicals (non-biotech)	7399	Other Food and Beverages
4330	Biotech Processes for Pollution/Toxic Waste Contrl	5599	Other Pharmaceutical NEC	7400	Consumer Products
		6000	Energy Related	7410	Clothing, Shoes & Accessories (incl. jewelry)
4340	Biotech Processes for Enhanced Oil Recovery/Mining	6100	Oil & Gas Exploration and Production	7420	Health & Beauty Aids
4390	Other Industrial Biotechnology	6200	Oil & Gas Exploration Services	7430	Home Furnishing & Housewares
4400	Biosensors	6300	Oil & Gas Drilling & Support Services	7431	Housewares
4410	Biosensors for Medical Diagnostic Applications	6400	Oil & Gas Drilling, Exploration & Extraction Equip.	7432	Furnishings & Furniture
4420	Biosensors for Industrial Applications	6410	Oil & Gas Drilling & Extraction Equipment	7433	Garden and Horticultural Products
4490	Other Biosensors	6420	Oil & Gas Drilling Instrumentation	7434	Other Home Furnishings (NEC)
4500	Biotech Related Research & Production Equipment	6430	Oil & Gas Exploration Equip. Instrumentation	7450	Mobile Homes
4510	Biotech Related Analytical Instruments & Apparatus	6499	Other Oil & Gas (NEC)	7500	Other Consumer Products
4520	Biotech Related Production Equipment	6500	Alternative Energy	7510	Consumer Services
4525	Biotech laser and optronic applications	6510	Solar Energy	7520	Fast Food Restaurants
4599	Other Biotech Research & Production Equipment	6511	Photovoltaic Solar	7530	Other Restaurants
4600	Biotech Related Research & Other Services	6512	Other Solar	7540	Hotels and Resorts
4610	Pure & Contract Biotechnology Research	6520	Wind Energy	7550	Auto Repair Shops
4699	Other Biotechnology Services	6530	Geothermal Energy	7560	Education & Educational Products and Materials
4900	Other Biotechnology Related	6540	Energy Co-Generation	7599	Travel Agencies and Services
		6599	Other Alternative Energy (incl. nuclear energy)	7999	Other Consumer Services
				8000	Other Consumer Related (not yet classified)
5000	Medical/Health Related				Industrial Products
5100	Medical Diagnostics	6600	Enhanced Oil Recovery/Heavy Oil/Shale	8100	Chemicals & Materials
5110	Diagnostic Services	6700	Coal Related	8110	Plastic Fabricators
5120	Medical Imaging	6710	Coal Mining	8111	Homogeneous Injections/Extrusions
5121	X-Rays	6720	Coal Related Equipment	8112	Non-Homogeneous Injections/Extrusions
5122	CAT Scanning	6799	Other Coal Related	8113	Fiber-Reinforced (Plastic) Composites
5123	Ultra Sound Imaging	6800	Energy Conservation Related	8114	Other Fabricated Plastics
5124	Nuclear Imaging	6900	Other Energy Related	8115	Processes for Working with Plastics
5125	Other Medical Imaging			8119	Other Plasti Fabricators
5130	Diagnostic Test Products & Equipment	7000	Consumer Related	8120	Coatings & Adhesives Manufacturers
5140	Other Medical Diagnostics	7100	Entertainment and Leisure	8121	Optical coatings
5200	Medical Therapeutics	7110	Movies, Movie Products & Theater Operations	8129	Other Coatings & Adhesives
5210	Therapeutic Services	7120	Amusement & Recreational Facilities	8130	Membranes & Membrane-Based Products
5220	Surgical Instrumentation & Equipment	7125	Casino and Gambling	8140	Specialty/Performance Materials
5221	Surgical lasers (including laser delivery fibers)	7130	Toys & Electronic Games	8141	Semiconductor Materials (eg. silicon wafers)
		7140	Sporting Goods, Hobby Equipment & Athletic Clothes	8142	III/V Semiconductor Mater. (eg. gallium arsenide)
5230	Pacemakers & Artificial Organs	7150	Sports Facilities (Gyms and Clubs)	8143	Specialty Metals (incl. coatings, alloys, clad)
5240	Drug Delivery & Other Equipment	7155	Sports	8144	Ceramics
5299	Other Therapeutic (including defibrillators)	7160	TVs, Radio, Stereo Equipment & Consumer Electronics	8145	Lubricants & Functional Fluids
5300	Medical Health Related Products	7170	Music, Records, Production and Instruments	8146	Other Specialty Materials
5310	Disposable Medical Products	7199	Other Leisure/Recreational Products and Services	8147	Specialty materials for laser generation
5340	Handicap Aids	7200	Retailing Related	8148	Superconducting materials
5350	Medical Monitoring Equipment	7210	Drug Stores	8149	Other Special Performance Materials
5380	Health related optics (including glasses, lenses)	7220	Clothing and Shoe Stores	8150	Commodity Chemicals & Polymers
5399	Other Medical/Health (NEC)	7230	Discount Stores	8151	Industrial Chemicals
5400	Medical Health Services	7240	Computer Stores	8152	Polymer (Plastics) Materials
5410	Hospitals/Clinics/Primary Care	7245	Retail Publishing (books, magazines, newspapers)	8160	Specialty/Performance Chemicals
5412	Long Term Care/Home Care/Elder Care	7246	Office Supply Stores	8161	Electronic Chemicals
5414	Dependent Care (child care/assisted living	7247	Music/Electronics	8162	Other Industrial Chemicals
5420	Managed care (including PPO/PPM)	7248	Specialty Department and retail stores	8170	Agricultural Chemicals
5429	Other Healthcare Facilities	7250	Franchises(NEC)	8189	Other Commodity Chemicals and Polymers
5430	Emergency Services/Ambulance	7250	Other Retailing Related	8199	Other Chemicals & Materials (not yet classified)
5440	Hospital & Other Institutional Management	7299	Food and Beverages	8200	Industrial Automation
5499	Other Medical/Health Services	7300	Wine & Liquors	8210	Energy Management
5500	Pharmaceuticals	7310	Health Food	8220	Industrial Measurement & Sensing Equipment
5510	Pharmaceutical Research	7320		8221	Laser related measuring & sensing equipment

8230	Process Control Equipment & Systems	9150	Motor Vehicles, Transportation Equipment & Parts	9499	Other Manufacturing (not elsewhere classified)
8240	Robotics				Agriculture, Forestry, Fishing, Animal Husbandry, etc.
8250	Machine Vision Software & Systems	9160	Airfield and Other Transportation Services	9500	Agriculture related
8260	Numeric & Computerized Control of Machine Tools	9180	Advanced Aircraft/Aerospace	9510	Forestry related
8299	Other Industrial Automation (NEC)	9199	Other Transportation	9520	Fishing related
8300	Industrial Equipment and Machinery	9200	Financial Services	9530	Animal husbandry
8310	Machine Tools, Other Metalworking Equipment	9210	Insurance Related	9540	Other Agriculture, Forestry, Fishing
8320	Hoists,Cranes & Conveyors	9220	Real Estate	9599	Mining and Minerals (non-energy related)
8330	Pumps,Ball Bearings,Compressors,Indus. Hardware	9230	Banking	9600	Construction & Building Products
8340	Mining Machinery	9235	Non Bank Credit	9700	Construction
8350	Industrial Trucks and Tractors	9240	Securities & Commodities Brokers and Services	9710	Manufacture of Building Products
8360	Other Industrial Process Machinery	9250	Investment Groups	9720	Manufacture of Pre-Fabricated Buildings & Systems
8370	Power Transmission Equipment (generators & motors)	9254	Venture Capital and Private Equity Investors	9740	Distribution of Building Products & Systems
8399	Other Industrial Equipment & Machinery	9255	Financial Transactions Services	9750	Construction Services
8500	Environmental Related	9299	Financial Services,Other	9799	Other Construction & Building Products Related
8510	Air Filters & Air Purification & Monitoring Equip.	9300	Services	9800	Utilities and Related Firms
8520	Chemical and Solid Material Recycling	9310	Engineering Services	9810	Electric Companies
8530	Water Treatment Equipment & Waste Disposal Systems	9320	Advertising and Public Relations	9820	Water,Sewage,Chem. & Solid Waste Treatment Plants
8599	Other Environmental Related	9330	Leasing (not elsewhere classified)	9830	Gas Transmission & Distribution
8600	Other Industrial Products (not yet classified)	9340	Distributors,Importers and Wholesalers	9899	Other Utilities & Related Firms
8700	Industrial Services	9350	Consulting Services	9900	Other Products and Services
9000	Other Services and Manufacturing	9360	Media Related Services	9910	Conglomerates
9100	Transportation	9400	Other Services NEC	9912	Socially Responsible
9110	Airlines and Aviation Related	9410	Product Manufacturing	9914	Environment Responsible
9120	Trucking	9415	Business Products and Supplies	9915	Women-Owned
9125	Railway related	9420	Office Automation Equipment	9918	Minority-Owned
9130	Leasing of Railcars,Buses and Cars	9430	Office Furniture & Other Professional Furnishings	9920	Holding Companies
9140	Mail and Package Shipment	9440	Textiles (Synthetic & Natural)	9999	Other Products and Services
		9450	Hardware, Plumbing Supplies		
		9460	Publishing		
		9470	Packaging Products & Systems		
			Printing & Binding		

APPENDIX E

Industry Codes (VEIC)

Industry analysis is based upon the following industry sectors: Biotechnology, Business Products and Services, Computers and Peripherals, Consumer Products and Services, Computer Software, Electronics/Instrumentation, Financial Services, Healthcare Services, Industrial/Energy, IT Services, Media and Entertainment, Medical Devices and Equipment, Networking and Equipment, Retailing/Distribution, Semiconductors, Telecommunications and Other. These sectors are based on the 17 industry classifications of the MoneyTree™ Report by PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson Reuters.

Biotechnology

4000, 4100, 4110, 4111, 4112, 4113, 4119, 4120, 4121, 4122, 4123, 4129, 4130, 4200, 4210, 4220, 4230, 4240, 4250, 4290, 4300, 4310, 4311, 4312, 4319, 4320, 4321, 4322, 4329, 4330, 4340, 4390, 4400, 4410, 4420, 4490, 4500, 4510, 4520, 4525, 4599, 4600, 4610, 4699, 4900, 5500, 5510, 5520, 5530, 5540, 5550, 5599

Business Products and Services

2811, 2824, 2831, 2844, 9300, 9310, 9320, 9330, 9340, 9350, 9360, 9399

Computers and Peripherals

2000, 2100, 2110, 2111, 2112, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2130, 2140, 2141, 2142, 2143, 2144, 2149, 2220, 2230, 2234, 2236, 2238, 2239, 2250, 2255, 2260, 2280, 2290, 2295, 2299, 2500, 2510, 2511, 2512, 2513, 2519, 2520, 2521, 2522, 2523, 2524, 2529, 2530, 2531, 2532, 2533, 2539, 2540, 2541, 2542, 2543, 2546, 2549, 2550, 2551, 2552, 2553, 2559, 2560, 2561, 2562, 2563, 2564, 2569, 2590, 3170

Consumer Products and Services

2812, 2832, 7000, 7300, 7310, 7320, 7330, 7340, 7399, 7400, 7410, 7420, 7430, 7431, 7432, 7433, 7434, 7450, 7499, 7500, 7510, 7520, 7530, 7540, 7550, 7560, 7599, 7999

Computer Software

1563, 2200, 2210, 2300, 2311, 2312, 2313, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2399, 2700, 2710, 2711, 2712, 2713, 2716, 2719, 2720, 2721, 2722, 2723, 2724, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2743, 2744, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, 2780, 2781, 2782, 2783, 2784, 2785, 2798, 2799, 2900, 2910, 2911, 2990, 8250

Electronics/Instrumentation

3000, 3100, 3160, 3200, 3300, 3310, 3400, 3420, 3499, 3500, 3510, 3599, 3700, 3710, 3720, 3799, 3800, 3810, 3820, 3830, 3835, 3899

Financial Services

2816, 2836, 9200, 9210, 9220, 9230, 9235, 9240, 9250, 9254, 9255, 9299

Healthcare Services

2820, 2840, 5400, 5410, 5412, 5414, 5420, 5429, 5430, 5440, 5499

Industrial/Energy

2819, 2837, 2839, 6000, 6100, 6200, 6300, 6400, 6410, 6420, 6430, 6499, 6500, 6510, 6511, 6512, 6520, 6530, 6540, 6599, 6600, 6700, 6710, 6720, 6799, 6800, 6900, 8000, 8100, 8110, 8111, 8112, 8113, 8114, 8115, 8119, 8120, 8121, 8129, 8130, 8140, 8143, 8144, 8145, 8146, 8147, 8148, 8149, 8150, 8151, 8152, 8160, 8161, 8162, 8162, 8170, 8189, 8199, 8200, 8210, 8220, 8221, 8230, 8240, 8260, 8299, 8300, 8310, 8320, 8330, 8340, 8350, 8360, 8370, 8399, 8500, 8510, 8520, 8530, 8599, 8600, 8700, 9000, 9100, 9110, 9120, 9125, 9130, 9140, 9150, 9160, 9180, 9199, 9400, 9410, 9415, 9420, 9430, 9440, 9460, 9470, 9499, 9500, 9510, 9520, 9530, 9540, 9599, 9600, 9700, 9710, 9720, 9730, 9740, 9750, 9799, 9800, 9810, 9820, 9830, 9899

IT Services

1560, 1561, 1562, 1569, 2600, 2630, 2640, 2650, 2655, 2660, 2665, 2670, 2675, 2691, 2699, 2760, 2761, 2762, 2763, 2765, 2766, 2768, 2769, 2800, 2870, 2871, 2873, 2879

Media and Entertainment

1110, 1120, 1125, 1130, 1135, 1199, 1700, 1720, 2814, 2818, 2834, 2838, 2843, 2848, 2850, 2851, 2852, 2853, 2854, 2855, 2856, 2857, 2858, 2859, 2860, 2861, 2862, 2863, 2864, 2865, 2866, 2869, 7100, 7110, 7120, 7125, 7130, 7140, 7150, 7155, 7160, 7170, 7199, 9450

Medical Devices and Equipment

5000, 5100, 5110, 5120, 5121, 5122, 5123, 5124, 5125, 5130, 5140, 5200, 5210, 5220, 5221, 5230, 5240, 5299, 5300, 5310, 5340, 5350, 5380, 5399

Networking and Equipment

1400, 1500, 1510, 1515, 1520, 1521, 1522, 1523, 1524, 1525, 1530, 1549, 3600, 3610, 3620, 3630, 3699

Retailing/Distribution

2810, 2813, 2815, 2817, 2821, 2823, 2825, 2826, 2829, 2830, 2833, 2835, 2841, 2845, 2846, 2849, 7200, 7210, 7220, 7230, 7240, 7245, 7246, 7247, 7248, 7250, 7299, 7350

Semiconductors

3110, 3111, 3112, 3114, 3115, 3119, 3120, 3130, 3132, 3135, 3139, 3140, 3410, 3900, 3910, 3920, 3930, 3940, 3989, 3990, 8141, 8142

Telecommunications

1000, 1100, 1200, 1210, 1215, 1220, 1230, 1299, 1300, 1310, 1320, 1325, 1330, 1399, 1550, 1551, 1552, 1553, 1559, 1600, 1610, 1620, 1630, 1640, 1699, 1710, 1800, 1810, 1825, 1899, 2822, 2842

Other

9900, 9910, 9912, 9914, 9915, 9918, 9920, 9999

APPENDIX F

Stage Definitions

SEED STAGE FINANCING

This stage is a relatively small amount of capital provided to an inventor or entrepreneur to prove a concept. This involves product development and market research as well as building a management team and developing a business plan, if the initial steps are successful. This is a pre-marketing stage.

EARLY STAGE FINANCING

This stage provides financing to companies completing development where products are mostly in testing or pilot production. In some cases, product may have just been made commercially available. Companies may be in the process of organizing or they may already be in business for three years or less. Usually such firms will have made market studies, assembled the key management, developed a business plan, and are ready or have already started conducting business.

EXPANSION STAGE FINANCING

This stage involves working capital for the initial expansion of a company that is producing and shipping and has growing accounts receivables and inventories. It may or may not be showing a profit. Some of the uses of capital may include further plant expansion, marketing, working capital, or development of an improved product. More institutional investors are more likely to be included along with initial investors from previous rounds. The venture capitalist's role in this stage evolves from a supportive role to a more strategic role.

LATER STAGE

Capital in this stage is provided for companies that have reached a fairly stable growth rate; that is, not growing as fast as the rates attained in the expansion stages. Again, these companies may or may not be profitable, but are more likely to be than in previous stages of development. Other financial characteristics of these companies include positive cash flow. This also includes companies considering IPO.

ACQUISITION FINANCING

An acquisition of 49% stake or less. Firm acquires minority shares of a company. Thomson Reuters includes these deals in standard venture capital disbursement data when calculating venture capital disbursements where the funding is by a venture capital firm.

ACQUISITION FOR EXPANSION

Funds provided to a company to finance its acquisition of other companies or assets. A consolidator of companies in specific industries.

MANAGEMENT/LEVERAGED BUYOUT

These funds enable an operating management group to acquire a product line or business, at any stage of development, from either a public or private company. Often these companies are closely held or family owned. Management/leveraged buyouts usually involve revitalizing an operation, with entrepreneurial management acquiring a significant equity interest.

RECAP/TURNAROUND

Financing provided to a company at a time of operational or financial difficulty with the intention of improving the company's performance.

SECONDARY BUYOUT

A buyout deal on top of a buyout deal. Secondary buyouts are distinguished when the initial firm investor is different from the current investing firm.

APPENDIX G

Data Sources and Resources

For this publication, the main source for data was ThomsonONE.com, the online research database of Thomson Reuters. ThomsonONE.com (which replaced VentureXpert™, and Thomson One Banker) is endorsed by the NVCA as the official United States venture capital activity database. By using data gathered through the MoneyTree™ Report by PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson Reuters, ThomsonONE.com contains investment, fund raising, portfolio company information, and Reuters News along with other statistical data. Other information contained in this database is gathered through a variety of public and proprietary source. This publication is produced on an annual basis primarily using year-end data. However, the underlying databases can be accessed online to provide the most up-to-date and comprehensive global private equity statistics and profile information available.

DATA SOURCES AND RESOURCES MONEYTREE™ DATA

PricewaterhouseCoopers, Thomson Reuters, and the National Venture Capital Association joined forces in December 2001 to produce what was then known as the PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association MoneyTree™ Survey. Conducted on a quarterly basis, the designated PwC/NVCA MoneyTree Report allows Thomson Reuters unparalleled access to primary sources of information from general partners.

SOURCES OF DATA

The online database of Thomson Reuters is ThomsonONE.com Private Equity (VentureXpert), the foremost information provider for private equity professionals worldwide. As of January 2016, the database included over 128,000 portfolio companies with over 31,500 Currently PE/VC Backed, over 21,000 private equity firms, over 35,000 private equity funds, and over 277,000 investments globally. By establishing working relationships with private equity and venture capital firms, institutional investors, and industry associations such as the NVCA, PricewaterhouseCoopers and other such entities around the world, Thomson Reuters has been able to gather, on a timely basis, complete and accurate information.

TIMELINESS OF DATA

Many of the tables and charts presented in this report can be produced by using ThomsonONE.com. One of advantages of using ThomsonONE.com is that the reader can customize a report to better fit the needs of what they are seeking. In addition, because the online database is continuously updated, the information available is more up-to-date than what can be presented in this report. Readers should note that timely industry information on details concerning venture capital investments are also available from other sources such as PricewaterhouseCoopers at www.pwcmoneytree.com, the 'Industry Stats' section of the NVCA website, www.nvca.org.

VERIFICATION AND UPDATING OF DATA

Collectively, PricewaterhouseCoopers, Thomson Reuters, and the NVCA have the utmost commitment to provide an accurate historical record of venture capital activity. On a daily basis, the database is constantly analyzed for consistency, crosschecked with other data sources, and updated as new information comes in. On a quarterly basis, we have worked with many venture firms to ensure that their current and past

data is correct. Primarily for this reason, the private equity news releases of Thomson Reuters will often restate statistics from prior news releases. With the availability of the online data access, users are encouraged to always use the most current numbers even regarding historical activity so as to maintain accuracy and comparability.

REPORTING FUNCTIONALITY OF THOMSONONE.COM

Users can access information in terms of profiles on private equity companies, funds, firms, executives, IPOs, and limited partners. In addition, users can access the analytics portion of the database, which contains investment, valuation, IPO analytics, merger analytics and fund raising information along with venture capital information such as aggregate fund raising, investments, and IPOs broken out into state and nation profiles.

COMPREHENSIVENESS OF THOMSONONE.COM

Both the breadth and depth of ThomsonONE.com can perhaps best be shown in that it, among other types of information, the user can find the answers to the following questions:

- Which venture firms actively co-invest with a firm I am considering co-investing with?
- Which venture firms are most active in funding online financial services companies in the Ohio Valley?
- What does Yearbook Figure 3.15 look like for just biotech?
- How much money was raised by each fund stage in 2015?
- What was a particular venture-backed IPO's one year return at the end of 2012?
- As of December 2015, was the 10-year return to small buyout funds larger than that of large buyout funds?
- Who are the most active acquirers of ecommerce security companies?
- How much money was committed to mezzanine funds from 2000 to 2015?
- How much money was invested in the venture capital industry from 1987 to 2015?
- In 2015, how much money was invested at each development stage in Research Triangle Pharmaceutical companies?

In addition, there are also advantages of using the database for a general partner as well. Although this is not an inclusive list, utilizing the database by general partners can be helpful to them for among the following reasons:

- Plan your companies' exits with data on both venture-backed IPOs and mergers and acquisitions
- Aid in recruiting talented executives from other venture-backed companies
- Quickly spot venture-backed companies in competition with your own portfolio companies
- Find other venture capitalists likely to support follow-on rounds
- Provide clarity to investment decisions by comparing them to current market conditions
- Identify prospective investors and their investment histories
- Analyze investment trends by industry
- Utilize returns information to limited partners using appropriate benchmarks
- Tailor your pitch to investor focus size and limited partner type

CAMBRIDGE ASSOCIATES BENCHMARK CALCULATOR

In conjunction with ThomsonONE.com, Thomson Reuters customers can subscribe to receive the Cambridge Associates Benchmark Calculator. The Cambridge Associates benchmarks capture over 6,200 funds globally across multiple asset classes, including Venture Capital, Growth Equity, Buyouts, Mezzanine, Infrastructure, Fund of Funds and Real Estate. Users with access to the Cambridge Associates Benchmark Calculator Add On through ThomsonONE.com can:

- See Benchmark Data Sooner – Access preliminary data several weeks before final benchmarks are published.

- Save Time – Quickly load CA Official Benchmark Criteria, save your custom reports for future use and schedule reports to run automatically each quarter.
- Access More Data – Gain access to: benchmark cash flow and net asset value (NAV) data, public market equivalent calculations, percentile analysis reports, and performance data for over 71,000 underlying portfolio investment positions.
- Benefit from More Flexible Criteria – Dropdown menus for asset class/strategy, geographic focus and report configuration offer more options for increased flexibility and customization.
- Create More Customized Reports – Additional filtering criteria categories such as vintage year, fund capitalization, fund industry focus and performance by quartile enable you to create even more customized analysis.

ACCESSING THOMSONONE.COM AND OTHER SERVICES

For more information on ThomsonONE.com, please visit <http://thomsonreuters.com/en/products-services/financial/venture-capital-and-private-equity/private-equity-venture-capital.html> or by phone at 1-877-365-1455. For information on NVCA membership, which can include a free trial and discounts on an annual subscription, please contact Jessica Straus at the NVCA. You may contact her via jstraus@nvca.org or at 202-864-5919. For information on services PricewaterhouseCoopers provides for venture capital firms as well as emerging companies, please visit their website at www.pwcmoneytree.com.

APPENDIX H

International Convergence

The discussions and work focused on moving toward one high quality set of standards for financial reporting have begun to provide a picture of the future. While that picture is more gray scale than vivid color, the following facts and expectations highlight the current state of play at this point in time:

- The SEC issued a report in 2012, without a recommendation, on whether to adopt international accounting rules, or a modification thereof, as the accepted accounting practice in the United States. It appears increasingly unlikely that the SEC will move 100% into the International Financial Reporting Standards (IFRS) camp;
 - FASB's parent, the Financial Accounting Foundation, created a new Private Company Council (PCC) to advise them on private company accounting. Their work is just beginning;
 - The AICPA is considering whether the PCC will provide an appropriate framework for private companies or if the AICPA should continue with efforts to develop an alternative non-GAAP basis of accounting for private companies;
 - The International Accounting Standards Board (IASB) modified IFRS consolidation rules to effectively create Investment Company accounting substantially similar to that used under U.S. GAAP; and
 - While Fair Value accounting rules are now virtually identical under U.S. GAAP and IFRS, auditors are raising questions related to “unit of account” and valuing minority positions that could impact how venture capital and private equity funds estimate Fair Value.
-

The Dialogue and SEC Decision: Should international rules become accepted as U.S. GAAP?

For years, the United States has been developing generalized accounting principles referred to as Generally Accepted Accounting Principles (“GAAP”). The keeper/arbitrator/decider of GAAP is the Financial Accounting Standards Board (“FASB”). The FASB develops and updates GAAP and the SEC has adopted these accounting rules for public company reporting and other situations over which the SEC has jurisdiction. In recent years, on a parallel track, a separate set of rules emerged from the International Accounting Standards Board (“IASB”), which was Europe-centric. These rules became known as the International Financial Reporting Standards (“IFRS,” pronounced “EYE-fers”). IFRS has now been adopted by most developed and many developing countries around the world, with the exception of the United States.

Over recent years, a large number of multinational corporations complained that they had to endure keeping two sets of books and this prompted the concept of convergence. In early September 2008, the SEC and the FASB announced steps to pave the way for United States public companies to convert from U.S. GAAP to IFRS. The SEC “roadmap” provided for a three-year runup to an SEC “go-no go” decision in 2011, but the decision was deferred. At about the same time, the FASB and the IASB met to review and reorient their convergence plan to be consistent with the SEC’s proposed schedule. The 2008-2009 world financial crisis deferred and deprioritized much of the work in this area.

The SEC’s 2012 staff report on adopting IFRS did not make a recommendation, but raised questions about consistent application, transparency, reliability, relevance, comparability, and ongoing costs in addition to any conversion costs, which might be significant. More relevant to the United States venture capital industry are matters specifically affecting fund reporting, the financial statements provided by GPs to LPs under the eventual rules. Because of the recent change in IFRS consolidation rules,

United States venture capital firms would conceptually not be impacted by a change to IFRS.

In 2015, James Schnurr, the new Chief Accountant at the SEC, stated: “the staff has recently heard from a number of different constituents about IFRS: preparers, investors, auditors, regulators and standard-setters. We heard three key themes through those discussions:

- There is virtually no support to have the SEC mandate IFRS for all registrants.
- There is little support for the SEC to provide an option allowing domestic registrants to prepare their financial statements under IFRS.
- There is continued support for the objective of a single set of high-quality, globally accepted accounting standards.

So, while full scale adoption or an option does not appear to have support, it does not mean we “bury” the underlying objective of a single set of high-quality, globally accepted accounting standards. On the contrary, constituents continue to support that idea. So, the real questions are: what is the path to achieve that objective and how do we get there?”

Mr. Schnurr said further, “I believe that, for the foreseeable future, continued collaboration is the only realistic path to further the objective of a single set of high-quality, global accounting standards. Accordingly, how the FAF, IFRS Foundation, FASB and IASB decide to interact in the future is critical to the advancement of the objective of a single set of high-quality, globally accepted accounting standards.”

How United States GAAP and International IFRS Compare – Never Generalize

Even viewed from 30,000 feet, it is difficult to generalize on how the two systems compare. First, while the IASB produces plain vanilla IFRS standards, there is no one flavor of IFRS in use. Much like the original UNIX kernel, each country/jurisdiction has been able to create its own version

of IFRS. But unlike UNIX, sometimes the differences among the localized IFRS versions are large. So apples-to apples comparison of “IFRS-compliant” financials from different jurisdictions can be difficult. Second, it is true that IFRS itself is a very thin document compared to GAAP, which has grown to roughly a two-foot stack of written rules. However, to implement IFRS, you need the implementation guide that combines with the original document to create its own two-foot stack. Again, much of the surface comparisons are not useful. Until now, United States venture capital firms have been using U.S. GAAP accounting standards exclusively.

While seemingly distant from the United States venture capital industry, it is important that all business constituencies weigh in on which system (current U.S. GAAP vs. International vs. neither) is the best system overall for the United States business community going forward.

GP-to LP Reporting – Can Meaningful Statements Continue?

A key priority for the United States venture capital industry is being able to continue producing quarterly financial statements using investment company (IC) accounting. Virtually all LP agreements (or accompanying documents) require GPs to provide GAAP-compliant financial reports to LPs. Annual audits include testing to ensure GAAP compliance. Under GAAP, the United States venture capital industry now provides Fair Value portfolio reports under the special rules of “investment company reporting.” In 2012, IFRS was modified to effectively create a financial reporting framework substantially similar to U.S. GAAP.

GP’s should not lose sight of the fact that their LP’s who prepare financial statements using US GAAP (promulgated by FASB), GASB Standards (Government Accounting Standards applicable to most government pension plan LPs), or IFRS, in almost all cases, must report their LP fund positions on a Fair Value basis. LPs are increasingly awakening to the specific conditions outlined in a change to U.S. GAAP from 2009, which codified an LP’s ability to use Net Asset Value (NAV) as an LP’s estimate of the Fair Value of their fund interest. In early 2015, the Government Accounting Standards Board (GASB) issued GASB Statement No. 72, Fair Value Measurement and Application, which is substantially similar to FASB ASC Topic 820 and also allows the use of NAV to measure the fair value of an LP interest, if the same conditions as FASB, are met. These conditions include that the LP must satisfy themselves that the GP reported NAV is based on the Fair Value of underlying investments, that NAV is “in-phase” (no time lag, unless deemed insignificant), and that the LP interest is in a fund as defined by ASC Topic 946. If these three conditions are not met, or if the LP chooses not to use NAV, then Fair Value would be determined using other techniques. The point here for GPs is that LPs need robustly determined Fair Value on a timely basis, generally at least quarterly.

How the Same Words have Different Meanings

The 2012 change in IFRS consolidation rules for Investment Entities and the 2011 adoption of a common definition of Fair Value for U.S. GAAP and IFRS should have created a framework where financial reporting to investors would be identical for funds using IFRS and funds using U.S. GAAP. If it were only that easy!

While we enter 2016 with a consistent framework under U.S. GAAP and IFRS where venture capital and private equity funds report all investments at Fair Value; and while we now have an identical definition of Fair Value (the amount a market participant would pay in an orderly transaction), schisms are developing.

Because of nuances in the way IFRS is drafted, IFRS auditors are questioning whether Fair Value should be determined based on the “investment” or on a “single share” basis. While the reasons for such a question are beyond the scope of this document, the question and potential results could mean that IFRS and U.S. GAAP, though identical in principle, would result in different Fair Value estimates (as an aside, this is an example of one situation that concerns the SEC in moving the United States towards IFRS).

At the same time, many auditors of U.S. GAAP, as a reaction to their regulators the PCAOB, and because of pressure from the SEC, which now regulates private equity funds, are questioning whether or not the sale or exit of an enterprise can be assumed when determining the Fair Value of minority positions. Some auditors have gone so far as to indicate that they may require the use of option pricing models for determining the Fair Value of all minority positions.

Going Forward

With questions regarding whether or not IFRS should be interpreted as requiring all Fair Value estimates to be on a single share basis, and with U.S. auditors appearing to feel some pressure to use mathematical models to document their audit conclusions, both GPs and LPs in the venture capital and private equity industry could be faced with financial reporting that is either very costly and/or is not representative of how deals are done in the industry. In December 2015, the International Private Equity & Venture Capital Valuation (IPEV) Board updated its Valuation Guidelines. The updated valuation guidelines address both the “unit of account” and mathematical model questions. While each fund manager must decide both what information to report and how to estimate Fair Value, the IPEV Valuation Guidelines provide balanced, and industry created, assistance in dealing with valuation questions.

NVCA and Thomson Reuters acknowledge and appreciate the assistance of David Larsen of Duff and Phelps in updating and refocusing the material in this Appendix.

APPENDIX I

US Accounting Rulemaking and Valuation Guidelines

In the United States, a venture capital fund is usually organized as a limited partnership. The institutional investors providing capital to a fund typically become the limited partners (LPs). The venture firm itself becomes a general partner (GP) in the limited partnership. In most of the limited partnership agreements defining the GP-LP relationship, the GPs are required to provide financial reports quarterly (unaudited) and annually (audited) prepared according to United States Generally Accepted Accounting Principles ("GAAP"). GAAP calls for the use of investment company accounting, which mandates that a Fair Value be assigned to the individual investments (portfolio companies). This is consistent with the LP's need for Fair Value of their investments, as well as third-party or regulatory requirements, e.g., ERISA-regulation. In recent years, the GP-to-LP financial statements have been subject to numerous rule "clarifications," convergence with non-U.S. accounting, expanded disclosures, and more formal presentations. Industry groups (PEIGG a decade ago and IPEV today) have released guidelines that, if adopted, can reduce questions from LPs and provide a basis to respond to questions posed by auditors.

Guidelines fall into two categories. The first is portfolio performance presentation formats, calculations, and disclosure. Examples of such Guidelines are the Private Equity Provisions of the Global Investment Performance Standards (GIPS), developed by the CFA Institute and the IPEV Investor Reporting Guidelines. While many of the specifications and terminology line up with current practice in the United States, the NVCA has not endorsed or otherwise commented on these Guidelines. Neither NVCA nor Thomson Reuters has determined how widespread the adoption of those guidelines is or will likely be. These documents and accompanying guidance can be currently found at <http://www.cfainstitute.org/centre/codes/gips/> and www.privateequityvaluation.com.

The second important category of guidelines is focused on valuation.

Why Valuation Guidelines Matter

What ultimately matters to investors and private equity practitioners is the cash that has been distributed to the investors during the life of the fund compared with the original money put in. However, the specified life of a typical venture fund is at least 10 years and often longer in the life sciences arena. During that period, the venture capital fund reports progress to the limited partners. In many cases, this means quarterly portfolio updates and a complete annual audited financial statement. For a typical venture fund, very little money is paid out in the first four or five years. Also, while every portfolio company receives funding with high expectations, it can take several years to determine if a particular company is a likely winner. Therefore, understanding progress in the portfolio requires some estimate of the success of the investee companies by the venture capital or private equity firm. While many investors and fund managers agree that financial measurements mean little for the first three or so years of a fund, investors are required to report the Fair Value of their fund positions on a quarterly or annual basis. This is where specific valuation rules and processes become important. The agreed valuation procedures for individual portfolio companies become the basis for progress assessment as the fund matures and ultimately distributes cash to the investors.

Thus, while portfolio company valuations are more of an art than a science, especially for pre-revenue or even pre-EBITDA companies, most limited partner agreements (LPAs) establishing a venture capital fund

require the venture firm to provide quarterly and annual financial statements using Generally Accepted Accounting Principles (GAAP). GAAP requires Fair Value measurement for portfolio positions. Therefore, most GPs must issue financial statements using Fair Value.

Most important, if industry-created valuation guidelines are not used, those outside the industry, such as auditors or regulators could impose their view on the industry. A non-industry view could adversely impact the LPs desire and ability to invest if interim values are not representative of the way the industry sees value, and costs for determining valuation could increase.

The Evolution of Reporting and Valuation Guidelines

To understand the pressure on valuation and reporting in today's environment, a historical background review is instructive.

- **1940** – United States Investment Company legislation ("the 40 Act") required investment companies to report the Fair Value of investments. While the application of accounting standards has evolved over the past 70+ years, the underlying basis of reporting has always been Fair Value.
- **1989-90** – A group of investors, private equity fund managers, and fund-of-fund managers formed a group to develop a set of portfolio company valuation guidelines for financial reporting. Contrary to a very persistent rumor, the NVCA did not endorse, adopt, bless, publish, or otherwise opine on the guidelines. Using the principle of conservatism, these non-endorsed guidelines used cost or the value of the last round of financing to approximate Fair Value.
- **Decade of the 1990s** – Two noteworthy developments occurred in the 1990s. Despite no endorsement by the NVCA, these guidelines became accepted practice by much of the United States industry, especially in the venture capital side of private equity. These guidelines were referred to by many as being issued by the NVCA but in fact they were not. The second development is that international venture associations created localized guidelines based heavily on these guidelines. These were created in Europe and other international regions. In fact, by 2005, there had been multiple iterations

of the European and British guidelines, again generally focused on cost or the value of the last round of financing.

- **December 2003/September 2004** – The Private Equity Industry Guidelines Group (PEIGG), a self-appointed group of private equity practitioners, fund managers, LPs and others, issued U.S. Private Equity Valuation Guidelines. The Guidelines were issued after extensive input and review soliciting feedback and input from a number of industry groups that included NVCA.
- **2005** – In part as a reaction to the PEIGG Guidelines, three Europe-based venture capital associations (AFIC, BVCA, EVCA) created the International Private Equity and Venture Capital (IPEV) Valuation Board.
- **April 2006** – IPEV released its Valuation Guidelines.
- **September 2006** – Financial Accounting Standards Board (FASB) issued its long-awaited and long anticipated Fair Value measurement standard as FAS 157. Only a few of its 145 pages relate directly to typical venture capital and private equity funds. Because the FASB maintains that this is a clarification and further definition of Fair Value that was already required for portfolio accounting, some auditors began requiring selective compliance in advance of the 2008 effective date.
- **March 2007** – PEIGG issued a revised portfolio company valuation guidelines document to reflect the Fair Value Measurement standard (FAS 157).
- **September 2007** – NVCA board reaffirmed its prior position on the PEIGG guidelines to refer to the most recent version.
- **March 2008** – the IPEV Board reconstituted and re-launched itself and adds five practitioners from the United States. The initial focus of the group was on convergence of U.S. PEIGG and IPEV valuation guidelines. Details at www.privateequityvaluation.com.
- **July 2009** – Effective July 1, authoritative GAAP became contained in a single codification and the prior nomenclature went away. Existing U.S. GAAP was recast into 90 topics, which include all related FASB pronouncements, AICPA guidance and EITFs under single “Topics.” Familiar standards would no longer exist. For example, FAS 157 became Topic 820 Fair Value Measurements and Disclosure. Investment Company accounting became ASC Topic 946.
- **May 2011** – FASB amended ASC Topic 820 and the IASB issues IFRS 13, resulting in nearly identical Fair Value guidance.
- **October 2012** – IPEV released Investor Reporting Guidelines
- **December 2012** – IPEV updated its Valuation Guidelines to harmonize with ASC Topic 820 and IFRS 13.

- **May 28, 2013** – In an unprecedented action, the NVCA Board formally endorsed the IPEV valuation guidelines issued in December 2012. NVCA was joined in doing this by the Private Equity and Growth Capital Council (PEGCC).
- **February 25, 2014** – The Financial Accounting Foundation (FASB’s parent organization) issues its findings of a Post Implementation Review of the fair value measurement standard (Topic 820) which is better known by its original nomenclature: FAS 157. FAF’s overall finding was that overall the FASB got the standard basically correct, a point with which NVCA does not disagree. However, the findings acknowledged concerns raised by NVCA, LPs, and others while simultaneously declaring no unintended consequences.
- **March 2015** -- The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application, providing guidance substantially similar to ASC Topic 820 for government LPs (such as pension plans). Statement 72 allows NAV to be used as the Government LPs fair value estimate for a Fund interest if NAV is as of the same measurement date (no reporting time lag) and all underlying investments are included in NAV at fair value.
- **March 2015** -- FASB announces expectations to propose modifying and potentially simplifying fair value disclosure requirements for Funds.
- **December 2015** - IPEV updated its Valuation Guidelines to improve readability by changing format to signpost content and incorporating additional commentary as needed. In addition, a number of technical clarifications were added including but not limited to an expanded discussion on calibration, backtesting, the use of multiples, non-control minority positions, and how to consider the value of debt for purposes of valuing equity.

NVCA Position on Portfolio Company Valuation Guidelines

While publicly supportive of prior peer and eco-system generated valuation guidance (for example, PEIGG), NVCA’s endorsement of IPEV valuation guidelines in May 2013 is the first such action it has taken.

NVCA Member Alert – Fair Value Considerations for Venture Capitalists–December 2008

In 2008, as a response to the economic crisis at the time, the NVCA issued a membership alert. Much of that alert remains relevant today. The following alert was sent to the NVCA membership to highlight certain issues and considerations to be explored in the application of FAS 157, the Fair Value measurement standard. The NVCA thanks David Larsen of Duff and Phelps and several members of the NVCA CFO Task Force for their role in drafting this document:

“We are operating in a severely distressed investment environment that has deteriorated rapidly in the past few months. What does this mean for venture capital investors as they attempt to value privately-held investments at December 31, 2008? The short answer is: despite the current

very challenging economic environment, fund managers must continue to exercise their sound judgment in estimating the Fair Value of each portfolio company after considering the relevant facts, including current market conditions. The valuation process does not change, but much more judgment is required when we are in a period of economic discontinuity. Virtually all LP agreements require GPs to use U.S. GAAP for financial reporting. U.S. GAAP requires Fair Value reporting for virtually all VC firms because they are “investment companies.” U.S. GAAP continues to define Fair Value as: “the price that would be received to sell an asset...in an orderly transaction between market participants at the measurement date.”

Fund managers need to establish Fair Values even though they may not currently need to sell, or cannot sell, their private investments in this market. GPs must use their judgment in estimating the current Fair Values of their investments, even though “exit markets” may have few buyers, IPO markets appear closed, and there are few, if any, relevant comparable transactions. Such judgment should take into account all relevant information, including a financing round’s specific terms and conditions. There are no easy outs, rules of thumb or safe harbors for establishing Fair Value. As always, best considerations for Fair Value determination include the following:

- The Fair Value of an investment portfolio is the sum of the Fair Value determined for each portfolio company using a “bottoms up” approach. Applying a “top-down” overall percentage adjustment to the aggregate portfolio’s value is not compliant with U.S. GAAP.
 - Valuations should reflect specific factors in a buy/sell context. For example, a GP could ask: “Given my portfolio company’s current cash position, cash burn rate, performance compared to plan, probability of meeting forecasts, the projected environment for its product or technology, etc., as a board member, what is the lowest price that I would sell the company’s stock today in an orderly sale with a willing buyer?”
 - The valuations set by the most recent financing round – perhaps even one from the prior quarter – may be stale and inappropriate for determining Fair Value, especially given current market conditions.
 - Each valuation should reflect a company’s degree of progress from the prior reporting date to the current one.
 - To determine a portfolio company’s Fair Value, GPs should apply their judgment in a consistent manner and evaluate the same data they use for monitoring a company’s performance and progress.
- There is no magic formula or weighting of factors.

In summary, determining Fair Value continues to require the exercise of judgment based on objective evidence, such as calibrating the original investment decision with the current performance of the company and the current economic environment. The fact that the macro market is distressed probably adversely impacts the value of most companies. This negative impact may be compounded by disappointing company performance or mitigated by tangible and sustainable company progress. If you need more details about Fair Value, you might consider the IPEV Valuation Guidelines at www.privateequityvaluation.com.

2015 Continued Headwinds

As noted above, new pressure is emerging that could impact how venture capital and private equity managers estimate Fair Value. Key factors in-

clude:

1. LPs are awakening to the fact that they need to obtain more information from the GP about how the GP estimates Fair Value so the LP can use NAV to estimate the Fair Value of their LP interest. The new GASB fair value standard could increase LP scrutiny.
 - a. LPs are revisiting their internal valuation policies.
 - b. LPs are asking more detailed valuation questions of the GP.
2. The IASB has created “investment company accounting” by requiring venture capital and private equity funds to report all investments at Fair Value rather than consolidating control positions.
3. Auditors of U.S. GAAP have raised questions concerning how to estimate the Fair Value of non-control positions.
 - a. Is it appropriate to assume that the entire enterprise is being sold when estimating Fair Value?
 - b. For non-control positions, is it appropriate or required to use option pricing models and theory to estimate Fair Value?

In 2013, AICPA formed a task force to provide guidance on investments of venture capital and private equity funds. Part of the reason the AICPA has formed a task force is because the IPEV guidelines have not been as widely accepted or acknowledged in the U.S. as they have been in Europe. Further, while some parties have voiced concern that the AICPA task force conclusions may be relatively auditor-friendly, several members of that task force are from NVCA members. The task force is not expected to publish a draft guide before 2017.

All of this raises the question: could GPs reduce LP questions and increase LP valuation comfort by stating that they comply with the IPEV Valuation Guidelines? Will current efforts at non-authoritative accounting guidance provide a framework with which the great compliance community will be comfortable? Over the few years, greater clarity should emerge.

NVCA and Thomson Reuters acknowledge and appreciate the assistance of David Larsen of Duff and Phelps in updating and refocusing the material in this Appendix.

APPENDIX J

Non-US Private Equity

As interest in globalization increases with each year, private equity investors have continued to broaden their investment criteria to include overseas ventures so as to increase portfolio diversification and search for higher returns. As such, Appendix J is produced for readers to analyze non-US private equity data. All data is reported in US dollars.

INTRODUCTION

This appendix highlights various aspects of private equity activity outside of the United States and provides valuable information for comparison to the United States private equity environment. However, this appendix is not directly comparable to domestic data found in this Yearbook due to differences in definitions between the regions and variations in the currencies of each region. Additionally, this appendix provides a brief overview of non-US private equity; data herein is not as comprehensive as the United States data presented elsewhere in this publication. Despite this, the reader can use this appendix to analyze trends in private equity outside of the United States. All data is provided by Thomson Reuters. As mentioned previously, readers should note the differences in methodology and definitions of private equity between United States and other regions before analyzing the data. For example, private equity outside of the United States provides equity capital for entities not publicly traded and consists of buyouts and venture capital. The category of buyouts includes management buyouts (management from inside the company investing with private equity investors), leveraged buyouts (the target taking on a high level of debt secured by assets), institutional buyouts (outside investors buying a business from existing shareholders), and management buy-ins (management from outside the company investing with private equity investors). On the other hand, venture capital describes the process of financing companies at the seed, start-up, or expansion stages. The United States places more emphasis on the early stages of development than do other regions, based on historical analysis of investments by stage. Like in the United States, non-US venture capital is considered a subset of private equity. For ease of analysis and to avoid differences in definitions between venture capital and buyouts inside and outside of the United States, it is perhaps most comparable to analyze aggregate private equity in the two regions as opposed to any classifications contained within.

COMMITMENTS

Private equity commitment levels, outside of the United States, totaled \$113 billion in 2015. European-based funds raised the bulk, raising \$77 billion, equal to 68% of this amount. Meanwhile, Asian funds had \$24.3 billion in fundraising commitments which is 22% of the total. Funds in the Other Regions raised the remaining \$11.5 billion or 10% of the total. In the stage level, Buyout commitments outside the United States accounted for \$66.5 billion or 58.8% of the total. The second largest part of the commitments was Venture Capital funds which raised \$17.3 billion or 15.3% of the total. Generalist raised \$7.3 billion or 6.5%. Mezzanine funds represented 6% (\$6.8 billion) of the share. Fund of Funds, Real Estate, and Other Private Equity/Special Situations funds raised \$5.8 billion, \$5.8 billion, and \$3.5 billion, respectively. It should

be noted that these totals reflect not only the amount raised by independent funds, but also include capital gains and the amount raised by captive funds.

INVESTMENTS

Overall, private equity investing outside of the United States reached \$106.4 billion. The Venture Capital investments led investment activity, accounting for 48% of the total dollars. The Buyout stage financing followed with 42% of the total. By the number of deals, Venture Capital investments led with 62% and the Buyouts investments followed with 32% of the total deal activity outside of the United States. China received the biggest share of private equity outside the United States in 2015 with \$41.6 billion worth of investments or 39% of the total value. The United Kingdom followed with \$11.5 billion and Canada comes in at third with \$9.1 billion or 8.6% of the total. Private equity investments had a slight increase of 1% outside of the United States in 2015, up from \$105 billion in 2014.

Figure J1
Private Equity Commitments
Outside of the United States in 2015

Fund World Location	No. of Funds	Amount Raised in 2015 (\$ Mil)
Europe	177	77,158.14
Asia	96	24,310.52
Other Regions	57	11,530.93
Total	330	112,999.59

Figure J2
Private Equity Commitments
Outside of the United States By Fund Stage in 2015

Fund Stage	No. of Funds	Amount Raised in 2015 (\$ Mil)
Buyouts	89	66,452.94
Venture Capital	133	17,323.62
Generalist	40	7,304.63
Mezzanine Stage	12	6,808.56
Fund of Funds	19	5,806.89
Real Estate	25	5,786.08
Other Private Equity/Special Situations	12	3,516.87
Total	330	112,999.59

Figure J3
Private Equity Investments
Outside of the United States By Location in 2015

Company Nation	No. of Deals	No. of Companies	Investment Amt. (\$ Mil)
China	1034	921	41,615.29
United Kingdom	593	542	11,472.23
Canada	1060	875	9,117.83
India	440	389	8,468.07
Germany	441	407	4,627.26
Other Nations	2474	2337	31,125.96
Total	6042	5471	106,426.64

Figure J4
Private Equity Investments
Outside of the United States By Stage in 2015

Investment Stage	No. of Deals	No. of Companies	Investment Amt. (\$ Mil)
Venture Capital	3755	3424	51,250.48
Buyout/Acquisition	1954	1828	44,754.20
Other	333	297	10,421.96
Total	6042	5471	106,426.64