nvca

2020 YEARBOOK

Data provided by PitchBook

Credits & Contact

National Venture Capital Association (NVCA)

Washington, DC | San Francisco, CA | Palo Alto, CA

nvca.org | nvca@nvca.org | 202-864-5920

BOBBY FRANKLIN President and CEO
JEFF FARRAH General Counsel
JUSTIN FIELD Senior Vice President of Government Affairs
MARYAM HAQUE Senior Vice President of Industry Advancement, NVCA; Executive Director, Venture Forward
STEPHANIE VOLK Vice President of Development
HANNAH MUNIZZA Senior Director of Development
RHIANON ANDERSON Programs Director, Venture Forward
ALLYSON CHAPPELL Director of Conferences & Events
CASSIE ANN HODGES Director of Communications
CHARLOTTE SAVERCOOL Director of Government Affairs
MICHELE SOLOMON Director of Administration
DEVIN MILLER Manager of Communications & Digital Strategy
JONAS MURPHY Manager of Government Affairs
EMILY VARADY Executive Assistant

PitchBook Data, Inc.

pitchbook.com
RESEARCH
reports@pitchbook.com

EDITORIAL
editorial@pitchbook.com
SALES
sales@pitchbook.com

JOHN GABBERT Founder, CEO

ADLEY BOWDEN Vice President, Market Development & Analysis

DATA AND DESIGN

VAN LE Senior Data Analyst
AMBER HENDRICKS Lead Copy Editor
CAROLINE SUTTIE Junior Graphic Designer

NVCA Board of Directors 2019-2020

Contents

Dear Readers

March 2020

Dear Readers:

With NVCA's 23rd annual Yearbook, we close the books on a vibrant decade for the US venture capital (VC) industry. We start a new decade of uncovering the potential of budding entrepreneurs, innovative technologies, and the next generation of American companies that will fuel the economy of the 2020s and beyond.

VC experienced an unprecedented transformation in the 2010s. The industry today looks very different than it did 10 years ago, when we were slowly recovering from the 2008 global financial crisis. We're excited to release the 2020 NVCA Yearbook, highlighting not only important trends from the past year but also the past decade. We look at how VC has evolved, the impact it continues to have on our economy and society, and the role of NVCA in the venture ecosystem.

Critical to the growth and health of VC is public policy that encourages new company formation and makes the US the most attractive place to start and grow a business. 2019 proved an important year for NVCA's advocacy on foreign investment legislation, capital markets reform, high-skilled immigration, and new regulatory proposals.

Against the backdrop of several critical public policy debates in Washington, the VC industry surged in the latter half of the decade. In the last year of the 2010s, more than 10,000 venture-backed companies—across 50 states and the District of Columbia, 242 metropolitan statistical areas, and 397 Congressional Districts across the country—raised $133 billion to help build, grow, and scale their businesses. At the same time, 270+ venture funds closed on $50+ billion to deploy into promising startups.

Perhaps most noteworthy was the industry's exit activity ending on a high note in 2019, with record IPO exit value generated from several startups that received their first venture funding in the late 2000s and early 2010s. The VC industry ended the decade with 1,300+ active institutional venture investors managing a total of $444 billion in VC assets.

On the surface, the trends in US VC assets under management, active investors, fundraising, investments, and exits are all "up and to the right," but there's more nuance that reflects an industry that has grown larger and more complex. The data and analysis in the Yearbook unpack these trends for seasoned industry veterans and newcomers. We also offer resources on what VC is, how it works and why it's important, and a glossary of important terms to reference.

The Yearbook and its supporting data may be accessed three ways: 1) this PDF report; 2) the PDF data pack, which is available to the public; and 3) the XLS data pack, which is available only to NVCA members. We hope you find this industry resource helpful and encourage you to share your feedback with us. We thank all of our NVCA members whose support makes resources like these and our advocacy efforts possible!

Here's to another vibrant decade of VC activity!

Bobby Franklin
President and CEO
Washington, DC
bfranklin@nvca.org

Maryam Haque
Senior Vice President of Industry Advancement, NVCA
Executive Director, Venture Forward
San Francisco, CA
mhaque@nvca.org

nvca

Data provided by PitchBook

Executive Summary

The US venture capital (VC) industry ended the decade on a high note in 2019. For the second consecutive year, high-growth startups raised more than $130 billion, and 2019 represented the second year on record (after 2015) where more than 10,000 venture-backed companies received an investment. From 2010 to 2019, investors deployed $761 billion into 87,000+ venture-backed companies across 94,000+ financings to start, build, and grow their businesses across the country.

The VC industry grew steadily over the decade. At the end of 2019, there were 1,328 venture firms in existence, managing 2,211 active venture funds and translating to approximately $444 billion in US venture capital assets under management. Compared to 2010, this represents a growth of: 65% in number of firms, 73% in venture funds, and 87% in VC assets under management.

As the numbers of venture firms, startups, and available capital expanded in 2019, so did the prevalence of mega-funds and mega-deals, most of which have been concentrated in a few metro areas on the coasts. However, these few metro areas do not have a monopoly on talent and innovation. Startups and investors across the country continue to disrupt industries, create new sectors, and fuel the next era of transformative American companies. And investors on the coasts are taking notice.

An important trend over the past decade has been the wave of new participants in the venture ecosystem. These include the surge in first-time funds raised and companies receiving their first venture investment. The industry has also seen an evolution in the investor base, with traditional venture funds now part of a broad mix of capital sources available to startups, i.e., accelerators, incubators, angel groups, corporate venture group, growth equity firms, platforms like AngelList, mutual funds, hedge funds, and sovereign wealth funds. And while the venture ecosystem still has a long way to go to demographically reflect the broader population of our country, the industry has made some progress towards lowering barriers and increasing opportunities for historically underrepresented founders and funders.

The start of a new decade brings a wave of excitement to the venture industry after riding on the waves of robust activity to end the 2010s. Many of the companies that will be making headlines ten years from now for their innovation, disruption, and value creation are the ones being funded today.

Highlights of the US venture ecosystem in 2019

CAPITAL COMMITMENTS TO VENTURE FUNDS (More details starting on page 20)

- Venture capital investors raised $51 billion across 272 funds to deploy into promising startups, marking the fifth consecutive year of $35 billion or more raised.
- 35 first-time funds raised $4.0 billion in commitments last year, both a drop from 2018's 15-year high.
- TCV's $3.2 billion final close for its tenth fund was the largest VC fund closed last year, one of eight funds closed at $1 billion or more.
- VC funds based in 26 states and the District of Columbia held final closes on venture funds in 2019, with Connecticut, Ohio, Illinois, the District of Columbia, Georgia, and Michigan seeing the biggest year-over-year absolute gains.
- The overall US median VC fund size in 2019 was $80 million, the highest since 2008 and a 7% increase from 2018.
- Outside of California, Massachusetts, and New York, median VC fund size reached $43 million in 2019, an increase of 57% compared to 2018, but still relatively small to the dominant venture hubs—the median for California, Massachusetts, and New York, collectively, was $100 million.

CAPITAL DEPLOYED TO STARTUPS (More details starting on page 24)

- 10,430 venture-backed companies received $133 billion in funding in 2019, the second consecutive year more than $130 billion has been invested.
- The 237 mega-deals (i.e., investments of $100 million+ into venture-backed companies) recorded in 2019 is the highest annual deal count on record and accounted for nearly half (40%) of total capital invested in 2019.
- Unicorns (i.e., venture-backed companies valued at $1 billion+), many of which raised mega-deals, attracted $37 billion, or 27% of total capital invested, but 1.4% of the total deals completed last year.
- The number of angel/seed VC investments in 2019 remained steady compared to 2018, with 4,760 deals completed representing 42% of total deals in 2019. Angel/seed deal count last year was more than 2.7x higher than in 2010.
- Nearly 4,000 early-stage investments closed in 2019, representing a little over one-third of total deal count. Early-stage VC grew 1.8x in absolute terms but dropped to 34% from 39% of deal share compared with 2010.
- Later-stage VC investments surged in the latter part of the decade, reaching more than 2,700 closed in 2019 and a 1.7x increase compared with 2010. Last year, later-stage deals comprised about one-quarter of total deal count.
- The number of first-time financings (i.e., first round of equity funding in a startup by an institutional venture investor) spiked in the middle of the decade and returned to pre-2012 levels in 2019. 2,729 companies raised first-time funding and attracted $11.3 billion, the second highest annual amount of capital invested on record.
- The software sector's dominance continued in 2019. The life sciences sector has also seen significant growth, with more than $22 billion invested across 1,487 companies in 2019, accounting for 17% of total capital invested and 14% of total deal count last year. On a relative basis, both of these metrics are a decline compared with 2010. However, on an absolute basis, 2019 life science dollars invested and deal count were 2.9x and 1.7x higher, respectively, than 2010.
- 2019 marked the seventh consecutive year where more than 1,200 venture investments involved corporate venture capital (CVC) participation. In 2019, 24% of all VC deals involved CVC.
- Momentum for growth equity* investment continued in 2019 and grew rapidly over the decade. Investors deployed $66 billion across 1,217 growth equity investments last year, compared with $19.5 billion deployed across 551 deals in 2010.
- Venture funding reached startups in all 50 states and the District of Columbia, 242 Metropolitan Statistical Areas (MSAs), and 397 Congressional Districts. Buffalo, NY, Boise City, ID, and Richmond, VA saw the biggest growth rate** for annual number of VC investments over the past five years (for those MSAs with at least 15 in 2019). Bend, OR, Rochester, NY, and Grand Rapids, MI saw the largest annual growth for VC investment over the past five years (for those MSAs with at least $10 million VC investment in 2014 and 2019).
- Startups that were venture-backed in 2019 represented approximately 2.27 million*** employees.
- Globally, $257 billion was invested across 23,000+ deals in 2019. The US represented 52% and 49% of the global total, respectively. In 2010, the US accounted for 67% of global VC dollars and 61% of global VC deal count.

EXIT LANDSCAPE (More details starting on page 34)

- Venture-backed exit activity was the big story for VC in 2019, a record year for exit value following a buildup of large, late-stage companies in the private markets.
- The 82 venture-backed IPOs representing $199 billion in exit value in 2019 marked the highest annual exit value on record.
- Venture-backed companies accounted for 43% of all US IPOs in 2019.
- Mergers and acquisitions (M&As) remained strong in the second half of the decade, with six straight years of $40 billion+ in disclosed exit value. In 2019, 836 M&As (219 with disclosed values) represented a total of $61.4 billion in disclosed exit value, a 6% decrease year-over-year.
- 36 late-stage companies, many of them unicorns, held exits in 2019 for an aggregate exit value of $208 billion, both metrics representing record highs.

While investors and entrepreneurs had a busy 2019, NVCA led the charge in Washington, DC on several important public policy issues affecting the ecosystem (see page 43). NVCA also delivered on its mission to arm the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking. Our “Decade in Review” starting on page 38 highlights several of these in 2019 and over the past ten years.

*Growth equity is not included as a subset of overall VC data in this publication, but is rather its own unique dataset. More details on the methodology are on page [33].

**Calculated as compound annual growth rate.

***Based on PitchBook’s custom estimation methodology for number of employees at venture-backed companies in the US. Data is as of early November 2019.

Note to readers: Figures for prior years throughout this edition of the Yearbook may be different from last year’s edition due to new and updated information.

Venture Capital 101

This section offers an overview of what venture capital is, the impact this unique form of financing has had on our economy and society, and why it is important for the future.

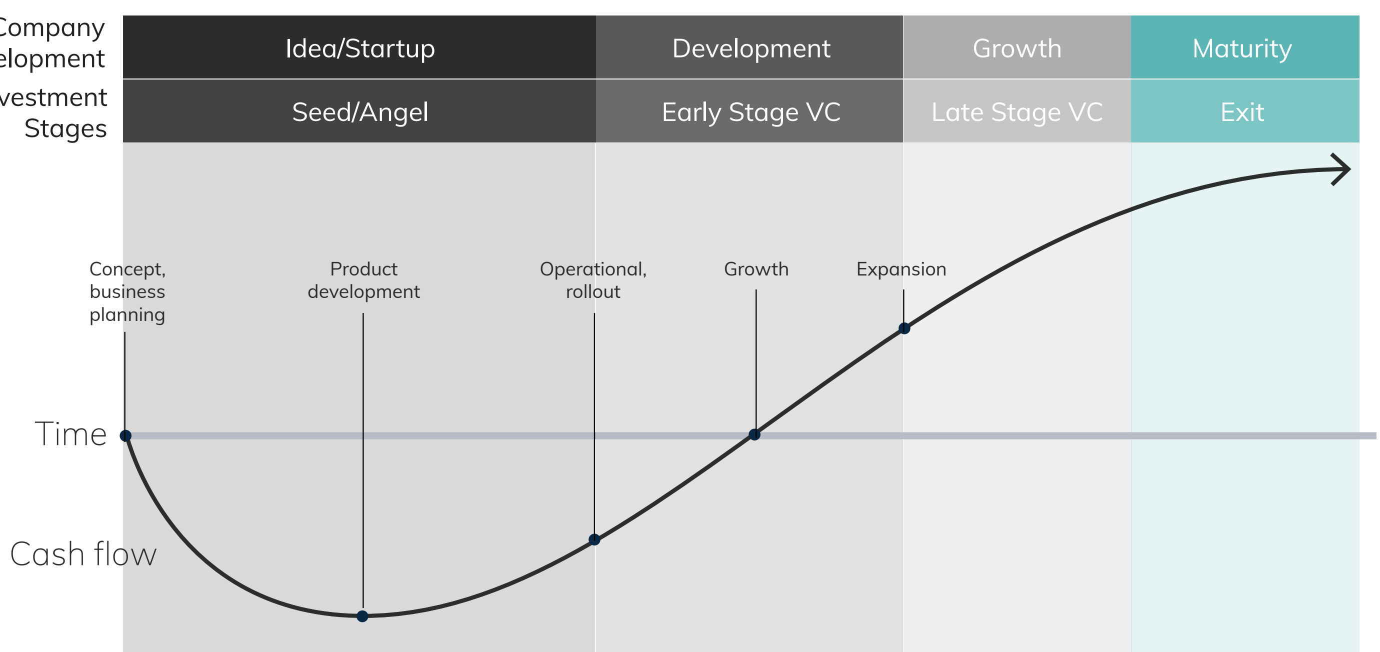
Venture capital has enabled the United States to support its entrepreneurial talent by turning ideas and basic research into products and services that have transformed the world. Venture capital funds build companies from the simplest form—perhaps just the entrepreneur and an idea expressed as a business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

Risk Capital for High-Growth Businesses

Venture capital firms are professional, institutional managers of risk capital that enable and support the most innovative and promising companies. Venture capital supports new ideas that 1) could not be financed with traditional bank financing; 2) threaten established products and services in a corporation or industry; and 3) typically require five to eight years (or longer!) to reach maturity.

Venture capital is unique as an institutional investor asset class. Venture capital funds make equity investments 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 based on equity in the company, with the shares allocated among the investors and management team based on an agreed "valuation." However, unless a company is acquired or goes public, there is little actual value. Venture capital is a long-term investment.

Venture Capital Plays a Vital Role in a Startup's Growth



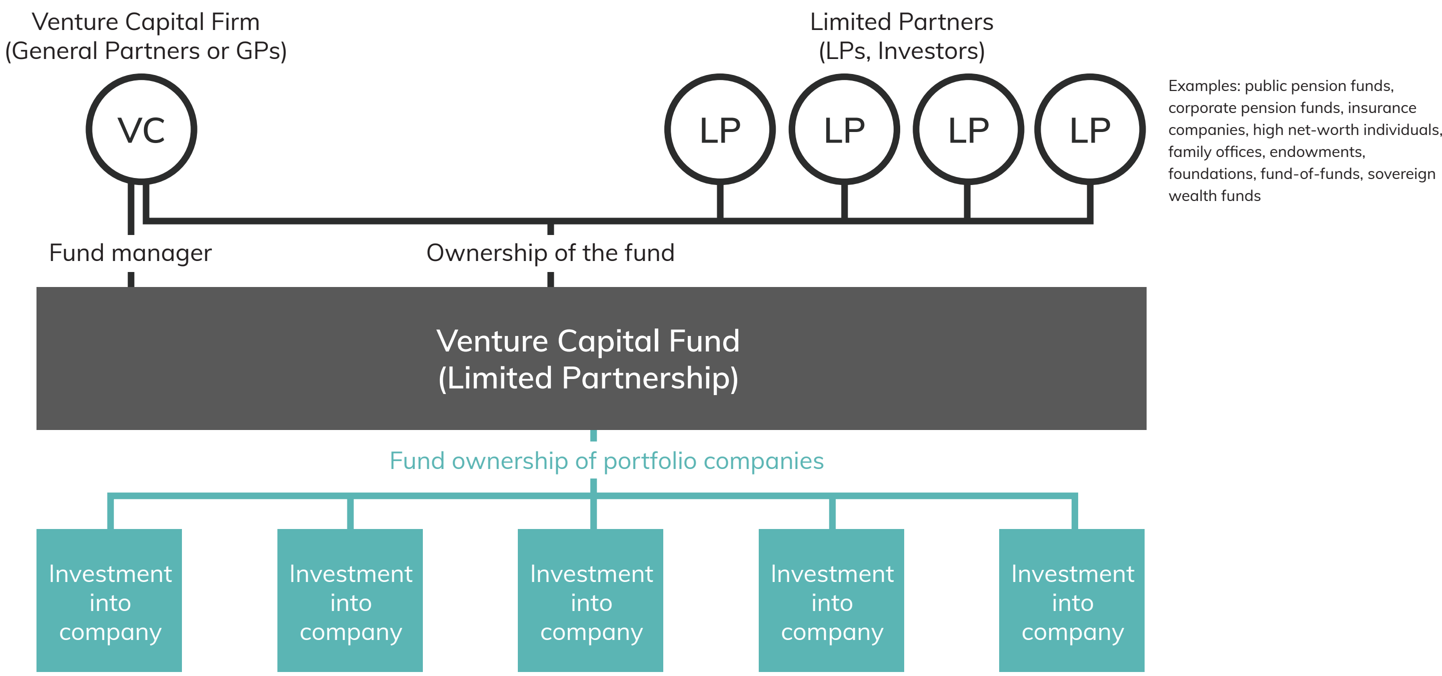
Sources of funding: VCs, angel investors, incubators, accelerators, strategic investors (corporate groups), growth equity investors, private equity firms, debt investors

Venture Investors Partner with Entrepreneurs

The US venture industry provides the capital to create some of the most innovative and successful companies. However, venture capital is more than money. A venture capital professional's most precious asset is time. According to a 2016 study, *How Do Venture Capitalists Make Decisions?*,[1] for every company in which a venture firm eventually invests, the firm considers roughly 100 potential opportunities. The same study, which included results from a survey of 889 venture capital professionals at 681 firms, showed that the median venture firm closes about four deals per year. Team, business model, product, market, valuation, fit, ability to add value, and industry are all important factors venture investors consider when evaluating investments into startups. Venture capital investors are seeking entrepreneurs who are addressing global markets, have superb scalability, demonstrate success within a reasonable timeframe, and truly innovative.

A venture capital investor's competitive advantage is the expertise and guidance they provide to the entrepreneurs in their portfolio. Once the investment into a company has been made, venture capital partners actively engage with a company, providing strategic and operational guidance, connecting entrepreneurs with investors and customers, taking a board seat at the company, and hiring employees. With a startup, daily interaction with the management team is common. This active engagement with a fledgling startup is critical to the company's success and often limits the number of startups into which any single fund can invest. Many one- and two-person companies have received funding, but no one- or two-person company has ever gone public! Along the way, the company must recruit talent and scale up. Any venture capital investor who has had a "home-run" investment will tell you that the companies capable of breaking through the gravity were able to evolve the original business plan concept due to careful input from an experienced hand.

The VC Fund Structure



[1]Gompers, Paul A. and Gornall, Will and Kaplan, Steven N. and Strebulaev, Ilya A., How Do Venture Capitalists Make Decisions? (August 1, 2016). Stanford University Graduate School of Business Research Paper No. 16-33; European Corporate Governance Institute (ECGI) - Finance Working Paper No. 477/2016. Available at SSRN: https://ssrn.com/abstract=2801385

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 $80 million (i.e., the median size of a US venture fund closed in 2019). The money is taken from limited partners 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 years, partners from the venture firm works with the founding entrepreneur to grow the company. The potential payoff comes only after the company is acquired or goes public. Although venture investors have high hopes for any company getting funded, the 2016 study How Do Venture Capitalists Make Decisions? found that, on average, 15% of a venture firm's portfolio exits are through IPOs while about half are through an M&A.

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, financial engineering, debt, or transaction fees. Economic success occurs when

How Venture Capital Works

Fundraising

VCs raise capital for funds from LPs.

Investment

VCs typically invest in young, high-growth companies in need of capital to scale.

Company Growth

VCs provide active management and act as advisors & mentors, taking board seats, providing strategic advice, facilitating introductions.

Exit

After about 5–10 years of creating a high-growth company, the VC exits its stake via an acquisition or IPO. IPOs have more advantages: greater capital raised, higher returns, local job creation.

Returns

In addition to companies benefitting, VCs and LPs make a profit on their investment. High-quality jobs are created, more capital is available for university research, retirees have more for retirement, foundations have more resources to fund their work.

Re-investment

The fund ends when all investments have been exited and proceeds have been distributed to LPs. LPs can then reinvest earnings in a new crop of funds.

the stock price increases above the purchase price. 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 LP 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 fuels startups can bring benefits to local economies in the form of company growth, competitiveness, and job creation. In fact, recent studies have found that high-growth startups account for as many as 50% of gross jobs created, and an average of 2.9 million net jobs created annually between 1980 and 2010.[2]

The Impact of Venture-backed Companies Beyond Financial Returns

While venture investing has generated billions of dollars for investors and their institutions and created millions of jobs over the years, the economic 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 US economy.

A 2015 study, *The Economic Impact of Venture Capital: Evidence from Public Companies*,[3] analyzed the impact venture-backed companies, as a subset of all US public companies founded between 1974 and 2015, have had on the economy. The study found that of the 1,339 US companies that went public in that period, 556 (or 42%) are venture-backed. These 556 companies represent 63% of the market capitalization and 85% of total research and development.

At the end of 2019, venture-backed companies accounted for the five largest publicly traded companies by market capitalization in the US: Apple ($1.29 trillion), Microsoft ($1.20 trillion), Alphabet ($920.3 billion), Amazon ($920.2 billion), and Facebook ($585 billion).[4]

Furthermore, recent research released by Silicon Valley Bank found that 42% of FDA-approved US drugs between 2009 and 2018 originated with venture capital funding.[5]

What's Ahead

Much of venture capital's success has come from the vibrant entrepreneurial spirit in the US, financial recognition of success, access to good science, a pipeline of talent, and fair and open capital markets. It is dependent upon investment in scientific research, motivated entrepreneurs, protection of intellectual property, a skilled workforce, and public policies that encourage new company formation. The nascent deployment of venture capital in some 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.

Venture capital investing is now global. While the US historically has been a stronghold of global venture capital activity, the rest of the world has been catching up. In the 1990s, US-based startups attracted more than 90% of annual global venture capital dollars invested. Today, US-based startups account for about half of global venture capital dollars invested. It's important to note that global investment has grown over that time, i.e., the US decline in global market share is on relative terms, not by absolute dollars. However, with global competition increasing for innovation and talent, empowering high-growth startups and ensuring the US is the most attractive place to start a company are critical to the continued success of our country's entrepreneurial ecosystem.

[2]Kauffman Foundation, The Economic Impact of High-Growth Startups (January 7, 2016). https://www.kauffman.org/-/media/kauffman_org/resources/2016/entrepreneurship-policy-digest/pd_highgrowth060716.pdf and Decker, Ryan, John Haltiwanger, Ron Jarmin, and Javier Miranda. 2014. "The Role of Entrepreneurship in US Job Creation and Economic Dynamism." Journal of Economic Perspectives, 28 (3): 3-24. https://www.aeaweb.org/articles?id=10.1257/jep.28.3.3

[3]Gornall, Will and Strebulaev, Ilya A., The Economic Impact of Venture Capital: Evidence from Public Companies (November 1, 2015). Stanford University Graduate School of Business Research Paper No. 15-55. Available at SSRN: https://ssrn.com/abstract=2681841 or http://dx.doi.org/10.2139/ssrn.2681841

[4]Source: YCharts data as of December 31, 2019.

[5]Silicon Valley Bank, "Trends in Healthcare Investments and Exits 2019" (Mid-year report 2019) https://www.svb.com/globalassets/library/managedassets/pdfs/healthcare-report-2019-midyear.pdf

At-A-Glance: The US Venture Industry

2019 bookended a decade of growth in the number of venture investors and venture funds and the amount of assets managed by the venture industry. At the end of 2019, 1,328 venture firms were in existence (i.e., those who have raised a fund in the last eight years). These 1,328 firms managed 2,211 venture funds and had approximately $444 billion in US venture capital assets under management (AUM) and $121 billion in dry powder at the end of 2019.

Elevated fundraising levels the past two years yielded a 5% year-over-year increase in VC AUM from 2018 to 2019. The industry's latest AUM and dry powder figures are both record highs and cap a decade where venture funds closed an aggregate of about $350 billion. From where the decade started with about $230 billion in VC AUM at the end of 2009, 2019's VC AUM nearly doubled and had an annual growth rate* of 7%.

VC assets remain geographically concentrated in three states—the dominant hubs for venture activity—California, Massachusetts, and New York. These three states together made up 84% of total US VC AUM in 2019, on par with 2018. California, Massachusetts, and New York saw slight year-over-year AUM increases of 7%, 1%, and 1%, respectively.

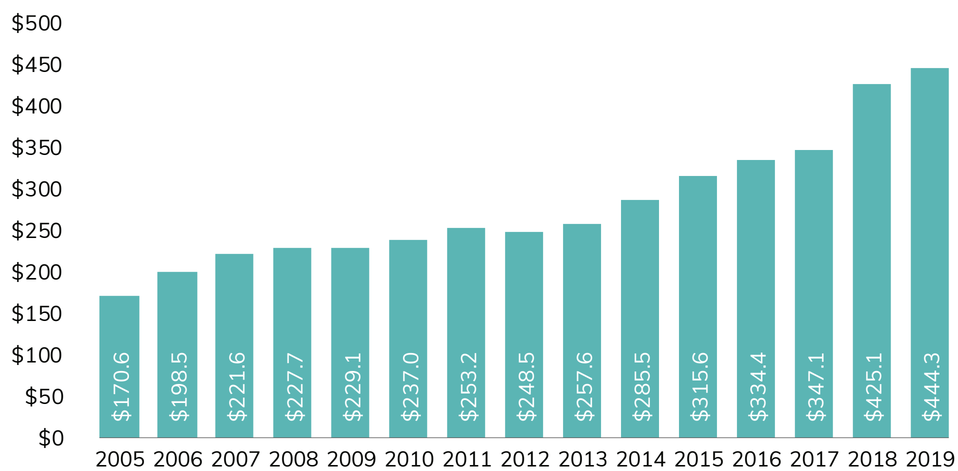
VC AUM Summary Statistics

	2007	2013	2019
# of VC Firms in Existence	946	917	1,328
# of VC Funds in Existence	1,586	1,422	2,211
# of First-time VC Funds Raised	31	23	35
# of VC Funds Raising Money This Year	187	215	272
VC Capital Raised This Year ($B)	$35.1	$20.4	$50.5
VC AUM ($B)	$221.6	$257.6	$444.3
Avg VC AUM Per Firm ($M)	$221.6	$255.1	$337.9
Avg VC Fund Size to Date ($M)	$128.1	$131.0	$138.4
Avg VC Fund Size Raised This Year ($M)	$213.0	$102.4	$189.3
Median VC AUM Per Firm ($M)	$66.5	$70.2	$77.7
Median VC Fund Size to Date ($M)	$55.0	$52.0	$50.0
Median VC Fund Size Raised This Year ($M)	$133.0	$37.5	$80.0
Largest VC Fund Raised to Date ($M)	$3,000.0	$1,100.0	$3,200.0

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Note: The number of firms in existence is based on a rolling count of firms that raised a fund in the last eight vintage years. The number of VC funds in existence is based on a rolling count of funds that have closed in the last eight vintage years. AUM is calculated by adding together a firm's total remaining value and their total dry powder.

US Venture Capital AUM by Year



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Iowa, Ohio, the District of Columbia, and Minnesota were among the states with the highest year-over-year VC AUM increases. At the end of 2019, 28 states had more than $100 million in AUM. States that saw the largest annual growth rate* in VC AUM over the decade were Montana, Arizona, North Dakota, Delaware, and Nebraska. However, it's important to note that VC assets by a firm's headquarter state oftentimes is not the most telling since firms frequently invest in companies outside their state, as noted on the charts on page 28.

The median venture firm size was $78 million in 2019. While VC AUM has grown and mega-funds have become more prevalent, most firms (755 firms or 56% of firms) managed less than $100 million at the end of 2019, and 92 firms managed $1 billion+.

In 2019, 7,958 active investors (all types and headquartered globally) made one or more investment in US companies, a steady decline after peaking in 2015. Active US-based VC investors also continued to dip (2,279 in 2019) after peaking in 2017, while US VC investors making first round investments fell to 1,012.

The US share of global fundraising has remained steady, accounting for 67% of total funds raised. US companies gained ground on global investment, accounting for 52% of VC dollars in 2019. However, this is a marked difference from the 84% share of global investment the US accounted for in 2004 and has rapidly declined. Exit activity yielded the biggest change in the US global market share after a record year of exits—78% of global venture-backed exit value in 2019 came from US companies.

*Calculated as compound annual growth rate.

Fund and Firm Analysis

	Total Cumulative Funds	Total Cumulative Firms	Total Cumulative Capital ($B)	Existing Funds	Firms That Raised Funds in the Last 8 Vintage Years	AUM ($B)	Average Fund Size ($M)	Average Commitments + NAV ($M)	Median Fund Size ($M)	Median Commitments + NAV ($M)
2005	2,520	1,066	$281.7	1,655	931	$170.6	$148.1	$180.8	$60.0	$60.4
2006	2,715	1,127	$313.0	1,672	960	$198.5	$188.4	$202.4	$92.0	$60.0
2007	2,902	1,180	$348.1	1,586	946	$221.6	$213.0	$221.6	$133.0	$66.5
2008	3,096	1,238	$380.2	1,388	843	$227.7	$182.3	$225.4	$84.5	$65.1
2009	3,218	1,279	$393.3	1,264	788	$229.1	$121.2	$223.6	$50.0	$68.5
2010	3,368	1,344	$412.3	1,281	805	$237.0	$138.6	$242.3	$50.0	$75.7
2011	3,522	1,406	$435.6	1,330	830	$253.2	$163.4	$262.6	$45.6	$79.7
2012	3,727	1,496	$460.3	1,378	872	$248.5	$130.6	$250.6	$26.3	$66.6
2013	3,942	1,591	$480.7	1,422	917	$257.6	$102.4	$255.1	$37.5	$70.2
2014	4,235	1,727	$515.6	1,520	981	$285.5	$129.7	$261.3	$30.0	$60.5
2015	4,549	1,853	$552.9	1,647	1,041	$315.6	$126.7	$258.8	$33.5	$55.2
2016	4,877	1,987	$595.6	1,781	1,094	$334.4	$142.1	$265.9	$50.0	$53.9
2017	5,157	2,132	$631.6	1,939	1,200	$347.1	$137.9	$272.3	$47.5	$59.4
2018	5,461	2,271	$689.7	2,093	1,284	$425.1	$203.3	$334.0	$74.9	$71.7
2019	5,733	2,371	$740.2	2,211	1,328	$444.3	$189.3	$337.9	$80.0	$77.7

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Defined as Commitments + Net Asset Value

Number of Active Investors (#)

	# of Active Investors	# of Active 1st Round Investors	# of Active Life Science Investors	# of Active VC Investors	# of Active VC 1st Round Investors	# of Active VC Life Science Investors	# of Active US Investors	# of Active US 1st Round Investors	# of Active US Life Science Investors	# of Active US VC Investors	# of Active US VC 1st Round Investors	# of Active US VC Life Science Investors
2005	2,536	1,020	818	1,284	564	473	1,851	814	572	1,034	491	367
2006	2,785	1,262	840	1,375	693	497	2,031	970	635	1,082	561	399
2007	3,358	1,478	977	1,563	743	548	2,415	1,134	725	1,244	629	445
2008	3,573	1,478	976	1,631	725	552	2,562	1,136	758	1,287	598	444
2009	3,063	1,281	870	1,433	582	499	2,208	986	667	1,114	500	404
2010	3,552	1,648	830	1,576	700	484	2,558	1,256	649	1,242	589	408
2011	4,592	2,352	879	1,809	894	504	3,092	1,652	714	1,406	741	429
2012	5,734	2,934	1,010	2,060	1,022	535	3,594	1,959	782	1,592	839	445
2013	7,306	3,432	1,126	2,330	1,072	586	4,046	1,990	848	1,740	859	482
2014	9,429	3,848	1,359	2,703	1,196	622	4,646	2,115	935	2,001	973	494
2015	10,278	3,789	1,610	2,957	1,252	726	4,805	1,995	1,063	2,146	1,002	579
2016	8,676	2,864	1,264	3,128	1,261	672	4,475	1,659	888	2,224	1,019	531
2017	8,512	2,829	1,558	3,369	1,444	849	4,436	1,689	1,048	2,377	1,155	640
2018	8,608	2,814	1,737	3,600	1,508	942	4,421	1,672	1,129	2,388	1,129	687
2019	7,958	2,477	1,497	3,453	1,319	833	4,213	1,500	987	2,279	1,012	604

*VC investors include entities with primary investor type as: Venture Capital, Corporate Venture Capital, or Not-for-profit Venture Capital
*VC investors are headquartered globally, but only counted if they invested in a US company

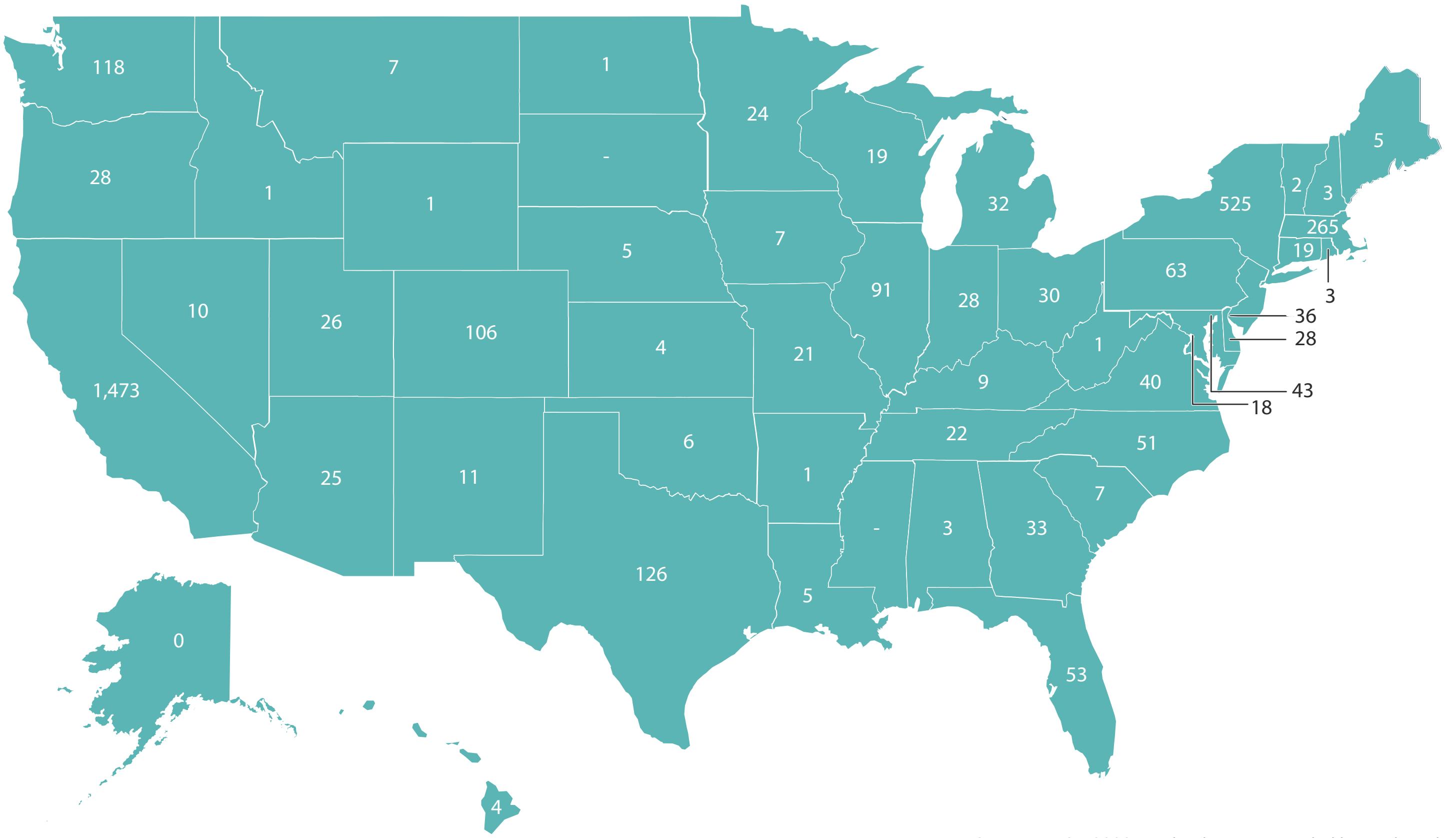
Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US as a % of Global VC Deal Flow by Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Global Deal Value ($B)	$47.6	$49.8	$37.0	$47.2	$66.0	$62.0	$71.4	$114.8	$158.1	$161.8	$183.9	$308.5	$257.3
US Deal Value ($B)	$37.9	$36.9	$27.5	$31.6	$44.8	$41.3	$47.7	$72.3	$83.5	$78.1	$87.1	$141.8	$133.4
Global Deal Value (#)	6,499	7,218	6,988	8,943	11,381	13,604	16,785	20,212	22,481	21,286	21,952	23,726	23,268
US Deal Value (#)	4,338	4,772	4,546	5,463	6,822	7,958	9,413	10,720	11,073	9,694	10,392	10,648	11,359
US as % of Global ($)	79.6%	74.0%	74.2%	66.9%	67.9%	66.6%	66.8%	62.9%	52.8%	48.3%	47.4%	46.0%	51.9%
US as % of Global (#)	66.7%	66.1%	65.1%	61.1%	59.9%	58.5%	56.1%	53.0%	49.3%	45.5%	47.3%	44.9%	48.8%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Active Investor Count in 2019 Deals by HQ State



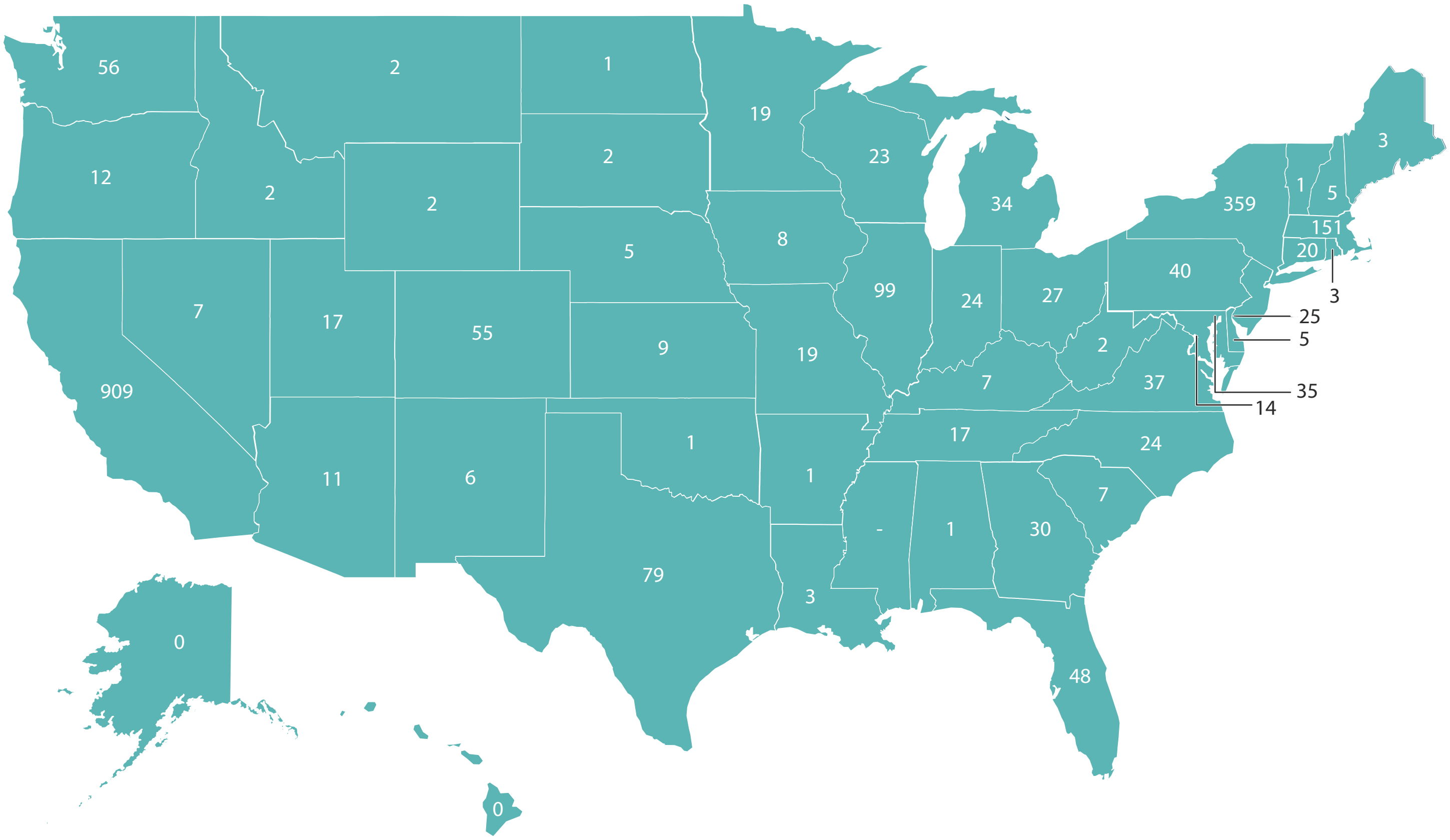
Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US as a % of Global VC Exits by Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Global Exit Value ($B)	$84.0	$25.3	$35.2	$66.1	$95.0	$133.2	$101.0	$203.0	$122.5	$113.2	$157.2	$394.5	$332.7
US Exit Value ($B)	$57.1	$17.4	$21.5	$41.4	$66.7	$124.4	$72.3	$111.6	$75.6	$73.3	$97.8	$130.3	$260.6
Global Exit Value (#)	1,075	837	793	1,196	1,260	1,428	1,549	1,959	2,007	1,825	1,849	1,837	1,719
US Exit Value (#)	627	493	480	707	739	868	906	1,081	1,030	908	929	1,022	918
US as % of Global ($)	68.0%	68.8%	61.3%	62.7%	70.2%	93.4%	71.6%	55.0%	61.7%	64.7%	62.2%	33.0%	78.3%
US as % of Global (#)	58.3%	58.9%	60.5%	59.1%	58.7%	60.8%	58.5%	55.2%	51.3%	49.8%	50.2%	55.6%	53.4%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Active Investor Count in 2019 Deals by Investor HQ State



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

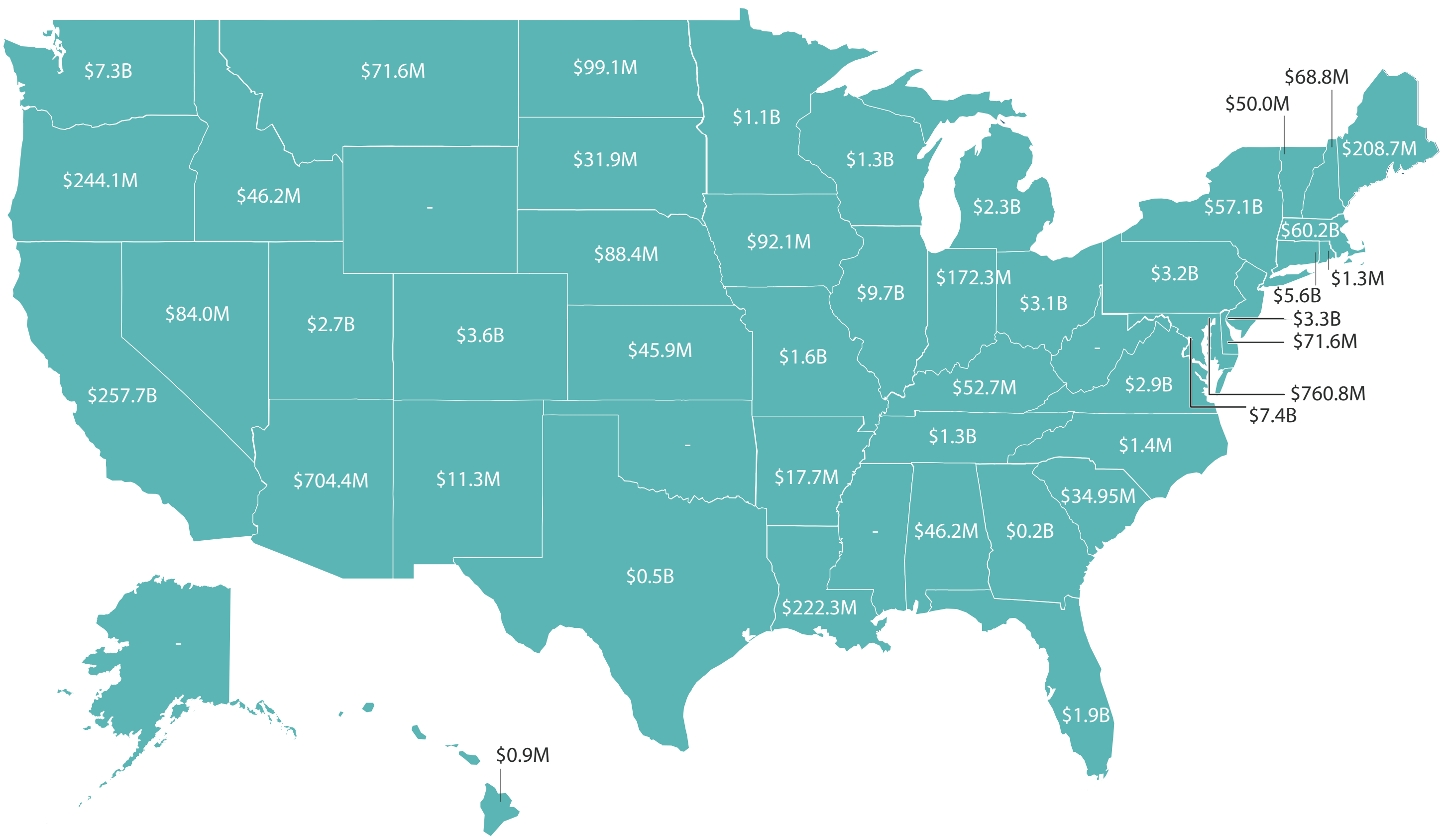
Note: This map breaks out the 2,113 active VC investors by their HQ state. Note that active VC investors headquartered outside of the US are not included in this map.

US as a % of Global VC Fundraising by Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Global Capital Raised ($B)	$53.6	$52.4	$24.3	$35.3	$45.8	$39.5	$40.4	$52.2	$74.6	$72.8	$59.0	$87.0	$75.1
US Capital Raised ($B)	$35.1	$32.1	$13.1	$19.0	$23.4	$24.7	$20.4	$34.9	$37.4	$42.6	$36.0	$58.1	$50.5
Global Capital Raised (#)	413	447	341	398	434	432	394	490	522	534	466	460	432
US Capital Raised (#)	187	194	122	150	154	205	215	293	314	328	280	304	272
US as % of Global ($)	65.6%	61.2%	53.8%	53.9%	51.1%	62.5%	50.4%	66.8%	50.1%	58.6%	61.0%	66.8%	67.3%
US as % of Global (#)	45.3%	43.4%	35.8%	37.7%	35.5%	47.5%	54.6%	59.8%	60.2%	61.4%	60.1%	66.1%	63.0%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

AUM by State in 2019



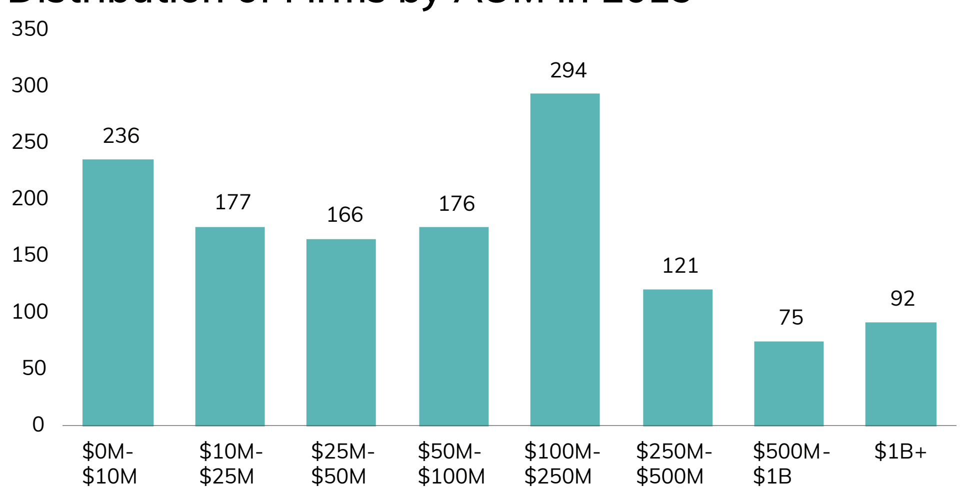
Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Top 5 States by AUM in 2019 ($B)

	AUM
California	$257.7
Massachusetts	$60.2
New York	$57.1
Illinois	$9.7
District of Columbia	$7.4
Total	$444.3

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Distribution of Firms by AUM in 2019



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

AUM by Year by State ($M)

	2005	2006	2007	2008	2009	2010	2011	2012
Alabama	$166.9	$184.0	$175.2	$176.8	$169.4	$171.4	$160.6	$143.8
Arizona	$90.2	$90.9	$81.5	$71.7	$65.7	$51.8	$93.5	$129.2
Arkansas	-	-	-	-	-	-	-	-
California	$80,896.3	$95,485.7	$103,514.5	$109,986.4	$112,552.2	$117,765.0	$126,467.8	$125,427.6
Colorado	$1,255.2	$1,171.6	$1,733.9	$1,656.6	$1,559.0	$1,950.7	$1,894.5	$1,742.6
Connecticut	$7,054.0	$9,647.5	$10,111.2	$9,049.0	$9,137.4	$9,431.1	$9,064.3	$9,058.6
Delaware	$6.6	$25.2	$18.0	$12.7	$11.5	$11.7	$11.7	$15.7
District of Columbia	$1,459.7	$1,593.8	$2,483.7	$2,488.8	$2,297.0	$2,112.4	$2,616.6	$2,449.7
Florida	$1,664.3	$1,638.4	$1,865.2	$1,935.4	$1,844.6	$1,807.2	$1,767.7	$2,162.6
Georgia	$1,387.5	$1,510.3	$1,779.8	$1,627.8	$1,625.2	$1,785.8	$1,779.0	$1,610.7
Hawaii	$11.5	$11.7	$11.6	$11.3	$11.3	$11.8	$12.0	$8.5
Idaho	$22.0	$21.6	$93.9	$81.7	$78.9	$94.8	$96.2	$92.1
Illinois	$3,080.6	$3,745.2	$4,195.0	$4,391.5	$4,229.4	$4,598.7	$5,442.3	$5,247.3
Indiana	$321.3	$309.2	$289.4	$244.3	$226.2	$221.8	$205.6	$189.2
Iowa	$28.7	$28.2	$26.3	$22.3	$18.8	$16.8	$14.9	$16.8
Kansas	$3.3	$6.1	$2.5	-	-	-	$2.7	$2.5
Kentucky	$147.4	$352.7	$341.8	$320.4	$294.0	$279.8	$300.6	$276.2
Louisiana	$542.5	$631.0	$627.4	$649.7	$691.2	$750.4	$693.1	$627.6
Maine	$258.1	$251.3	$301.2	$271.6	$264.2	$284.6	$311.6	$263.0
Maryland	$1,868.3	$2,169.3	$2,472.4	$2,134.8	$1,986.0	$1,777.3	$1,568.8	$1,506.3
Massachusetts	$29,843.8	$32,960.6	$38,323.2	$37,048.7	$37,114.7	$38,704.1	$41,193.2	$39,174.4
Michigan	$370.0	$365.3	$420.5	$1,310.2	$1,456.8	$1,468.6	$1,669.7	$1,568.2
Minnesota	$1,180.6	$1,572.3	$2,061.0	$2,112.0	$1,913.8	$1,806.2	$1,685.5	$1,814.4
Missouri	$1,252.8	$1,265.9	$1,508.1	$1,365.9	$1,293.5	$1,254.1	$1,297.1	$1,092.7
Montana	-	$1.7	$1.7	$1.7	$1.5	$1.6	$1.6	$1.5
Nebraska	$25.7	$22.7	$21.2	$16.2	$14.6	$16.1	$51.8	$40.1
Nevada	$48.8	$44.4	$43.7	$33.3	$30.6	$26.6	$21.3	$60.4
New Hampshire	$14.2	$63.4	$63.0	$60.2	$53.1	$51.7	$51.8	$48.1
New Jersey	$3,792.0	$5,216.9	$5,886.7	$5,183.6	$5,368.3	$5,135.1	$5,068.2	$4,900.1
New Mexico	$98.1	$123.0	$105.7	$99.1	$99.1	$93.0	$66.7	$46.8
New York	$15,570.5	$18,069.5	$20,809.3	$19,553.9	$19,266.3	$20,392.3	$24,265.0	$24,963.9
North Carolina	$1,094.0	$1,434.2	$1,410.9	$1,379.6	$1,284.0	$1,213.7	$1,020.3	$1,069.6
North Dakota	-	-	-	$10.6	$10.4	$10.5	$10.7	$10.5
Ohio	$1,040.2	$1,143.8	$1,217.8	$1,217.2	$1,184.0	$1,235.6	$1,267.4	$1,414.5
Oklahoma	$45.2	$70.0	$68.4	$51.4	$47.7	$41.8	$27.1	$13.9
Oregon	$95.6	$88.1	$82.0	$66.6	$61.9	$72.8	$68.6	$68.9
Pennsylvania	$2,911.5	$3,227.6	$3,483.4	$3,645.1	$3,914.1	$4,059.1	$3,970.2	$3,668.4
Rhode Island	-	-	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-	-	-
South Dakota	$10.3	$9.9	$9.1	$40.5	$39.2	$54.8	$54.6	$54.4
Tennessee	$629.1	$662.6	$688.9	$645.4	$611.0	$615.2	$552.0	$625.4
Texas	$5,881.4	$5,968.5	$5,800.0	$6,021.9	$5,670.7	$5,596.5	$6,347.3	$5,493.9
Utah	$400.1	$529.1	$850.4	$928.5	$1,045.9	$1,025.7	$1,237.7	$1,217.2
Vermont	$12.8	$12.5	$11.7	$23.5	$21.5	$25.7	$25.0	$24.5
Virginia	$2,175.5	$2,566.8	$2,722.3	$3,374.3	$3,346.4	$3,251.9	$3,328.2	$3,216.0
Washington	$3,713.8	$3,954.0	$5,661.4	$8,104.7	$7,921.0	$7,255.7	$6,908.9	$6,353.5
Wisconsin	$84.0	$246.4	$244.0	$280.0	$255.3	$442.8	$475.3	$572.5
Wyoming	$16.3	$14.4	$13.4	$10.3	$9.3	$8.6	$7.1	$5.8

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

nvca

Data provided by PitchBook

	2013	2014	2015	2016	2017	2018	2019
Alabama	$128.6	$123.1	$117.9	$88.8	$52.0	$57.5	$46.2
Arizona	$248.2	$422.1	$448.9	$481.4	$541.8	$794.4	$704.4
Arkansas	-	$10.1	$9.7	$11.3	$14.0	$21.7	$17.7
California	$128,696.7	$150,508.8	$168,486.9	$185,559.0	$194,904.6	$241,916.3	$257,693.1
Colorado	$2,097.8	$2,122.3	$3,130.4	$2,837.0	$2,765.8	$3,514.0	$3,645.2
Connecticut	$8,538.0	$8,327.6	$6,401.8	$5,516.4	$5,007.4	$4,931.5	$5,619.5
Delaware	$16.4	$42.6	$44.6	$57.2	$66.2	$86.3	$71.6
District of Columbia	$2,689.7	$2,494.2	$2,457.5	$2,956.1	$5,106.0	$5,545.2	$7,431.7
Florida	$2,081.8	$2,302.4	$2,358.3	$2,623.8	$2,675.6	$2,728.1	$1,902.7
Georgia	$1,583.4	$1,497.5	$1,608.5	$1,435.0	$1,436.9	$1,586.1	$1,506.0
Hawaii	$9.8	$8.0	$7.2	$5.8	$1.3	$0.9	$0.9
Idaho	$103.2	$85.8	$73.7	$83.8	$119.4	$47.7	$46.2
Illinois	$5,284.2	$6,095.4	$6,340.1	$6,505.9	$7,097.4	$9,136.8	$9,739.4
Indiana	$179.6	$117.4	$110.8	$78.9	$40.8	$181.9	$172.3
Iowa	$18.7	$5.0	$5.8	$5.5	$6.6	$7.4	$92.1
Kansas	$2.7	$3.0	$3.3	$3.7	$3.3	$49.2	$45.9
Kentucky	$277.5	$224.2	$238.5	$188.8	$156.6	$150.8	$52.7
Louisiana	$655.2	$673.8	$629.8	$519.5	$324.5	$252.7	$222.3
Maine	$301.4	$224.6	$336.0	$296.9	$206.4	$233.2	$208.7
Maryland	$1,545.0	$1,428.0	$1,307.6	$1,032.4	$769.1	$906.2	$760.8
Massachusetts	$42,043.6	$41,765.7	$46,173.1	$48,804.3	$48,792.8	$59,604.0	$60,230.0
Michigan	$1,751.5	$1,774.3	$1,856.7	$2,016.6	$1,983.7	$2,072.9	$2,255.9
Minnesota	$1,779.7	$1,889.8	$1,524.9	$1,123.4	$1,061.7	$866.7	$1,134.8
Missouri	$1,285.8	$981.4	$1,041.3	$1,118.3	$1,296.6	$1,689.7	$1,574.9
Montana	$1.5	$4.3	$4.1	$26.0	$28.3	$72.3	$71.6
Nebraska	$41.8	$45.8	$50.3	$87.1	$82.8	$88.0	$88.4
Nevada	$50.1	$53.2	$62.2	$55.2	$78.8	$85.6	$84.0
New Hampshire	$50.2	$48.7	$50.0	$40.8	$40.4	$95.2	$68.8
New Jersey	$4,926.4	$4,722.4	$4,828.8	$4,367.7	$3,671.0	$3,565.6	$3,335.7
New Mexico	$48.2	$42.1	$42.3	$34.5	$32.5	$14.9	$11.3
New York	$26,977.5	$33,234.8	$40,197.8	$40,967.0	$43,745.7	$56,343.3	$57,073.2
North Carolina	$1,141.2	$1,070.9	$1,083.0	$1,206.5	$1,333.2	$1,295.2	$1,375.1
North Dakota	$54.3	$62.4	$66.9	$67.6	$67.0	$77.3	$99.1
Ohio	$1,651.4	$1,696.8	$1,782.0	$2,048.5	$2,064.5	$2,233.6	$3,097.3
Oklahoma	$13.3	$12.8	$12.4	$9.6	$8.7	$6.3	-
Oregon	$97.8	$119.7	$131.5	$151.4	$168.2	$249.1	$244.1
Pennsylvania	$3,602.6	$3,989.9	$4,196.1	$3,630.2	$3,281.9	$3,518.5	$3,233.7
Rhode Island	-	-	-	-	-	$1.4	$1.3
South Carolina	$5.9	$12.4	$13.0	$13.4	$20.6	$27.7	$34.9
South Dakota	$54.8	$67.0	$59.3	$55.1	$43.7	$32.0	$31.9
Tennessee	$764.9	$808.9	$885.2	$1,177.9	$1,313.0	$1,274.9	$1,303.5
Texas	$5,409.8	$4,680.3	$4,461.8	$4,378.2	$3,953.9	$5,024.4	$4,802.1
Utah	$1,452.5	$1,705.4	$2,165.5	$2,335.3	$2,398.2	$2,773.4	$2,732.6
Vermont	$24.7	$35.5	$31.4	$44.4	$45.0	$52.8	$50.0
Virginia	$2,848.9	$3,509.4	$3,419.1	$2,840.6	$2,796.5	$3,281.5	$2,874.4
Washington	$6,521.3	$5,616.2	$6,455.4	$6,629.7	$6,512.5	$7,376.6	$7,238.5
Wisconsin	$591.8	$875.0	$840.3	$856.6	$942.6	$1,240.6	$1,300.4
Wyoming	-	-	-	-	-	-	-

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

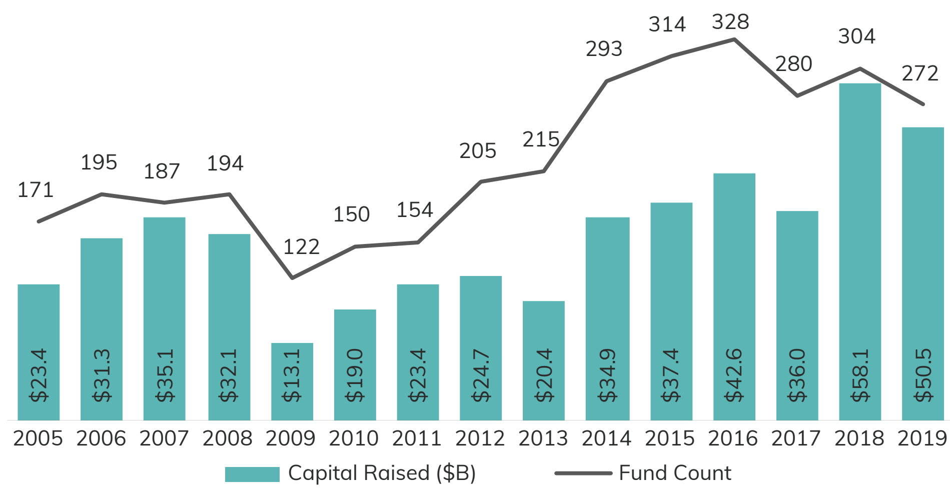
Capital Commitments: Venture Fundraising

In 2019, 272 US venture capital funds closed on $50.5 billion in capital commitments, representing an 11% and 13% year-over-year decline, respectively, compared with 2018. However, last year marked the sixth consecutive year of $30 billion+ in fundraising.

Venture fund sizes remained elevated with a median and average size of $80 million and $189 million, respectively. Large funds drove this trend—8 funds closed on $1 billion+ in 2019 and accounted for 28% of total capital raised, led by TCV's $3.2 billion tenth fund closed in 2019. This was lower than 10 funds of that size closing in 2018 and accounting for 38% of capital that year, thanks largely to the record $8 billion fund closed by Sequoia Capital.

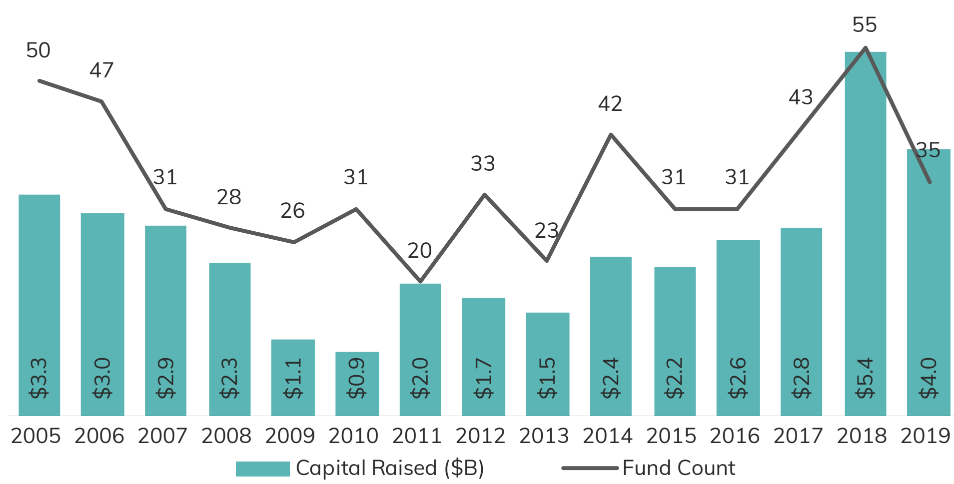
First-time funds have also been an important trend of the decade. These funds are typically created from individuals who have spun out of established firms, those who were previously angel investors, or those who were previously in operating roles at companies. First-time funds dipped after the 2008 global financial crisis but have seen healthy growth since then. 2018 set a record for the number of first-time funds closed and total capital raised, but activity dipped in 2019. Last year, 35 first-time funds raised $4.0 billion. 344 first-time funds raised more than $25 billion from 2010 to 2019. The prevalence

US VC Fundraising by Year



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC First-time Fundraising by Year



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

of first-time funds, many of which are smaller in size, has made an impact on the number of players and capital availability at the seed and earlier stages of the venture investment cycle.

VC funds based in 26 states and the District of Columbia held final closes on venture funds in 2019, with Connecticut, Ohio, Illinois, the District of Columbia, Georgia, and Michigan seeing the biggest year-over-year absolute gains.

Funds based in California, New York, and Massachusetts accounted for 62%, 15%, and 9%, respectively, of total capital raised in the US in 2019. Collectively, these three states represented 86% of total US capital raised, on par with 2018, but a noticeable jump from the 79% share in 2010. The ten largest funds closed in 2019 were based in California.

The overall US median VC fund size in 2019 was $80 million, the highest since 2008 and a 7% increase from 2018. Outside of California, Massachusetts, and New York, median VC fund size reached $43 million in 2019, an increase of 57% compared to 2018, but still relatively small compared to the dominant venture hubs – the median for California, Massachusetts, and New York, collectively, was $100 million.

Two important notes on the VC fundraising data: first, as mentioned in the prior section, a fund's location doesn't mean the capital will only be deployed in that geography. Local capital is important to support the local ecosystem, but capital travels. Investors frequently invest in companies outside of their state.

Second, comparing fundraising to investment figures in this report is not apples-to-apples. Why? 1) Firms generally do not deploy all of their capital into startups in one year or in the year they close their fund. 2) The VC fundraising statistics only capture US funds, whereas VC funds outside the US frequently invest in US startups. The VC investment statistics are inclusive of investors headquartered outside the US; and 3) There are increasingly more types of investors becoming active in the venture ecosystem. Most of these investors do not invest in companies via venture funds, e.g., corporate venture groups, hedge funds, mutual funds, sovereign wealth funds, and family offices.

10 Largest US VC Funds in 2019

Investor Name	Fund Name	Fund Size ($M)	Close Date	Fund State
TCV	TCV X	$3,200.0	January 31, 2019	California
Andreessen Horowitz	Andreessen Horowitz LSV Fund I	$2,238.9	July 17, 2019	California
Norwest Venture Partners	Norwest Venture Partners XV	$2,000.0	November 14, 2019	California
Founders Fund	The Founders Fund VII	$1,496.4	November 20, 2019	California
Vivo Capital	Vivo Capital Fund IX	$1,430.0	October 30, 2019	California
Sapphire Ventures	Sapphire Ventures Fund IV	$1,400.0	December 18, 2019	California
Lightspeed Venture Partners	Lightspeed Venture Partners Select III	$1,361.8	June 21, 2019	California
Bond Capital (San Francisco)	Bond Capital Fund	$1,250.0	May 1, 2019	California
Sequoia Capital	Sequoia Capital US Growth Fund VIII	$998.5	December 6, 2019	California
Andreessen Horowitz	Andreessen Horowitz Fund VI	$840.0	July 17, 2019	California

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Top States by VC Raised in 2019

	# of Funds	Capital Raised ($M)
California	123	$31,513.4
Massachusetts	28	$7,515.5
New York	40	$4,583.5
Connecticut	2	$910.0
Ohio	7	$894.1
Illinois	10	$721.1
Washington	10	$689.1
Texas	9	$546.3
Pennsylvania	4	$417.0
District of Columbia	2	$365.0

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

VC Fundraising by State by Year ($M)

	2005	2006	2007	2008	2009	2010	2011	2012
Alabama	$23.0	$21.9	-	$25.7	-	-	-	$5.0
Arizona	-	-	-	$20.0	-	-	$38.2	$56.6
Arkansas	-	-	-	-	-	-	-	-
California	$12,124.0	$15,409.7	$15,134.9	$17,085.0	$6,441.9	$9,657.4	$13,899.1	$14,782.1
Colorado	$25.0	$22.3	$420.8	$111.9	$5.0	$328.0	-	$88.7
Connecticut	$795.0	$3,050.0	$45.0	$650.0	$25.0	$1,259.3	$15.0	$617.5
Delaware	-	$13.0	-	-	-	$15.0	-	$4.9
District of Columbia	-	$200.0	$828.0	$340.0	-	-	$450.0	$20.5
Florida	$718.0	-	$348.5	$164.1	$145.6	$94.0	$97.6	$268.0
Georgia	$3.5	$215.0	$255.1	$138.0	$155.0	$293.2	-	$50.0
Hawaii	-	-	-	$1.8	-	-	-	-
Idaho	-	-	$75.0	-	-	-	-	-
Illinois	$165.5	$370.5	$818.2	$877.9	$225.0	$512.7	$738.0	$275.3
Indiana	$6.0	$26.3	-	-	$10.0	$90.0	-	$19.0
Iowa	-	-	-	-	-	-	-	$3.0
Kansas	-	-	-	-	-	-	$2.6	-
Kentucky	$20.1	$36.4	-	$175.0	-	-	-	$10.7
Louisiana	$73.5	$70.0	$28.0	$106.7	$70.0	$56.0	-	$6.0
Maine	-	-	$65.0	-	-	-	-	$10.1
Maryland	$25.0	$327.0	$575.0	$63.3	$21.0	-	-	$20.0
Massachusetts	$4,263.8	$4,862.8	$6,550.1	$3,332.9	$2,879.8	$2,942.5	$4,054.8	$1,854.2
Michigan	-	$20.0	$65.0	$910.0	$254.3	$41.4	$185.7	$45.2
Minnesota	$275.0	$398.0	$331.0	$475.1	$30.0	-	-	$150.0
Missouri	$66.0	-	$210.2	$128.9	$65.0	$2.0	-	$20.0
Montana	-	$1.8	-	-	-	-	-	-
Nebraska	-	-	-	-	-	$2.6	$37.3	$18.2
Nevada	-	-	-	-	-	-	-	$50.0
New Hampshire	-	$50.0	-	-	-	-	-	$4.5
New Jersey	$798.0	$1,063.0	$895.2	$9.0	$516.0	-	$500.0	$349.0
New Mexico	$47.5	$5.2	-	-	-	-	$10.0	-
New York	$1,839.4	$1,995.4	$5,147.2	$1,674.6	$759.6	$2,467.0	$2,484.9	$4,670.6
North Carolina	$232.0	$340.0	$40.3	$83.0	$102.0	-	-	$2.5
North Dakota	-	-	-	$11.0	-	-	-	-
Ohio	$18.9	$100.0	$15.5	$254.7	$23.7	$88.2	$86.1	$63.9
Oklahoma	-	$15.0	-	-	-	-	-	-
Oregon	-	-	$0.9	$2.6	$3.0	$20.4	$3.4	$7.8
Pennsylvania	$228.8	$397.2	$192.5	$739.6	$940.5	$129.9	$100.0	$298.0
Rhode Island	-	-	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-	-	-
South Dakota	$10.0	-	-	$32.5	-	$16.0	-	-
Tennessee	$83.3	$54.0	$40.0	$93.2	$14.0	$74.2	$22.0	$190.0
Texas	$268.2	$892.1	$103.3	$1,221.8	$5.1	$175.5	$465.1	$31.2
Utah	-	$129.2	$352.0	$166.6	$122.0	$66.4	$33.0	$156.9
Vermont	-	-	-	$14.0	-	$5.0	-	-
Virginia	$564.1	$478.0	$309.8	$223.1	$274.6	$441.0	$110.0	$80.2
Washington	$722.2	$538.0	$2,293.5	$2,902.9	$2.5	$5.9	-	$328.2
Wisconsin	$10.7	$171.5	-	$57.8	-	$201.5	$40.0	$116.4

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

*For this table we give precedent to the fund location, but if unavailable, we use the HQ location of the firm

	2013	2014	2015	2016	2017	2018	2019
Alabama	-	-	-	-	-	$25.0	-
Arizona	$129.5	$156.9	$6.2	$28.6	-	-	$49.4
Arkansas	-	$10.0	-	$1.5	-	-	-
California	$9,198.7	$21,240.6	$21,272.5	$25,852.0	$22,475.3	$33,407.0	$31,513.4
Colorado	$230.5	$193.8	$640.8	$560.7	$32.0	$807.6	$166.6
Connecticut	$193.1	$500.0	$1.0	$151.7	$600.0	$395.4	$910.0
Delaware	-	$26.0	$2.4	-	-	-	-
District of Columbia	$200.0	$8.0	$60.5	$887.8	$2,398.0	$67.7	$365.0
Florida	-	$327.7	$184.0	$56.4	$45.5	$47.4	$35.0
Georgia	$114.7	$40.3	$262.0	$53.0	$111.0	-	$327.0
Hawaii	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-
Illinois	$268.5	$500.6	$574.0	$1,584.2	$658.1	$535.9	$721.1
Indiana	-	$1.7	-	-	-	$132.7	-
Iowa	$1.8	-	-	-	-	-	$80.7
Kansas	-	-	-	$0.2	-	$42.7	-
Kentucky	-	-	$5.6	-	-	$29.5	-
Louisiana	$14.2	$10.4	$11.1	-	-	-	-
Maine	-	-	$123.0	-	$11.0	-	-
Maryland	$213.0	$82.2	$152.7	$0.8	$78.0	$69.9	-
Massachusetts	$5,169.0	$2,453.3	$5,441.3	$6,253.1	$5,698.3	$7,528.1	$7,515.5
Michigan	$73.0	$26.3	$316.3	$407.5	$50.5	$26.7	$280.0
Minnesota	$107.4	-	$105.5	-	$36.2	$153.2	$279.2
Missouri	$320.0	$1.5	$116.7	$400.1	$108.1	$184.4	$23.5
Montana	-	-	-	$21.1	$2.8	$38.0	-
Nebraska	-	-	$0.6	-	$31.0	-	-
Nevada	-	-	-	-	$5.0	-	-
New Hampshire	-	$1.0	$7.7	-	$1.7	$56.1	-
New Jersey	$13.0	$18.6	-	$662.0	$10.0	$390.0	$277.0
New Mexico	-	-	-	-	-	-	-
New York	$1,682.7	$7,271.3	$6,054.3	$3,087.3	$2,188.4	$9,265.7	$4,583.5
North Carolina	$215.0	$35.6	$32.1	$205.2	$273.0	$112.6	$31.3
North Dakota	$45.0	$3.5	-	-	-	-	$30.0
Ohio	$104.7	$539.6	$126.7	$428.2	$32.7	$49.3	$894.1
Oklahoma	-	-	-	-	-	-	-
Oregon	$15.8	$32.7	$17.5	$31.5	$16.2	$58.0	$14.0
Pennsylvania	$171.6	$291.7	$235.0	$59.0	$111.7	$359.7	$417.0
Rhode Island	-	-	-	-	-	$1.3	-
South Carolina	$6.0	$6.2	-	-	$5.7	-	$10.2
South Dakota	-	-	-	-	-	-	-
Tennessee	$103.0	$2.5	-	$435.0	$125.4	$8.0	$86.0
Texas	$653.9	$444.0	$166.9	$224.6	$105.9	$917.8	$546.3
Utah	$345.9	$150.7	$245.2	$400.6	$86.2	$187.1	$220.0
Vermont	-	$12.0	-	-	$14.0	-	-
Virginia	$228.1	$88.8	$531.6	$180.0	$156.1	$387.6	$240.0
Washington	$551.2	$190.8	$690.3	$616.9	$420.8	$2,734.6	$689.1
Wisconsin	$5.1	$217.7	$0.6	$29.7	$93.9	$130.5	$227.0

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

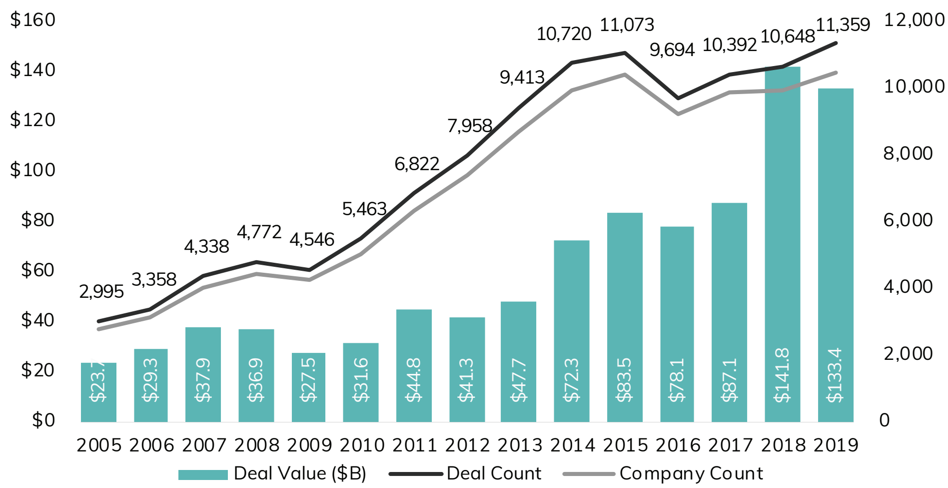
*For this table we give precedent to the fund location, but if unvailable, we use the HQ location of the firm

Capital Deployed: Investment into Companies

For the second consecutive year, high-growth startups raised more than $130 billion, and 2019 represented the second year on record (after 2015) where more than 10,000 venture-backed companies received an investment. From 2010 to 2019, investors deployed $761 billion across nearly 94,000 financings to start, build, and grow 87,000+ businesses across the country.

In 2019, 10,430 venture-backed companies received $133 billion in funding. Mega-deals (i.e., investments of $100 million+ into venture-backed companies) accounted for 44% of total capital invested in 2019, slightly down

US VC Deal Flow



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC Deal Flow by Stage (#)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Angel & seed	460	790	923	1,235	1,746	2,618	3,557	4,668	5,491	5,783	4,790	4,956	4,622	4,760
Early VC	1,758	2,125	2,288	1,859	2,129	2,453	2,630	2,852	3,172	3,250	3,016	3,384	3,731	3,882
Later VC	1,140	1,423	1,561	1,452	1,588	1,751	1,771	1,893	2,057	2,040	1,888	2,052	2,295	2,717

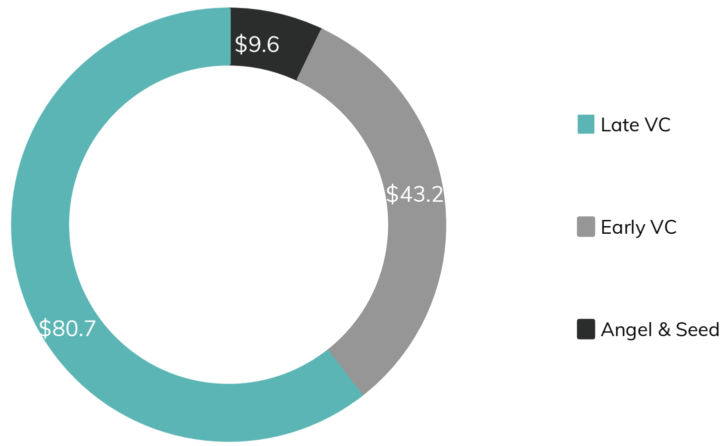
Source: NVCA 2020 Yearbook, Data Provided by PitchBook

from 2018, but the 237-deal count was the highest on record. Many of these mega-deals are for unicorns (i.e., venture-backed companies valued at $1 billion+), since they tend to be later in their growth cycle and larger companies. Unicorns attracted $37 billion, or 27% of total capital invested, but less than 1.4% of the total deals completed in 2019. Mirroring mega-deal count, unicorn deal count (157) also hit a record high last year.

Mega-deals and unicorns were much rarer in 2010, but the decade's progression brought a new normal with a steady rise in deal sizes, pre-money valuations, and company age across stages and series. By the end of 2019, the median angel/seed deal increased 2.3x, the median early-stage VC deal increased 2.4x, and the median later-stage VC deal increased 1.8x compared with 2010. Median pre-money valuations grew by even higher multiples—Series A increased 3.7x, Series B 3.6x, Series C 4.1x, and Series D+ 5.7x.

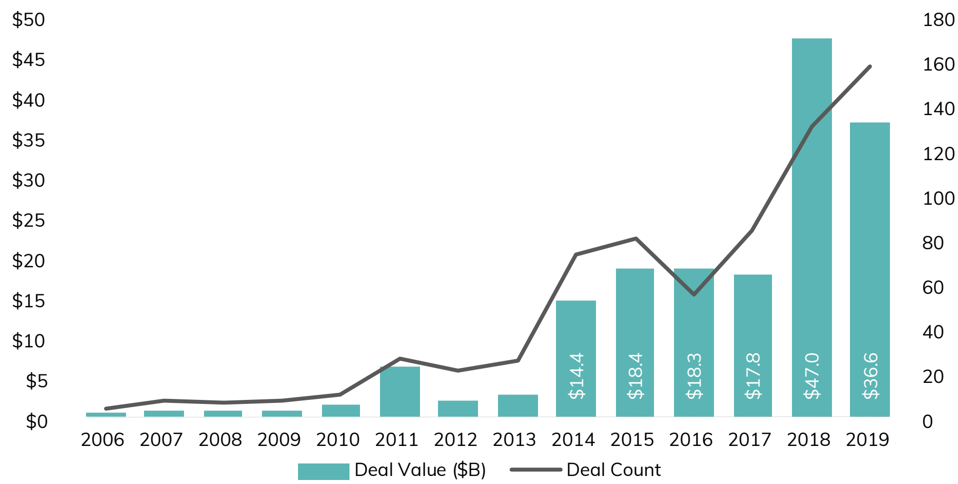
With the shift in deal sizes and valuations, many consider a Series A deal today what a seed investment was earlier in the decade. Capital needs for starting a company, particularly in the tech sector, have significantly dropped. The prevalence of cloud-based services has undercut large infrastructure costs that were once the norm. At the same time, more data-centric and software/services companies have emerged, compared to the prior era of hardware-centric business models. Furthermore, an influx of capital available through several strong venture fundraising years—and more sources of capital from a diverse investor base across company stages—have transformed the industry.

2019 US VC Deals by Stage ($B)



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC Unicorn Deal Activity by Year



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Sectors

The software sector's dominance continued in 2019. Last year, companies in this sector comprised 34% of total capital invested and 36% of total deal count. This is on par with the sector's annual share over the decade.

The upward trend of life sciences VC activity continued, with more than $22 billion invested across 1,487 companies in 2019, accounting for 17% of total capital invested and 14% of total deal count last year. On a relative basis, both of these metrics are a decline compared with 2010. However, on an absolute basis, 2019 life science dollars invested and deal count were 2.9x and 1.7x higher, respectively, than 2010.

Companies in the business products and services (B2B) sector took the top two spots in the ranking of largest investments in 2019: The We Company's $5 billion investment and Flexport's $1 billion investment.

Investment Stages & First-time Fundings

The number of angel/seed VC investments in 2019 remained steady compared to 2018, with 4,760 deals completed representing 42% of total deals in 2019. Angel/seed deal count last year was more than 2.7x higher than in 2010.

Nearly 4,000 early-stage investments closed in 2019, representing a little over one-third of total deal count. Early-stage VC grew 1.8x in absolute terms but dropped from 39% of deal share compared with 2010.

Later-stage VC investments surged in the latter part of the decade, reaching more than 2,700 closed in 2019 and a 1.7x increase compared with 2010. Last year, later-stage deals comprised about one-quarter of total deal count.

The number of first-time financings (i.e., first round of equity funding in a startup by an institutional venture investor) spiked in the middle of the decade and returned to pre-2012 levels in 2019. 2,729 companies raised first-time funding and attracted $11.3 billion, the second-highest annual amount of capital invested on record. Though the life sciences sector attracted 17% of overall capital invested in 2019, the sector attracted 26% of capital invested via first-time financings. Pharma & biotech companies attracted $2.9 billion in first-time financings, the highest among sectors last year.

Geographical Analysis

Venture funding reached startups in all 50 states and the District of Columbia, 242 Metropolitan Statistical Areas (MSAs), and 397 Congressional Districts. Buffalo, NY, Boise City, ID, and Richmond, VA saw the biggest growth rate** for annual number of VC investments over the past five years (for those MSAs with at least 15 in 2019). Bend, OR, Rochester, NY, and Grand Rapids, MI saw the largest annual growth for VC investment over the past five years (for those MSAs with at least $10 million in VC investment in 2014 and 2019).

California, Massachusetts, and New York continued their dominance as the country's VC hubs; however, California and Massachusetts both saw year-over-year declines in capital invested in 2019 versus 2018. Collectively, these three states accounted for 53% of total deal count and 73% of total capital invested in 2019. The share of deal count last year was on par with the start of the decade in 2010, whereas their share of total capital invested in 2010 was 64%.

Globally, startups raised $257 billion across 23,268 deals in 2019, a 17% and 2% year-over-year decline, respectively. The US represented 52% and 49% of the global total, respectively. In 2010, the US accounted for 67% of global VC dollars and 61% of global VC deal count.

2019 US VC Deals by Sector ($B)

Commercial Services	$14.0	IT Hardware	$3.9
Consumer Goods & Recreation	$6.3	Media	$2.9
Energy	$1.5	Other	$30.6
HC Devices & Supplies	$5.7	Pharma & Biotech	$16.7
HC Services & Systems	$7.1	Software	$44.8

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

*Other industry groups below:

Commercial Products
Commercial Transportation
Other Business Products and Services
Consumer Durables
Consumer Non-Durables
Services (Non-Financial)
Transportation
Other Consumer Products and Services
Utilities
Other Energy
Capital Markets/Institutions
Commercial Banks
Insurance
Other Financial Services
Other Healthcare
IT Services
Other Information Technology
Agriculture
Chemicals and Gases
Construction (Non-Wood)
Containers and Packaging
Forestry
Metals, Minerals and Mining
Textiles
Other Materials

US VC Deal Flow by State in 2019

	Company Count	# of Deals Closed	Capital Invested ($M)
Alabama	29	30	$58.9
Alaska	11	13	$25.1
Arizona	116	123	$834.7
Arkansas	28	32	$71.9
California	3519	3870	$65,601.7
Colorado	361	401	$2,509.4
Connecticut	100	116	$867.8
Delaware	72	78	$249.4
District of Columbia	68	73	$464.2
Florida	255	269	$2,918.7
Georgia	153	169	$1,672.7
Hawaii	15	19	$41.8
Idaho	29	30	$86.8
Illinois	293	312	$2,213.0
Indiana	131	145	$380.8
Iowa	31	32	$41.2
Kansas	27	28	$276.1
Kentucky	34	35	$248.1
Louisiana	22	22	$130.4
Maine	27	29	$46.3
Maryland	136	146	$921.4
Massachusetts	720	773	$10,832.5
Michigan	127	140	$803.2
Minnesota	122	135	$1,217.9
Mississippi	6	7	$7.9
Missouri	67	70	$440.5
Montana	24	25	$119.0
Nebraska	31	34	$69.0
Nevada	33	34	$141.0
New Hampshire	27	29	$135.2
New Jersey	139	146	$1,271.2
New Mexico	29	30	$302.6
New York	1283	1400	$20,901.7
North Carolina	199	211	$1,218.5
North Dakota	7	7	$21.2
Ohio	139	149	$960.0
Oklahoma	16	17	$36.6
Oregon	130	141	$952.3
Pennsylvania	265	289	$2,653.1
Rhode Island	22	22	$61.6
South Carolina	55	65	$132.2
South Dakota	8	8	$9.1
Tennessee	95	107	$928.7
Texas	538	584	$3,695.4
Utah	141	150	$1,390.4
Vermont	26	29	$94.8
Virginia	194	211	$1,171.1
Washington	421	460	$3,887.8
West Virginia	1	1	$0.2
Wisconsin	63	68	$248.5
Wyoming	9	9	$8.3

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Top 10 US VC Deals in 2019

Company Name	Close Date	Deal Size ($M)	Deal Type	Industry Sector	State
The We Company	January 8; October 22, 2019	$5,000.0	Later VC	B2B	New York
Flexport	April 22, 2019	$1,000.0	Later VC	B2B	California
Nuro	February 11, 2019	$940.0	Early VC	B2C	California
REEF Technology	March 1, 2019	$900.0	Late VC	IT	Florida
JUUL	August 16, 2019	$785.2	Late VC	B2C	California
GoPuff	August 1, 2019	$750.0	Late VC	B2C	Pennsylvania
DoorDash	November 13, 2019	$700.0	Late VC	B2C	California
Bright Health	December 16, 2019	$635.0	Late VC	Financial Services	Minnesota
Aurora Innovation	February 7, 2019	$600.0	Early VC	B2C	California
UiPath	April 30, 2019	$568.0	Late VC	IT	New York

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

2019 VC Deals & Company Counts by State

	Company Count	% of Total	Capital Invested ($M)	% of Total
California	3,519	33.7%	$65,601.7	49.2%
New York	1,283	12.3%	$20,901.7	15.7%
Massachusetts	720	6.9%	$10,832.5	8.1%
Washington	421	4.0%	$3,887.8	2.9%
Texas	538	5.2%	$3,695.4	2.8%
Florida	255	2.4%	$2,918.7	2.2%
Pennsylvania	265	2.5%	$2,653.1	2.0%
Colorado	361	3.5%	$2,509.4	1.9%
Illinois	293	2.8%	$2,213.0	1.7%
Georgia	153	1.5%	$1,672.7	1.3%
All Others	2,622	25.1%	$16,535.4	12.4%
Total	10,430		$133,421.5	

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Top 5 States by Percentage of 2019 Deals Done in State Which Featured Investor(s) from Outside State

Company HQ State	% Invested From Outside State
Delaware	100%
District of Columbia	88%
New Jersey	84%
Minnesota	76%
Arizona	64%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Example of how to read this table: 88% of deals done by DC-based investors were investments into DC-based companies.

*This ranking is inclusive of states with 20 or more investments

Top 5 States by Percentage of 2018 Deals Done in State which Featured Investor(s) from that State

Company HQ State	% Invested From Within State
Nebraska	91%
Connecticut	84%
California	82%
Indiana	81%
Michigan	70%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Example of how to read this table: 91% of investments in Nebraska-based companies featured at least one Nebraska-based investor.

*This ranking is inclusive of states with 20 or more investments

of States Invested Into by Investor HQ State

Investor HQ State	# of States Invested In
California	46
New York	43
Illinois	40
Massachusetts	35
Texas	34
District of Columbia	33
Maryland	32
Colorado	31
Florida	29
Washington	27
Georgia	26
New Jersey	26
Ohio	25
Tennessee	25
Missouri	25
Pennsylvania	23
Virginia	23
North Carolina	23
Minnesota	21
Michigan	21
Utah	21
Indiana	20
Connecticut	19
Oregon	18
New Hampshire	17
Wisconsin	16
Kansas	15
Kentucky	14
Iowa	13
Nebraska	12
Nevada	11
Louisiana	10
Arizona	10

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

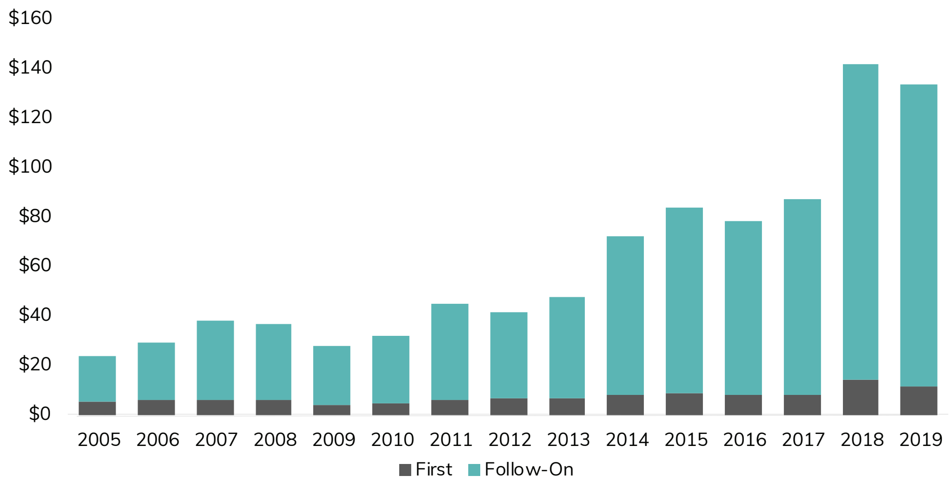
of States California Investors Invested Into by Year

Year	# of States Invested In
2007	37
2013	45
2019	46

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

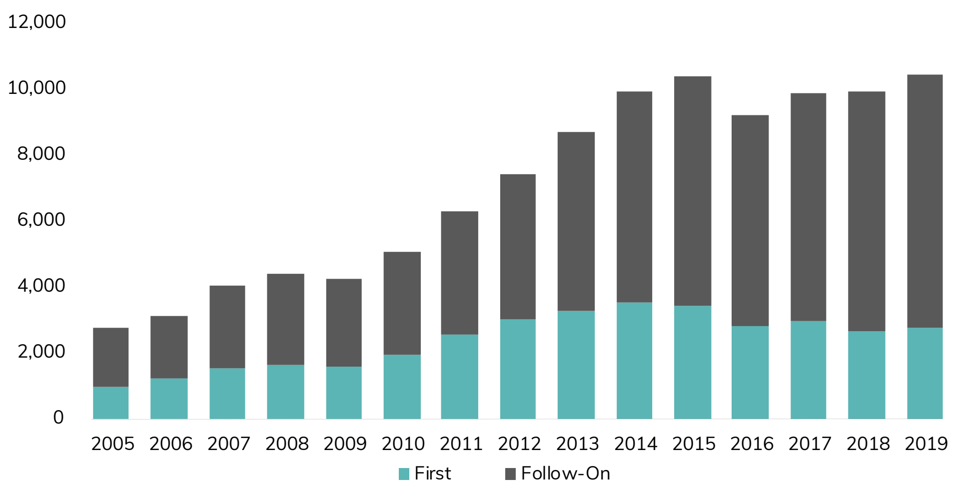
First-time Financings

US First VC & Follow-on VC Deal Flow ($B)



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US First VC & Follow-on VC Deal Flow (Company Counts)



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC Deal Flow by Sector: First-Round VC in 2019

Sector	# of Deals Closed	Capital Raised ($M)
Commercial Services	317	$1,097.7
Consumer Goods & Recreation	161	$521.6
Energy	31	$54.0
HC Devices & Supplies	105	$551.1
HC Services & Systems	205	$538.3
IT Hardware	70	$205.8
Media	110	$239.9
Other	820	$2,608.1
Pharma & Biotech	208	$2,898.3
Software	903	$2,585.9

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Life Sciences

US Life Sciences VC Deal Flow

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Company Count	10	9	8	8	9	9	10	13	15	13	18	24	22
# of Deals Closed	822	881	880	964	1,055	1,098	1,174	1,242	1,351	1,213	1,414	1,500	1,603
Company Count	767	810	808	885	975	1,006	1,086	1,157	1,253	1,161	1,329	1,408	1,487

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US Life Sciences VC Invested ($M) by Sector

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Biotechnology	$1,788.6	$1,375.4	$1,980.7	$2,158.5	$2,101.8	$2,123.5	$2,506.3	$3,637.4	$5,444.3	$4,724.7	$7,700.6	$10,815.0	$10,005.9
Diagnostic Equipment	$715.0	$762.6	$452.6	$691.4	$686.9	$615.6	$681.6	$850.4	$888.1	$740.2	$1,257.0	$1,509.0	$1,559.6
Discovery Tools (Healthcare)	$119.6	$69.8	$113.0	$65.6	$77.7	$10.2	$88.0	$47.9	$71.6	$106.6	$62.1	$16.0	$192.0
Drug Delivery	$520.8	$559.7	$182.0	$168.6	$510.7	$325.9	$363.6	$345.6	$512.2	$287.2	$440.9	$213.2	$222.3
Drug Discovery	$1,457.1	$1,346.5	$1,388.0	$1,187.5	$1,336.4	$2,081.9	$2,496.7	$3,148.6	$4,120.3	$3,496.8	$3,366.8	$6,082.6	$4,640.5
Medical Supplies	$235.9	$176.6	$91.6	$116.3	$160.7	$298.0	$137.2	$109.8	$66.9	$113.1	$159.0	$233.4	$183.7
Monitoring Equipment	$216.4	$373.4	$181.9	$183.3	$388.0	$295.9	$494.9	$1,260.2	$456.1	$443.8	$682.9	$684.4	$790.3
Other Devices and Supplies	$258.7	$168.8	$110.3	$80.1	$213.7	$284.0	$139.6	$241.8	$235.8	$201.6	$402.2	$602.1	$346.2
Other Pharmaceuticals and Biotechnology	$57.2	$96.0	$64.8	$126.4	$69.8	$63.9	$23.9	$49.4	$45.6	$46.7	$63.8	$284.5	$282.6
Pharmaceuticals	$1,753.2	$1,583.5	$1,258.4	$976.4	$942.2	$604.4	$802.5	$608.5	$524.3	$560.4	$748.5	$1,104.3	$1,375.4
Surgical Devices	$1,188.5	$1,184.7	$920.9	$972.6	$1,106.3	$927.3	$1,115.4	$1,190.0	$1,130.8	$987.0	$1,184.2	$1,081.9	$940.5
Therapeutic Devices	$1,281.3	$1,644.2	$1,303.4	$1,104.9	$1,252.1	$1,130.1	$1,356.0	$1,030.6	$1,660.8	$1,142.0	$1,493.7	$1,773.9	$1,867.8

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US Life Sciences VC Deal Count by Sector

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Biotechnology	164	166	191	219	225	269	293	330	369	363	464	476	435
Diagnostic Equipment	99	111	89	127	121	128	117	126	140	122	123	143	156
Discovery Tools (Healthcare)	11	10	9	10	12	7	9	9	18	13	16	13	20
Drug Delivery	31	26	21	27	33	29	26	23	32	20	32	25	40
Drug Discovery	117	126	127	137	140	149	178	195	207	167	177	220	266
Medical Supplies	31	30	33	35	39	52	44	40	34	39	33	47	54
Monitoring Equipment	27	32	41	45	58	68	86	92	93	96	122	111	114
Other Devices and Supplies	28	34	47	40	63	59	61	83	80	67	85	85	67
Other Pharmaceuticals and Biotechnology	7	13	8	16	12	15	13	15	19	15	14	26	28
Pharmaceuticals	88	85	75	80	78	63	72	59	68	69	73	81	114
Surgical Devices	92	118	105	101	122	102	107	117	117	91	103	98	112
Therapeutic Devices	127	130	134	127	152	157	168	153	174	151	172	175	197

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC Activity (#) in Life Sciences

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Life Sciences Deal Count	822	881	880	964	1,055	1,098	1,174	1,242	1,351	1,213	1,414	1,500	1,603
Life Sciences as % of Total US VC (#)	18.9%	18.5%	19.4%	17.6%	15.5%	13.8%	12.5%	11.6%	12.2%	12.5%	13.6%	14.1%	14.1%
Company count	767	810	808	885	975	1,006	1,086	1,157	1,253	1,161	1,329	1,408	1,487

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC Activity ($B) in Life Sciences

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Life Sciences Capital Invested ($B)	$9.6	$9.3	$8.0	$7.8	$8.8	$8.8	$10.2	$12.5	$15.2	$12.8	$17.6	$24.4	$22.4
Life Sciences as % of Total US VC ($)	25.3%	25.3%	29.3%	24.8%	19.7%	21.2%	21.4%	17.3%	18.2%	16.5%	20.2%	17.2%	16.8%
Company Count	767	810	808	885	975	1,006	1,086	1,157	1,253	1,161	1,329	1,408	1,487

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Corporate Venture Capital

Activity from corporate venture capital (CVC) investors remained elevated in 2019. CVC investors participated in 1,776 venture deals last year, representing 24% of total VC deal count (for those VC deals with investors disclosed). These 1,776 investments represented an aggregate deal size (including non-CVC investors) of $57 billion, the second-highest annual amount of the past 15 years. 2019 also marked the seventh consecutive year where more than 1,200 venture investments involved CVC participation.

US Corporate VC Investment by Year

	# of All VC Deals	# of VC Deals with CVC Involvement	% of VC Deals with CVC Involvement (#)	Average Deal Value (All VC, $M)	Average Deal Value (CVC, $M)	Median Deal Value (All VC, $M)	Median Deal Value (CVC, $M)	Average Post Valuation (All VC, $M)	Average Post Valuation (CVC, $M)	Median Post Valuation (All VC, $M)	Median Post Valuation (CVC, $M)	Total VC Capital Raised ($M)	Total CVC Capital Raised ($M)	% of VC Deals with CVC Involvement ($)
2005	2,339	526	22%	$9.6	$ 11.4	$6.0	$7.5	$42.4	$56.1	$23.9	$30.6	$21.0	$5.7	27%
2006	2,663	587	22%	$10.7	$16.4	$6.0	$10.0	$48.2	$65.5	$24.3	$40.0	$26.4	$9.1	35%
2007	3,338	710	21%	$11.2	$16.5	$5.6	$10.0	$60.7	$115.2	$24.4	$41.4	$34.3	$11.3	33%
2008	3,622	726	20%	$9.9	$14.7	$5.1	$8.5	$60.3	$75.4	$23.0	$35.5	$33.0	$10.1	31%
2009	2,923	532	18%	$8.8	$14.6	$4.1	$8.6	$62.0	$83.4	$19.0	$38.0	$22.9	$7.2	31%
2010	3,462	596	17%	$8.4	$15.5	$3.0	$8.0	$66.6	$92.8	$18.5	$33.9	$25.6	$8.5	33%
2011	4,653	775	17%	$9.5	$18.7	$2.6	$7.5	$134.5	$151.0	$18.5	$40.0	$38.4	$13.4	35%
2012	5,620	903	16%	$7.2	$14.7	$2.0	$6.5	$62.5	$98.6	$17.2	$35.4	$35.0	$12.2	35%
2013	6,555	1,209	18%	$7.2	$15.2	$2.0	$6.0	$66.6	$136.4	$17.3	$38.7	$40.7	$16.8	41%
2014	7,236	1,486	21%	$10.2	$22.3	$2.3	$7.0	$125.6	$266.8	$19.8	$41.9	$62.7	$30.4	48%
2015	7,182	1,613	22%	$12.1	$26.6	$2.8	$9.0	$141.2	$339.4	$21.0	$48.1	$74.3	$39.3	53%
2016	6,296	1,559	25%	$13.0	$26.6	$3.4	$9.1	$141.7	$313.6	$21.6	$41.2	$70.7	$37.2	53%
2017	6,750	1,667	25%	$13.4	$25.9	$4.0	$10.0	$121.3	$210.9	$22.9	$41.0	$77.2	$38.8	50%
2018	7,333	1,846	25%	$21.1	$42.2	$4.9	$11.0	$215.8	$412.6	$29.5	$54.9	$130.1	$71.4	55%
2019	7,427	1,776	24%	$20.4	$36.2	$5.3	$13.7	$221.5	$319.8	$33.3	$70.0	$121.2	$57.1	47%

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Growth Equity

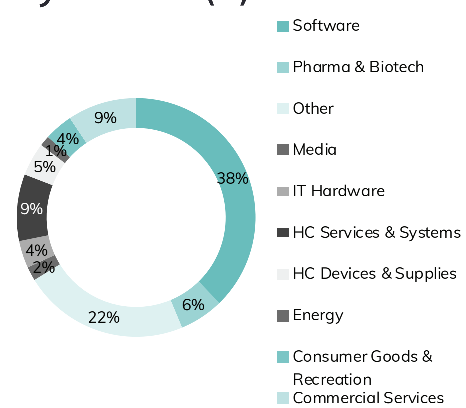
Growth equity* sits at the later end of the venture capital spectrum, filling a gap for mature companies that do not have a need for early-stage venture capital nor would a buyout by a private equity firm make sense for their growth. Growth equity can also meet capital needs for larger later-stage companies staying private longer than historically was the case. Many growth equity deals are also included in the venture capital statistics in the Yearbook; however, others are classified as growth/expansion and are not included.

NVCA defines most growth equity investments as having the following key characteristics: 1) company has a proven business model (established product and/or technology and existing customers); 2) company's revenues are growing rapidly; 3) company is often cashflow positive, profitable or approaching profitability; 4) company is often founder-owned and / or managed; 5) investor is agnostic about control and purchases minority ownership positions more often than not; 6) industry investment mix is similar to that of earlier-stage venture capital investors; 7) capital is used for company needs or shareholder liquidity; 8) additional financing rounds are not usually expected until exit; 9) investments are often unlevered or use light leverage at purchase; and 10) investment returns are primarily a function of growth, not leverage, with a lower expected loss ratio than venture capital portfolios. Additional details on the criteria used to identify growth equity investments from the PitchBook Platform are available on page 60.

Momentum for growth equity investment continued in 2019 and grew rapidly over the decade. Investors deployed $66 billion across 1,217 growth equity investments last year, a slight year-over-year decline in capital invested but on par with deal count in 2018. Growth equity has evolved into its own sub-asset class since 2010, when investors deployed $19.5 billion across 551 deals.

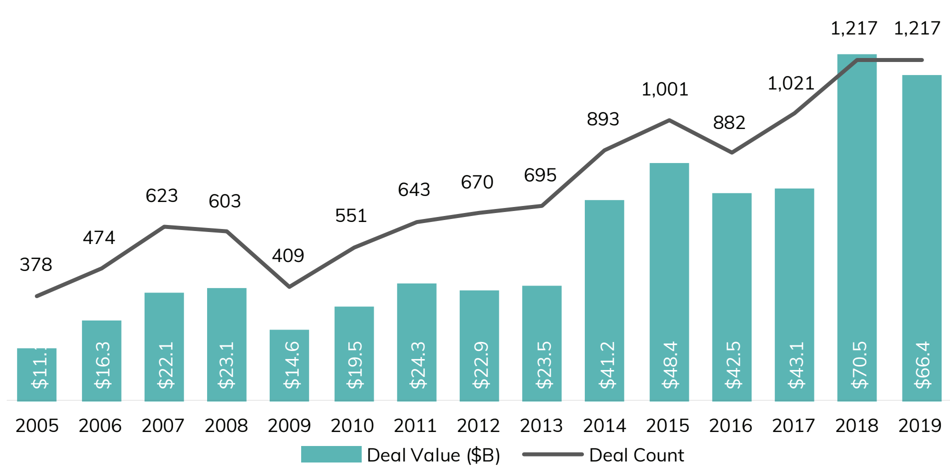
**Growth equity is not included as a subset of overall VC data in this publication, but is rather its own unique dataset. More details on the methodology are on page 60.*

US Growth Equity Investments in 2019 by Sector (#)



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US Growth Equity Deal Flow by Year

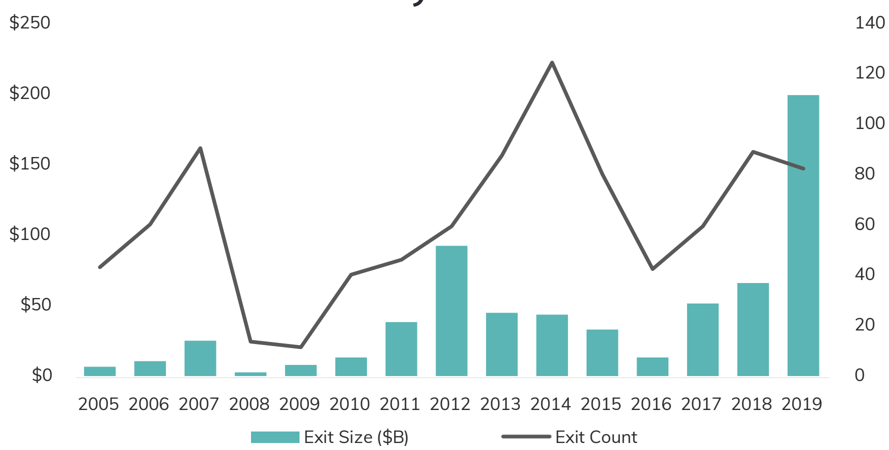


Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Exit Landscape: Venture-backed IPOs & M&As

The exit environment drives the true measure of success for venture-backed companies. 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 entities (via an acquisition, merger, or trade sale) or to a financial buyer (e.g., a private equity buyer). This exit in the company allows the venture firm to distribute the proceeds to investors, raise a new fund for future investment, and

US VC-backed IPOs by Year



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US IPOs by Year

	# of All IPOs	# of VC Backed IPOs
2007	385	90
2008	193	13
2009	134	11
2010	218	40
2011	214	46
2012	244	59
2013	362	87
2014	392	124
2015	286	80
2016	194	42
2017	246	59
2018	240	89
2019	192	82

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

Top 10 US VC-backed IPOs in 2019

Company Name	Exit size ($M)	Industry Sector	State
Uber	$67,613.5	B2C	California
Slack (US)	$23,250.0	Information Technology	California
Lyft	$21,660.0	B2C	California
Zoom Video Communications	$8,873.2	Information Technology	California
Pinterest	$8,632.5	Information Technology	California
Datadog	$7,177.5	Information Technology	New York
Peloton	$6,942.3	B2C	New York
CrowdStrike	$6,075.4	Information Technology	California
Cloudflare	$3,875.2	Information Technology	California
10x Genomics	$3,270.1	Healthcare	California

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

invest in the next generation of companies. This section collectively refers to any type of sale to a corporate entity or to a financial buyer as a merger and acquisition (M&A). IPO trends are analyzed separately.

Venture-backed exit activity was the big story for VC in 2019, a record year for exit value following a buildup of large, late-stage companies in the private markets. The 82 venture-backed IPOs representing $199 billion in exit value in 2019 marked the highest annual exit value on record. Together, these 82 IPOs had a post-money valuation of $223 billion, stemming from just $35 billion invested prior to IPO. The median size of IPOs in 2019 reached $369 million and median IPO post-money valuation reached $462 million, both metrics breaking the 15-year high reached in 2018. Companies that went public in 2018 had the lowest median age from first VC funding

Ratio of IPO Pre-Valuation to Total VC Invested

	Post Value ($B)	Capital Raised ($B)	IPO Pre Value ($B)	Total VC Raised to Date ($B)	Ratio
2007	$33.2	$24.5	$24.5	$5.00	4.9
2008	$2.8	$2.3	$2.3	$0.40	5.6
2009	$9.6	$7.8	$7.8	$0.80	9.9
2010	$15.3	$12.1	$12.1	$4.64	2.6
2011	$43.3	$37.8	$37.8	$6.52	5.8
2012	$112.7	$91.2	$91.2	$7.62	12.0
2013	$52.5	$43.7	$43.7	$10.24	4.3
2014	$52.4	$42.7	$42.7	$11.10	3.9
2015	$39.0	$31.9	$31.9	$8.92	3.6
2016	$15.7	$12.4	$12.4	$4.87	2.5
2017	$59.7	$51.3	$51.3	$9.57	5.4
2018	$77.4	$65.3	$65.3	$15.83	4.1
2019	$223.5	$199.3	$199.3	$35.15	5.7

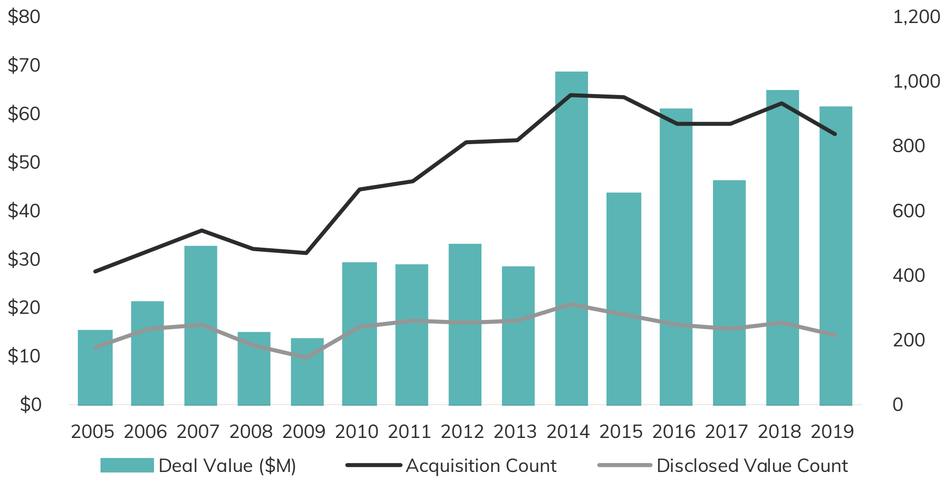
Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC-backed IPO Value and Age Characteristics

	# of IPOs	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Post Value ($M)	Median Post Value ($M)	Average Post Value ($M)	Median Time from 1st VC to Exit	Average Time from 1st VC to Exit
2007	90	$24,510.0	$248.8	$310.3	$33,169.0	$330.2	$409.5	5.2	5.7
2008	13	$2,254.1	$143.6	$281.8	$2,849.1	$212.2	$356.1	4.9	4.8
2009	11	$7,838.8	$317.1	$783.9	$9,624.2	$387.1	$962.4	7.3	7.5
2010	40	$12,133.2	$203.2	$303.3	$15,332.5	$278.7	$383.3	6.7	7.2
2011	46	$37,787.9	$331.2	$944.7	$43,333.4	$423.6	$1,083.3	5.7	6.6
2012	59	$91,249.3	$303.3	$1,862.2	$112,655.8	$356.6	$2,086.2	7.1	7.7
2013	87	$43,663.5	$240.1	$567.1	$52,500.9	$328.5	$648.2	6.7	7.2
2014	124	$42,732.7	$186.3	$359.1	$52,409.7	$250.4	$440.4	7.1	7.3
2015	80	$31,854.6	$220.6	$430.5	$38,989.5	$297.0	$526.9	6.5	6.0
2016	42	$12,363.6	$178.3	$325.4	$15,681.6	$239.3	$382.5	7.8	7.3
2017	59	$51,289.5	$306.2	$899.8	$59,683.2	$411.2	$1,047.1	7.1	6.9
2018	89	$65,280.1	$344.3	$759.1	$77,392.4	$448.8	$899.9	4.7	6.6
2019	82	$199,253.9	$369.5	$2,459.9	$223,469.4	$462.3	$2,758.9	6.9	6.9

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US Venture-backed M&A Activity



Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC-backed M&A Value and Age Characteristics

	# of Acquisitions	# with Disclosed Values	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Median Time from 1st VC to Exit	Average Time from 1st VC to Exit
2007	537	250	$32,602.9	$47.5	$130.4	4.7	4.9
2008	480	183	$15,183.5	$34.2	$83.0	4.7	4.9
2009	469	148	$13,697.0	$22.4	$92.5	4.4	4.9
2010	667	239	$29,262.8	$40.0	$122.4	4.4	5.0
2011	693	262	$28,886.7	$42.2	$110.3	4.2	4.9
2012	809	253	$33,129.2	$41.2	$130.9	4.5	5.1
2013	819	260	$28,659.2	$36.0	$110.2	3.8	4.9
2014	957	314	$68,820.5	$50.0	$219.2	4.5	5.3
2015	950	278	$43,699.7	$45.5	$157.2	4.3	5.5
2016	866	249	$60,916.8	$78.0	$244.6	4.5	5.7
2017	870	233	$46,505.6	$70.0	$199.6	5.2	6.2
2018	933	256	$65,062.8	$98.3	$254.2	5.2	6.1
2019	836	219	$61,378.6	$100.0	$280.3	5.5	6.3

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

to IPO (4.8 years), but the median age of companies going public in 2019 increased to 6.9 years.

The slate of 2019 IPOs included several household names—B2C companies Uber, Lyft, and Peloton were three of the 10 largest IPOs of the year. Software companies Slack and Zoom Video Communications ranked second and fourth, respectively, of 2019's largest IPOs. One life sciences company—biotech company 10x Genomics—cracked the top 10 ranking. Geographically, companies based in California comprised the five largest IPOs of the year.

Venture-backed companies accounted for 43% of all US IPOs in 2019, surpassing the 15-year high set in 2018. Even with a big year for venture-backed IPOs, M&As continued to account for the majority of exits, comprising an average of 92% of annual venture-backed exits from 2004-2019.

M&A activity remained strong in the second half of the decade, with six straight years of $40 billion+ in disclosed exit value. In 2019, 836 M&As (219 with disclosed values) represented a total of $61.4 billion in disclosed exit value, a 6% decrease year-over-year.

After peaking in 2014, M&A exit count dropped off. However, this diminished volume posted in 2019 at higher valuations—the median and average deal values reached $100 million and $280 million, respectively, both 16-year highs. The age of companies that were acquired or merged continued to increase, with a median age from first venture funding to exit of 5.5 years.

M&A activity for software companies cooled in 2019 after a record year in 2018. Last year, the software sector accounted for 45% of disclosed M&As by value. SAP's $8 billion acquisition of Utah-based survey platform provider Qualtrics was the largest of the year. Four healthcare companies ranked in the top 10 largest M&A events, led by Johnson & Johnson's $5.75 billion acquisition of robotic micro-surgical device developer Auris. Three companies in the top 10 were headquartered outside California, Massachusetts, or New York.

Unicorns were a key driver of 2019's robust exit activity—36 companies, many of them unicorns, held $1 billion+ exits in 2019 for an aggregate exit value of $208 billion, both metrics representing record highs. These companies matured and graduated to their next stage of growth, while generating record value for public and private market investors. However, some IPOs of 2019 found their performance and valuations on shaky ground after floating. Against a backdrop of concerns around corporate governance and profitability, stock prices for some notable companies dropped. These trends will certainly be top of mind for venture-backed companies waiting in the wings to follow the IPO path in 2020.

Top 10 US VC-backed M&A in 2019

Company Name	Deal Size ($M)	Industry Sector	State
Qualtrics	$8,000.0	Information Technology	Utah
Auris	$5,750.0	Healthcare	California
Honey Science	$4,000.0	Consumer Products and Services (B2C)	California
IFM Tre	$1,575.0	Healthcare	Massachusetts
ConnectWise	$1,500.0	Information Technology	Florida
Cylance	$1,400.0	Information Technology	California
Promedior	$1,390.0	Healthcare	Massachusetts
Peloton Therapeutics	$1,050.0	Healthcare	Texas
SignalFx	$1,050.0	Information Technology	California
Acquia	$1,000.0	Information Technology	Massachusetts

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC-backed IPO Post-Valuation by Range (Company Count)

	>$10B	$1B-$10B	$500M-$1B	$100M-$500M	<$100M
2007	-	5	14	55	16
2008	-	1	-	5	7
2009	-	2	2	6	1
2010	-	3	5	27	5
2011	1	7	9	19	10
2012	1	7	11	32	8
2013	1	9	12	48	17
2014	-	10	18	73	23
2015	-	9	13	36	22
2016	-	3	8	21	10
2017	1	13	10	26	9
2018	-	22	16	43	8
2019	4	23	12	39	4

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

US VC-backed M&A by Range (Company Count)

	>$1B	$500M-$1B	$100M-$500M	<$100M
2007	1	9	68	459
2008	1	4	34	441
2009	1	5	29	434
2010	1	12	58	596
2011	3	5	62	623
2012	4	9	67	729
2013	4	6	65	744
2014	9	18	89	841
2015	8	9	80	853
2016	8	18	84	756
2017	8	17	70	775
2018	10	13	89	821
2019	9	14	79	734

Source: NVCA 2020 Yearbook, Data Provided by PitchBook

NVCA Decade in Review

2010

Dodd-Frank: NVCA secured an exemption for venture capital funds from a requirement contained in Dodd-Frank that private funds become registered investment advisors (RIAs). While the final definition of a "venture capital fund" at the SEC limited the scope of the relief in the industry (an issue we are actively tackling today), most firms have been able to hold down annual compliance costs by staying within the confines of the definition. A recent survey found that median annual compliance costs jump by about 8x for firms that have to become RIAs.

2012

JOBS Act: NVCA supported and helped create the Jumpstart Our Business Startups (JOBS) Act, which passed Congress and was signed into law by President Obama. The JOBS Act substantially changed a number of laws and regulations, making it easier for emerging growth companies to enter the public markets. Importantly, the bill created the category of emerging growth company (EGC), which allows companies under $1 billion in annual revenue and who are either public for less than five years or privately held, a scaled regulatory and disclosure regime. Today, 90% of companies that go public utilize the benefits of EGC status.

2013

Startup Visa: NVCA's proposed "Startup Visa" was included in the bipartisan Comprehensive Immigration Reform bill passed by the Senate. The Startup Visa would be a separate visa category for immigrant entrepreneurs who create a new business, are backed by venture capitalists or other investors, and create American jobs. While the bill failed to pass in the House, NVCA has continued to push to pass a Startup Visa into law.

2014

NVCA Diversity Task Force: NVCA formed the NVCA Diversity Task Force to develop a clear and measurable path to increase opportunities for women and men of diverse backgrounds to thrive in venture capital and entrepreneurship. Through forums, research, and programming, the NVCA Diversity Task Force examined the lack of diversity in the venture capital industry and developed meaningful solutions to build a more inclusive, stronger innovation economy for the 21st century. This initiative would ultimately be expanded and served as the foundation for Venture Forward.

Bill Draper wins the Lifetime Achievement in Venture Capital Award at the first standalone NVCA Leadership Gala in 2017

2016 NVCA-Deloitte Human Capital Survey Infographic

Inaugural PitchBook-NVCA Venture Monitor cover - from Q3 2016

2015

R&D Credit Payroll Tax Offset: One of NVCA's tax priorities is working to make the R&D credit more effective for startups where so much innovation takes place. As part of this effort, the PATH Act included a provision that now allows early-stage companies to use R&D credits to offset up to $250,000 in payroll taxes. The company must have had sales of less than $5 million annually and have been considered an active business for no more than five years.

Qualified Small Business Stock (QSBS) Rules: Another provision important to NVCA in the PATH Act contained several improvements to QSBS that make the provision workable for investors were made permanent as part of this bill. These improvements exempt QSBS gains from the Alternative Minimum Tax (AMT) and allow for a full 100% (up from 50%) exclusion from capital gains taxes for QSBS gains up to either $10 million in gain or 10x the basis. Without these provisions, QSBS would be at best marginally effective.

Protecting Access to the Patent System for Startups: NVCA successfully fought back against efforts to shift access to the patent system away from startups. NVCA engaged to raise concerns about a bill that would have made fundamental changes to the patent litigation system, which would have increased the cost and risk of almost all patents suits. While NVCA has long advocated for reforms to the patent system to crack down on non-practicing entities (NPEs) and abusive patent litigation practices, the American Innovation Act would have made it harder for startups to litigate patent cases against either larger incumbents or patent trolls. Perhaps most concerning was inclusion of a provision that would have allowed certain prevailing defendants to pierce the corporate veil and hold investors responsible for legal fees incurred by a losing entity that could not afford the prevailing party's legal fees. NVCA successfully worked to defeat this bill and continues to advocate for ways to protect startups from abusive patent litigation practices while defending their access to the courthouse in times of need.

Protecting Limited Partners from Tax Liabilities: NVCA successfully convinced lawmakers to drop a provision that would have imposed joint and several liability on all partners, general and limited, for any tax underpayments by a partnership. In their effort to create a new audit regime for all partnerships, Congress proposed providing the IRS sweeping punitive tools to collect taxes from partnerships, including the ability to force the responsibilities for underpaid taxes onto anyone in the partnership. NVCA successfully fought to remove this extreme provision and mitigate the impact of the new partnership audit regime passed that year.

2016

NVCA-Deloitte Human Capital Survey: Partnering with Deloitte, NVCA released the first ever NVCA-Deloitte Human Capital Survey, which captures critical data on the workforce at venture capital firms, develops a baseline understanding of demographics within the VC industry, and uncovers the current state of diversity and inclusion (D&I) across the industry. The survey is intended to be an educational resource for venture capital firms to understand how to expand the diversity of their teams and portfolio companies.

Partnership with PitchBook: After an exhaustive review process to identify a new data provider, NVCA selected PitchBook as the official data provider of NVCA. The partnership with PitchBook serves as the cornerstone of our continued efforts to be the definitive source of venture capital activity across the US. Through the partnership, NVCA and PitchBook jointly produce the *PitchBook-NVCA Venture Monitor*, which serves as the authoritative quarterly report on venture capital activity in the entrepreneurial ecosystem. NVCA members also receive certain discounts and special access to the PitchBook platform.

SEC Office of Small Business Advocate: NVCA successfully fought for legislation that created an Office of the Small Business Advocate at the Securities and Exchange Commission (SEC). This office serves as a counterbalance to the Office of the Investor Advocate and is a voice for small businesses, startups and their investors in SEC matters.

2017

Tax Reform Efforts: NVCA worked hard to protect the VC and startup ecosystem in the Tax Cuts and Jobs Act, which passed at the end of 2017. NVCA successfully fought to remove provisions to tax stock options at vesting rather than exercise, an existential fight for the entrepreneurial business model. NVCA worked against a tax on graduate student tuition waivers, among a number of other issues. NVCA also fought to preserve capital gains treatment of carried interest in the face of significant political headwinds. NVCA also protected Qualified Small Business Stock rules and the payroll tax offset for the R&D credit.

NVCA Leadership Gala: NVCA held the first annual NVCA Leadership Gala as a standalone event, where leaders of the venture capital industry were honored for their significant contributions to advance innovation, strengthen the industry, and promote US entrepreneurship. NVCA recognized the recipients of the Lifetime Achievement in Venture Capital Award, Outstanding Service Award, and American Spirit Award, and announced the winners of three new awards, the Rising Star Award, Excellence in Healthcare Innovation Award, and Venture Firm of the Year Award.

International Entrepreneur Rule Lawsuit: NVCA filed a lawsuit in federal court challenging the Department of Homeland Security's (DHS) delay of the International Entrepreneur Rule (IER). Finalized by the Obama Administration, the rule would have allowed talented foreign-born entrepreneurs to travel to or stay in the United States to grow their companies for two and a half years with the possible extension of another two and a half years. NVCA was ultimately successful in its lawsuit, although to date DHS has refused to use IER to facilitate immigrant entrepreneurship. NVCA continues to advocate that the Trump Administration use this important tool.

New West Coast Office: NVCA established its San Francisco office to foster deeper engagement with VCs and portfolio companies, to better serve as the bridge between our community and policymakers in Washington.

2018

Stanford/NVCA Venture Capital Symposium: The first annual Stanford/NVCA Venture Capital Symposium was held on Stanford's campus. The VC Symposium is the premier governance program for members of the venture capital community. Investors, startup executives, and directors of venture-backed companies gain the skills needed to respond effectively to real-world governance challenges that commonly arise at VC firms and their portfolio companies.

Foreign Investment (CFIUS/FIRRMA): NVCA led efforts to ensure the Foreign Investment Risk Review Modernization Act (FIRRMA), which gave significant new powers to CFIUS, protected passive foreign investment into venture funds. NVCA secured key changes in the legislative process that prevented many venture firms from needing to file with CFIUS ahead of investments in US companies. NVCA held the first Emerging Technology Meets National Security conference to bring together national security policymakers, VCs, and entrepreneurs to discuss foreign investment scrutiny and government interest in next-generation technology.

California Carried Interest Surtax: After a bill passed out of the California Revenue and Taxation Committee that would have imposed a 17% surtax on carried interest, NVCA engaged at the state level and successfully kept this bill off of the floor of the Assembly, saving the state from an unintentional but destructive policy. Since then, NVCA has continued to develop its CA-state level advocacy capacity.

Blockchain Working Group: In response to the growth of venture capital funding of blockchain technology, NVCA created a working group to organize those interested in the technology to build a foundation for venture capital's participation. Efforts include providing a unified voice in the public policy debate, creating a forum for convening, and developing best practices and learning through shared experience.

2019

VC University: Launched by NVCA and Startup@BerkeleyLaw at the University of California, Berkeley, School of Law, VC University democratizes access to education on venture capital for entrepreneurs, investors, attorneys, or anyone else interested in emerging company finance across the country. VC University has two components: 1) an online certificate program; and 2) in-person events with local university partners in emerging ecosystems in the US – VC University LIVE. VC University ONLINE had two cohorts of 100 participants each in 2019. VC University LIVE hosted approximately 60 individuals each in Ann Arbor, Michigan with the University of Michigan, and in New Orleans with Tulane University.

Second Edition of NVCA-Deloitte Human Capital Survey released: NVCA launched the second edition of the NVCA-Deloitte Human Capital Survey, which found that VC firms are beginning to make some important—albeit small—gains in implementing strategies to attract and retain top diverse talent.

Foreign Investment (CFIUS/FIRRMA): NVCA helped the venture industry navigate the CFIUS Pilot Program that put many of FIRRMA's authorities in place. NVCA engaged deeply with the Treasury Department and other CFIUS agencies as the final rules implementing FIRRMA were put in place. Ultimately, NVCA gained several wins for the industry that will allow venture investors to navigate CFIUS more easily in years to come.

NVCA Oral History Collection unveiled at Computer History Museum: NVCA and The Exponential Center at the Computer History Museum announced a new partnership to preserve and make freely accessible the NVCA Oral History Collection, a rich set of transcripts of 17 venture industry luminaries that have been compiled over the past fifteen years by NVCA.

2019 Leadership Gala Awards: ARCH Venture Partners won Firm of the Year award, John Doerr (Kleiner Perkins) won the Lifetime Achievement Award, Scott Sandell (NEA) won the Outstanding Service Award, All Raise won the American Spirit Award, Mia Hegazy (Catalyst Investors) won the Rising Star Award, and Bryan Roberts (Venrock) won the Excellence in Healthcare Innovation award.

LP Office Hours: In the second year of this program, NVCA convened 60 emerging VC fund managers from historically underrepresented groups in Washington, DC and Los Angeles to learn fundraising best practices and how to manage the GP-LP relationship with one-on-one meetings with 20 LPs and 8 experienced VCs.

2019 VCs-to-DC Populism Panel

Senator Kyrsten Sinema speaks at NVCA's VCs-to-DC 2019

All Raise receives the America Spirit Award at NVCA's 2019 Leadership Gala

In 2020, we continue to empower the next generation of great American companies.

Here's How:

NVCA is here to serve our members, and we are proud to represent an industry that is furthering solutions to meet today's greatest challenges and advance the possibilities of tomorrow. We are looking forward to the year ahead as we advocate on behalf of venture capital and the entrepreneurial ecosystem. From new foreign investment restrictions, to expansive new tax policy proposals, to immigration policy, it is sure to be a year full of robust challenges and opportunities. Below is a just a snapshot of what we are expecting to tackle in 2020. For more information on policy, please visit nvca.org.

2020 Election

The election and the policies that emerge will have a significant impact on VC and startups. As we progress into 2020, we are working hard to position the industry for success no matter who wins the White House, and we will keep you informed on important developments coming from Washington and the campaign trail.

Foreign Investment and VC

The Treasury Department recently released the long-awaited final rules implementing the Foreign Investment Risk Review Modernization Act (FIRRMA), and they are in effect as of February 13, 2020. VCs and entrepreneurs can continue to count on NVCA to be their voice in Washington on this policy issue for many years to come.

Volcker Rule

The Federal Reserve took the initial steps to update the Volcker Rule and once again allow banks to invest into venture capital funds. This has been an issue we have worked on for several years, so we're thrilled to see this first step. NVCA will use this opportunity to further engage with the agencies to express our support for the proposed reforms, provide input on the direct questions asked, and urge swift action to finalize the rules and provide regulatory relief for VC funds.

2020 NVCA Public Policy Initiatives

NVCA is engaged with policymakers and regulators to ensure the voice of VCs and startups is heard in Washington. Below are key policy initiatives for NVCA in 2020 and a brief overview of the current state-of-play.

Vigilance on Modernization of Foreign Investment Laws

Venture capital funds with foreign limited partners, foreign co-investors, and startups considering taking foreign investment have been impacted by a recent law that expands the mandate of the Committee on Foreign Investment in the US (CFIUS). This issue remains a high priority in 2020 as the Treasury and Commerce departments implement the new law through the rulemaking process. These rulemakings are especially significant because the universe of VC-backed companies impacted may continue to expand due to the 'emerging technologies' rulemaking.

Supporting Tax Policy That Encourages New Company Formation

NVCA supports tax policy that encourages patient, long-term investment and new company formation. In 2020, we are advocating for a pro-entrepreneurship tax agenda with proposals such as increasing the value of the R&D credit to startups, simplifying QSBS rules, and creating a safe harbor for startups from Section 382 loss limitation rules. We will continue working to ensure that the new tax law is implemented in a way that supports startups and entrepreneurship, as well as advocating against any proposals to tax unrealized gains or increase taxes on carried interest capital gains.

Encouraging Talented Immigrants to Found and Build Startups

Immigrant entrepreneurs have made incredible contributions to the US economy, with one-third of US venture-backed companies that went public between 2006 and 2012 having at least one immigrant founder. But their true potential has not been realized because of the lack of a reliable immigration category. NVCA continues to be the leading advocate for policies that will allow immigrant entrepreneurs to build startups in the US and create American jobs, particularly through a 'startup visa' that allows the world's top entrepreneurs to launch new enterprises in the US, and under the International Entrepreneur Rule that was the subject of a successful lawsuit NVCA filed against the federal government.

Regulatory Reforms for a Healthier Entrepreneurial Ecosystem

NVCA advocates for regulatory reforms that will lead to a healthier entrepreneurial ecosystem. Current priorities include modifying the definition of "venture capital fund" at the Securities and Exchange Commission for purposes of determining fund registration. Our proposal includes making the following investments qualifying: secondary investments in emerging-growth companies, fund-of-funds investments in other VC funds, and cryptocurrency investments. NVCA also advocates for reforms to the Volcker Rule to allow bank investment into venture capital funds, and will continue to engage in the regulators' efforts to finalize these reforms this year.

Reopening the Public Markets to Growth Companies

The US has about half the total number of public companies than it did 20 years ago, in no small part because of a lack of IPOs since 2000. A priority for NVCA is to make the public markets more attractive to venture-backed companies by building off the success of the JOBS Act. Among the proposals NVCA is advocating for include making Emerging Growth Company (EGC) status more attractive, requiring disclosure of short positions, and encouraging small cap liquidity and research. Reforms which encourage a more robust IPO environment will create economic growth by providing opportunities for startups and small cap companies to grow as public companies.

Technology Policy for Startups

NVCA supports policies that spur technology startup activity, including easing regulatory burdens, reforming government procurement laws, and freeing additional spectrum for innovative products. In 2020, NVCA will engage on privacy policy to ensure that legislation and regulation in this space does not harm young, high-growth companies as policymakers work to address harms by large companies.

Medical Innovation

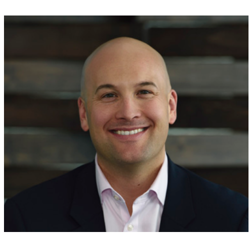
Venture is partnering with startups to discover groundbreaking treatments and cures for the most deadly and costly diseases. NVCA supports policies that streamline the regulatory approval process at the FDA—particularly for novel technologies—as well as the reimbursement process at the Centers for Medicare and Medicaid. Steady funding and process improvements at these agencies are critical to encouraging investors to take the long-term risk of pursuing new medical innovations that will save and improve patients' lives. NVCA will also continue to ensure venture's voice is heard as policymakers work to reduce the price of prescription drugs. Making drugs affordable for all Americans is important, but reforms should be sensitive to the current policy balance in the US that has made our country the world leader in life-saving drug development.

Protecting Patents for Startups

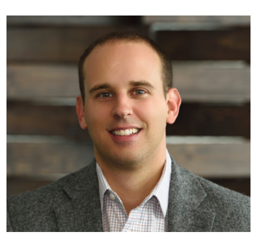
NVCA advocates for ways to address abusive patent litigation, while preserving access to the patent system for startups. Startups are often victimized by 'patent trolls,' but efforts in recent years to crack down on these entities would have had their most severe impact on venture-backed startups. NVCA believes abusive patent litigation practices must be solved so as not to deter investment in patent-reliant startups, but we must be mindful not to create unintended consequences that would reduce the value of patents to startups and pose a threat to the entrepreneurial ecosystem.

Basic Research and Technology Transfer

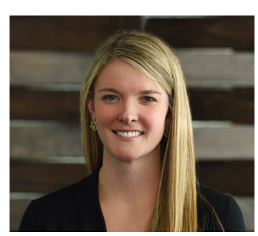
A foundation to ensuring a robust entrepreneurial ecosystem is a strong federal commitment to basic research investment and a system to effectively commercialize innovations. NVCA supports a return to our historical leadership position of federally funded basic research activity by committing to a sustained annual growth in funding of at least 4%. In addition, we can make more efficient use of today's basic research dollars by encouraging support for key federal commercialization programs such as SBIR, STTR, and I- Corps.



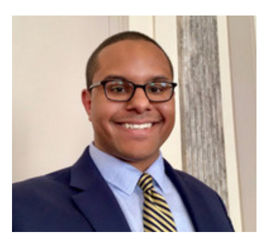
Jeff Farrah
General Counsel
jfarrah@nvca.org



Justin Field
Senior Vice President of Government Affairs
jfield@nvca.org



Charlotte Savercool
Director of Government Affairs
csavercool@nvca.org



Jonas Murphy
Manager of Government Affairs
jmurphy@nvca.org

NVCA Member Community

Diverse, Engaged, Committed

Join NVCA's dynamic member network with representation from 30+ states and micro VCs to mega funds

NVCA empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the US venture capital and startup community, NVCA advocates for public policies that support the American entrepreneurial ecosystem. NVCA also fosters the success of the venture community through best in class VC data resources, practical education, peer-led initiatives, and unparalleled networking opportunities.

All VCs, corporations, and individuals actively investing risk equity capital in the US are invited to become NVCA members.

See a full list of NVCA members here.

How does NVCA help you succeed?

Policy & Advocacy

Education & Advancememt

Community & Convening

Research & Data

Who are NVCA members?

VC partnerships

Corporate venture groups

Seed/Micro VCs

Growth equity firms

University accelerators & innovation funds

Member testimonials

"Being a part of the NVCA community has provided access to valuable and impactful resources including a broader network, education, and industry best practices. Through our connection with NVCA, we have benefited from their expertise, allowing us to become more equipped to navigate the venture landscape."

– Kartik Gupta, Salesforce Ventures

"NVCA plays an important national role in highlighting venture capital as one of the primary growth engines for the U.S. economy. These efforts ensure fair regulatory treatment of startups and VCs, and we are grateful for them."

– Guy Turner, Hyde Park Ventures

Key Programs and Initiatives

- NVCA/Stanford Venture Capital Symposium – Premier governance program for members of the venture capital community to gain the skills needed to respond effectively to real-world governance challenges that commonly arise at VC firms and their portfolio companies.
- CFO Task Force – VC CFOs and senior operators engage in virtual and in-person meetings to discuss shared challenges and best practices in accounting, back office operations, and financial reporting. CPE credit available.
- Strategic Communications Group – 100+ communications, marketing, and IR executives who collaborate on digital strategy, media engagement, and firm brand building, among other topics.
- Corporate Venture Network – Community for learning and dialogue on issues of interest to corporate venture investors. Participants benefit from peer mentorship, skill-building workshops, and diverse perspectives on corporate innovation.
- Regional Fund Community – Leading regionally focused VCs gather to share experience and guidance with peer GPs from across the country.
- Growth Equity Roundtable – Platform for growth stage investors to exchange ideas and discuss strategy, including events in New York and San Francisco.
- Preferred Provider Program – Access to discounted products and services from key partners serving the venture industry including PitchBook, Carta, Brex, and more.
- Online Webinars – Ongoing opportunities for virtual learning on important industry and technology topics, led by NVCA or trusted subject matter experts.
- Legal Documents – Model documents that aim to reflect, guide, and establish industry standards, including HR practices and policies to promote diversity and inclusion.

Must-Attend Events

- Leadership Gala, San Francisco – Celebratory evening honoring achievement in the VC industry.
- CFO/Operations Conference – Program dedicated to CFOs and senior operations executives at VC firms. Content includes accounting best practices, leadership development, and relevant public policy topics.
- Strategic Communications Summit – Annual private forum for communications and marketing professionals to share best practices and discuss common challenges with peers and press.

See all NVCA events here.

How to become a member

Visit nvca.org to apply online.

Stephanie Volk
Vice President of Development
svolk@nvca.org

What's new in 2020

- Politics & Priorities – Industry gathering for the definitive update on how the election and presidential policy will affect the entrepreneurial ecosystem.
- New Dues Schedule – Modernized fee structure right-sized for 2020 and beyond, reducing cost barriers for small funds to become members.
- VCs-to-DC Lobby Series – Members visit DC to meet with lawmakers and government officials on key policy impacting VCs and startups.
- VC StratComm Live – Events in Boston and NYC for marketing and communications leaders.

Questions? Contact membership@nvca.org

Hannah Munizza
Senior Director of Development
hmunizza@nvca.org

Glossary

The following definitions are graciously provided by the Center for Private Equity and Venture Capital at the Tuck School of Business at Dartmouth. Used by permission. NVCA and PitchBook are grateful to the Center for its support.

"A" round ("Series A") – formerly the first "institutional" capital raised by a company, the "A" round is now typically the second institutional round of financing for a young company where venture capitalists are sufficiently interested in a company to invest a larger amount of capital after the "Seed" round to fund the company to the next stage of its development. Subsequent rounds of financing are called "B", "C", "D", etc.

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 (excluding the value of a primary residence) 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. See Rule 501 of Regulation D of the SEC for current details.

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 who invests in companies in relatively early stages of development.

Angel Groups – groups of individual angels who invest together, individually or through a pooled vehicle, enabling them to share deal flow with each other.

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 that 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 ("Series B") – a financing event whereby investors such as venture capitalists and organized angel groups that are sufficiently interested in a company 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, "bips").

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&P 500 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.

Blockchain – a distributed ledger that uses advanced cryptography to create a "chain" of "blocks" of information that are unalterable and verifiable. Useful for recording any number of transactions or sets of data in a verifiable way that is extremely difficult to modify.

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 typically 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 uses available cash to cover expenses in excess of revenue. 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 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 using substantial debt (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 standalone 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 previously committed 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 (or cap 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 often 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/Assets under management – A frequently used metric for sizing total funds managed by a venture capital or private equity 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 capital gains – 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.

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 outside 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 2x 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. Control can also be granted through special voting rights and protective provisions in a company's organizing documents.

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 1800s.

Convertible debt – a loan that 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 preferred shares 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 (WACC).

Cost of revenue – the expenses generated by the core operations delivering the product or services 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.

Cryptocurrency – a natively digital currency using encryption techniques to regulate the creation of units of currency and verify transfer of funds. Usually created and managed independently of a central bank.

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 (for example to investors in follow on rounds, , employees by increasing the stock option pool, debt providers in the form or warrants, etc.).

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.

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 or investment 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.

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 whereby 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.

Earnout – 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 (relever 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 before they are offered to outside buyers

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. Friends and family financings may also include individual angel investors known to or introduced to the founders. Friends and family financing rounds are typically structured as notes convertible into a Seed or Series A round of financing. 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 to protect earlier investors from dilution when a new round is raised at a lower price. In the case of a full ratchet for a Series A followed by a Series B at a lower price per share, additional shares would be issued to the Series A preferred investors so that their resulting cost per share is equal to the price per share paid by the Series B preferred investors. Often 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 Narrow-based 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, both preferred and common, issued by the company on the assumption that all warrants and options are exercised.

Fund-of-funds – a fund created to invest in other funds (e.g. VC funds, PE funds, etc.). Typically, individual investors and relatively small institutional investors participate in a fund-of-funds to minimize their portfolio management efforts and leverage the size and scale of the fund-of-funds.

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 alongside 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.

Growth stage – the stage 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 (HSR) 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 to allow the agencies to assess whether there will be any anti-competitive implications as a result of 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 back office resources.

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

Initial Coin Offering (ICO) – An offering of units of a new cryptocurrency or crypto-token, usually in exchange for existing cryptocurrencies like Bitcoin or Ether, as a presale against a future blockchain project, i.e., the new coins or tokens sold will be the "currency" for transactions in a new or future blockchain project.

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 include 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 service 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.

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 outside 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 capex), and senior debt/EBITDA.

L.I.B.O.R. or LIBOR – 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 before other more junior forms of equity share in the liquidation proceeds.

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, in the case of an IPO or cash-based M&A transaction, or shares of an acquiring company.

Lock-up agreement – investors, management and employees often agree not to sell their shares for a specific time period after an IPO, usually six 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. or LIBOR) – 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.

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 2x 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 2x its revenues. Before the startup company issues its IPO, it will likely be valued at less than 2x revenue because of the lack of liquidity of its shares. See Liquidity discount.

Narrow-based weighted average anti-dilution – a type of anti-dilution mechanism. A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A (by issuing new additional shares) 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 is issued enough preferred stock to replicate 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 empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the US venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem. Serving the venture community as the preeminent trade association, NVCA arms the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking

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 or invest in a company whereby the seller agrees not to market the company to other potential buyers or investors 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.

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.

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 "pre-money" valuation of $2 million.

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

American Investment Council (AIC) – an advocacy, communications and research organization for the private equity industry in the United States. Previously known as Private Equity Growth Capital Council (PEGCC).

Private equity – equity investments in non-public companies, usually defined as being made up of venture capital, growth equity 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").

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.

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.

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 choose to sell.

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 via rollups 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 professional seed funds, angels and angel groups, and friends and family of the founders of a startup in the seed stage of its development.

Seed round ("Series Seed") - a financing event whereby angels, angel groups, professionally managed Seed funds, and early stage venture capital funds become involved in a young start-up company that was previously financed by founders, their friends and family, and individual angel investors in a friends and family financing. Seed rounds can be priced rounds or can be structured as notes convertible into a "Series A" financing round. The Seed round is now typically the first "institutional" financing of a company. The size of Seed rounds in recent years has grown in recent years to resemble what formerly would have been a small "Series A" round.

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 an IPO.

Shareholder agreement – a contract that sets out the basis on which the company will be operated and the shareholders' rights and obligations. It provides rights and privileges to preferred and major shareholders and protections 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 for 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".

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 performed at a struggling company resulting in a substantial increase in a company's revenues, profits and reputation.

Underwater 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.

Venture Monitor – Officially known as the PitchBook-National Venture Capital Association (NVCA) Venture Monitor. Jointly produced by PitchBook and NVCA, it serves as the authoritative quarterly report on venture capital activity in the entrepreneurial ecosystem. The Venture Monitor provides a complete look at venture capital activity, reporting on fundraising, investments, exits and other relevant industry analysis in one comprehensive report each quarter.

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 begins making investments. 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, mergers 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.

Data Methodology

Fundraising

We define VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund is domiciled; if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

Deals

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US.

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US.

Stage Definitions

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, corporate investors and institutions, among others. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US, with any reference to "metro" defined as the metropolitan statistical area (MSA). We include deals that include partial debt and equity.

Angel & seed: We define financings as angel rounds if there are no PE or VC firms involved in the company to date and we cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than $500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

Early-stage: Rounds are generally classified as Series A or B (which we typically aggregate together as early stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Late-stage: Rounds are generally classified as Series C or D or later (which we typically aggregate together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Nontraditional investors: "CVC" includes rounds executed by established CVC arms as well as direct equity investments by corporations into VC-backed companies. "PE" includes VC deals by investors whose primary classification is PE/buyout, growth, mezzanine or other private equity.

Exits

We include the first majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event, or bankruptcies. M&A value is based on reported or disclosed figures, with no estimation used to assess the value of transactions for which the actual deal size is unknown. IPO value is based on the pre-money valuation of the company at its IPO price.

Geographic Definitions

US regions

West Coast:
Alaska, California, Hawaii, Oregon, Washington

Mountain:
Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

Midwest:
Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota

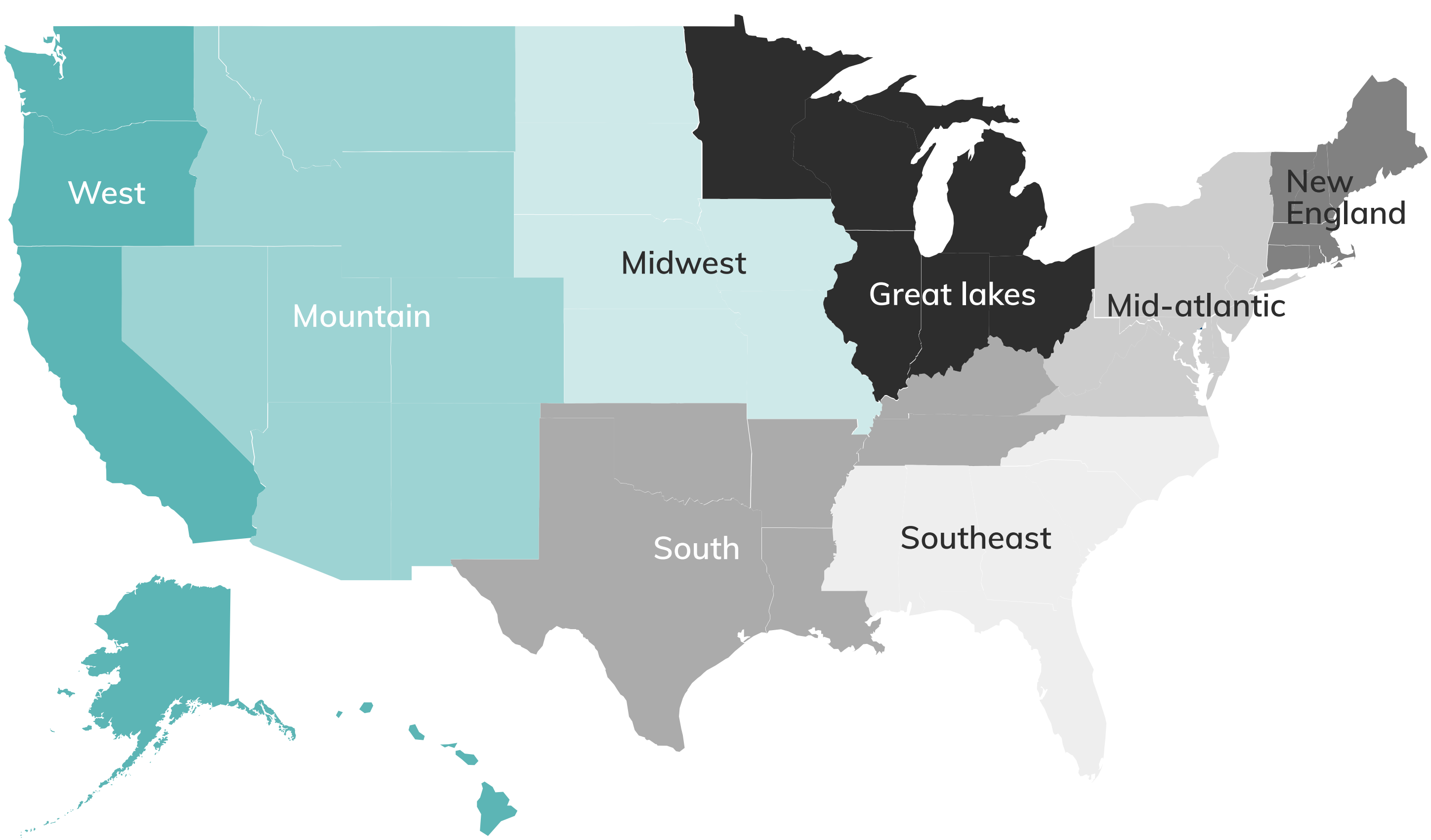
Great Lakes:
Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

New England:
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Mid-Atlantic:
Delaware, D.C., Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia

South:
Arkansas, Kentucky, Louisiana, Oklahoma, Tennessee, Texas

Southeast:
Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina



Industry Code Definitions

Example companies in these definitions do not necessarily mean that those companies are included in the venture dataset included in the Yearbook, but are merely provided for context.

Description	VC Special Industry
Commercial Services	Commercial Services
Apparel and Accessories	Consumer Goods & Recreation
Restaurants, Hotels and Leisure	Consumer Goods & Recreation
Retail	Consumer Goods & Recreation
Energy Equipment	Energy
Exploration, Production and Refining	Energy
Energy Services	Energy
Healthcare Devices and Supplies	HC Devices & Supplies
Healthcare Services	HC Services & Systems
Healthcare Technology Systems	HC Services & Systems
Communications and Networking	IT Hardware
Computer Hardware	IT Hardware
Semiconductors	IT Hardware
Media	Media
Commercial Products	Other
Other Healthcare	Other
IT Services	Other
Other Information Technology	Other
Agriculture	Other
Chemicals and Gases	Other

Description	VC Special Industry
Construction (Non-Wood)	Other
Containers and Packaging	Other
Forestry	Other
Metals, Minerals and Mining	Other
Textiles	Other
Other Materials	Other
Utilities	Other
Other Energy	Other
Capital Markets/Institutions	Other
Commercial Banks	Other
Insurance	Other
Other Financial Services	Other
Services (Non-Financial)	Other
Transportation	Other
Other Consumer Products and Services	Other
Consumer Durables	Other
Consumer Non-Durables	Other
Commercial Transportation	Other
Other Business Products and Services	Other
Pharmaceuticals and Biotechnology	Pharma & Biotech
Software	Software

Note: Life sciences is composed of pharma & biotech and healthcare devices & supplies combined together.

1 Business Products & Services

1.1 Commercial Products

1.1.1 Aerospace and Defense - Manufacturers of equipment, parts or products related to civil or military aerospace and defense. Includes aircraft parts, firearms, and other munitions.

Ex: Boeing, Lockheed Martin, Northrop Grumman

1.1.2 Building Products - Manufacturers and distributors of home improvement and construction products and equipment. Includes drills, saws, windows, doors, and other prefabricated building materials, among others.

Ex: USG, Elk Corporation, Fastenal Company

1.1.3 Distributors/Wholesale - Companies engaged in the sale of bulk goods for resale by a retailer. The goods are sold to industrial, commercial, institutional, or other entities.

Ex: Ferguson Enterprises, W.W. Grainger, Hughes Supply

1.1.4 Electrical Equipment - Manufacturers of electrical equipment and components. Includes a broad range of electrical devices, electrical components, power-generating equipment, and other large electrical systems, among others.

Ex: AO Smith, Exide Technologies, Zoltek Companies

1.1.5 Industrial Supplies and Parts - Manufacturers of intermediate goods. Includes industrial parts and supplies made through injection molding, extrusion, thermoforming, die casting, and metal stamping, among others.

Ex: Advanced Plastics, Precision Urethane and Machine, Lyons Tool and Die

1.1.6 Machinery - Manufacturers of heavy-duty industrial machinery. Includes heavy equipment, hardware, and machine tools, among others.

Ex: Caterpillar, Komatsu, Deere and Company

1.1.7 Other Commercial Products

1.2 Commercial Services

1.2.1 Accounting, Audit and Tax Services - Providers of accounting, audit, and tax services to managers, investors, and tax authorities.

Ex: PricewaterhouseCoopers, Ernst and Young, KPMG, Deloitte

1.2.2 BPO/Outsource Services - Providers of business process outsourcing (BPO) services. BPO is the transmission of processes and operational activities to a third party for the purpose of cost reduction, productivity growth, and innovative capabilities.

Ex: Accenture, Sitel, ARAMARK

1.2.3 Construction and Engineering - Companies engaged in large scale or non-residential construction. Includes building construction, heavy/highway construction, industrial construction, architecture, and civil engineering, among others.

Ex: Turner Construction, Skanska, Tishman Construction

1.2.4 Consulting Services - Providers of specialized consulting services to improve a company's performance. Includes environmental consulting, human resource consulting, management consulting, strategic consulting, and political consulting, among others.

Ex: McKinsey and Company, Boston Consulting Group, Watson Wyatt

1.2.5 Education and Training Services - Providers of specialized education and training services. Includes on-the-job and off-the-job training, among others.

Ex: Apollo Group, Accredited Technical Training, WorldWideLearn

1.2.6 Environmental Services - Providers of environmental services. Includes environmental management, waste management, and pollution control services, among others.

Ex: Environmental Quality Management, Waste Management, Allied Waste Industries

1.2.7 Human Capital Services - Providers of human resource and employment services. Includes recruitment, training, and career development, among others.

Ex: Monster Worldwide, Vault.com, Robert Half Finance and Accounting

1.2.8 Legal Services - Providers of corporate legal services. Includes contract law, tax law, securities law, intellectual property rights, and zoning law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

1.2.9 Logistics - Providers of supply chain management and logistical support. Includes inventory management, purchasing, organizing transportation, and warehousing, among others.

Ex: Penske Logistics, United Parcel Service, Expeditors International

1.2.10 Media and Information Services - Providers of media and information services to businesses. Includes companies engaged in trade shows, marketing, branding, conducting surveys, market analysis, and audience data interpretations, among others. This includes online marketplaces.

Ex: Arbitron, DST Systems, Interactive Data Corporation

1.2.11 Office Services - Providers of administrative, office management, and personnel services.

Ex: Express Personnel Services, IKON Office Solutions, Snelling Personnel Services

1.2.12 Printing Services - Providers of commercial printing services. Includes printing, copying, binding, and document preparation, among others.

Ex: Kinko's, AlphaGraphics, Sir Speedy

1.2.13 Security Services - Provider of residential and commercial security services. Includes security system installation, monitoring, and staffing services, among others.

Ex: Brinks, AlliedBarton Security Services, Protection One

1.2.14 Other Commercial Services

1.3 Transportation

1.3.1 Air - Providers of products or services related to commercial air transportation. Includes couriers, airfreight, and airplane maintenance, among others.

Ex: Delta Cargo, Pilot Freight Services, Lufthansa Cargo

1.3.2 Marine - Providers of products or services related to commercial water transportation. Includes cargo shipping, manufacturers of ships, and ship components, among others.

Ex: Overseas Shipholding Group, DryShips, Seacor Holdings

1.3.3 Rail - Providers of products or services related to commercial rail transportation. Includes freight trains, manufacturers of trains, and train parts, among others.

Ex: Union Pacific, Canadian National Railway, Norfolk Southern

1.3.4 Road - Providers of products or services related to commercial land transportation. Includes freight trucks, manufacturers of commercial trucks, and truck parts, among others.

Ex: J.B. Hunt Transport Services, Landstar System, Con-way

1.3.5 Infrastructure - Providers of products and services for commercial transportation infrastructure. Includes products and services related to airports, train stations, bus terminals, and highway construction, among others.

Ex: Hubbard Construction, Granite Construction, Mosites Construction

1.3.6 Other Transportation

1.4 Other Business Products and Services

1.4.1 Buildings and Property - Owners of buildings and property. Includes office buildings, factories, farmland, and oil fields, among others.

Ex: The Empire State Building, 175 Fifth Avenue

1.4.2 Conglomerates - Companies engaged in multiple and unrelated industrial sectors.

Ex: Berkshire Hathaway, Altria Group, GE

1.4.3 Government - Providers of products and services to government agencies. Includes consulting, information technology services, and military equipment and support, among others.

Ex: Booz Allen Hamilton, Maximus, Skanska

1.4.4 Other Business Products and Services

2 Consumer Products & Services

2.1 Apparel and Accessories

2.1.1 Accessories - Manufacturers or designers of fashion accessories. Includes jewelry, gloves, handbags, hats, belts, scarves, and sunglasses, among others.

Ex: Ray-Ban, Coach, Citizen Watch Company

2.1.2 Clothing - Manufacturers or designers of clothing.

Ex: Ralph Lauren Polo, Hanes, Columbia Sportswear

2.1.3 Footwear - Manufacturers or designers of footwear. Includes athletic shoes, boots, and sandals, among others.

Ex: Crocs, Sketchers, Timberland

2.1.4 Luxury Goods - Manufacturers or designers of luxury goods. Includes high end clothing, accessories, and footwear, among others.

Ex: Gucci Group, Patek Philippe, Tag Heuer International

2.1.5 Other Apparel

2.2 Consumer Durables

2.2.1 Business Equipment and Supplies - Manufacturers of office supplies and equipment. Includes general office supplies, filing products, and paper shredders, among others.

Ex: Pitney Bowes, Steelcase, 3M

2.2.2 Electronics - Manufacturers of consumer electronics. Includes digital cameras, televisions, and handheld devices, among others.

Ex: Samsung, Sony, Panasonic

2.2.3 Home Furnishings - Manufacturers of home furniture and other decorative accessories. Includes couches, lamps, and draperies, among others.

Ex: Ethan Allen Interior, Furniture Brands International, La-Z-Boy

2.2.4 Household Appliances - Manufacturers of household appliances. Includes microwaves, vacuum cleaners, washers, and dryers, among others.

Ex: Whirlpool, Kenmore, LG

2.2.5 Recreational Goods - Manufacturers of recreational goods. Includes sporting goods and leisure goods, among others.

Ex: Burton, Titleist, Coleman

2.2.6 Other Consumer Durables

2.3 Consumer Non-Durables

2.3.1 Beverages - Producers and distributors of alcoholic and non-alcoholic beverages.

Ex: Coca-Cola, Pepsi, Anheuser-Busch

2.3.2 Food Products - Producers, processors, and distributors of food products. Includes companies engaged in food preparation, and manufacturers of packaged food, among others.

Ex: Kraft Foods, Heinz, Lancaster Colony

2.3.3 Household Products - Manufacturers of household products. Includes cleaning supplies, disposable products, and paper towels, among others.

Ex: Clorox, Dixie, Kleenex

2.3.4 Personal Products - Manufacturers of personal products. Includes cosmetics, perfumes, and hygiene products, among others.

Ex: Old Spice, Gillette, Dove

2.3.5 Other Consumer Non-Durables

2.4 Media

2.4.1 Broadcasting, Radio and Television - Providers of entertainment through radio, television, or the internet. Includes local, national, and international radio and television channels.

Ex: NBC, Telemundo, YouTube

2.4.2 Information Services - Providers of information and content services. Includes political surveys, financial data, and statistics, among others.

Ex: Bloomberg, Interactive Data Corporation, Gallup

2.4.3 Movies, Music and Entertainment - Companies engaged in the production, distribution, and sale of entertainment products and services. Includes movie theaters, production companies, and music labels, among others.

Ex: Lowes Cineplex, Virgin Records, Paramount Pictures

2.4.4 Publishing - Providers of print and internet publishing services. Includes newspapers, magazines, and books, among others.

Ex: Daily Journal, The New York Times Company, The McGraw-Hill Companies

2.4.5 Social Content - Owners and operators of social content websites. Includes social networks, discussion boards, and dating websites, among others.

Ex: Facebook, LinkedIn, Match.com

2.4.6 Other Media

2.5 Restaurants, Hotels and Leisure

2.5.1 Casinos and Gaming - Owners and operators of casinos and other gaming operations.

Ex: MGM Mirage, Boyd Gaming, Monarch Casino

2.5.2 Cruise Lines - Owners and operators of cruise lines. Includes cruise ships, and ocean liners, among others.

Ex: Carnival Cruise Lines, Royal Caribbean Cruise Lines, Crystal Cruises

2.5.3 Hotels and Resorts - Owners and operators of hotels and resorts. Includes vacationing facilities and commercial establishments, among others.

Ex: Four Seasons, Hyatt, Fairmont

2.5.4 Leisure Facilities - Owners and operators of leisure facilities. Includes fitness centers and day spas, among others.

Ex: LA Fitness, 24 Hour Fitness, Aveda Lifestyle Salon and Spa

2.5.5 Restaurants and Bars - Owners and operators of restaurants and bars.

Ex: Applebee's, Chili's, Ruth's Chris Steak House

2.5.6 Other Restaurants, Hotels and Leisure

2.6 Retail

2.6.1 Catalog Retail - Provider of retail services through mail order and TV home shopping.

Ex: QVC, HSN, Jewelry Television

2.6.2 Department Stores - Owners and operators of large stores with a wide variety of products in distinct departments. Includes apparel, furniture, electronics, hardware, and sporting goods, among others.

Ex: Nordstrom, Macy's, Neiman Marcus

2.6.3 Distributors/Wholesale - Companies engaged in the sale of bulk goods to individual consumers.

Ex: Costco, Sam's Club, BJ's Wholesale Club

2.6.4 General Merchandise Stores - Owners and operators of stores offering a wide variety of general merchandise. General merchandise includes personal products, food, film, and prescriptions, among others.

Ex: CVS, RiteAid, Walgreen's

2.6.5 Internet Retail - Providers of retail services primarily through the internet.

Ex: Amazon.com, Overstock.com, Netflix

2.6.6 Specialty Retail - Owners and operators of retail stores specializing in the sale of goods in a particular industry or sector.

Ex: Barnes and Noble, Petsmart, Office Depot

2.6.7 Other Retail

2.7 Services (Non-Financial)

2.7.1 Accounting, Audit and Tax Services - Providers of accounting, audit, and tax services to individuals.

Ex: HandR Block, Jackson Hewitt, Liberty Tax Service

2.7.2 Educational and Training Services - Providers of educational and professional training services. Includes vocational education and exam preparation, among others.

Ex: University of Phoenix, ITT Technical Institute, Princeton Review

2.7.3 Legal Services - Providers of legal services to individuals. Includes criminal law, property law, human rights law, and insurance law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

2.7.4 Real Estate Services - Providers of real estate services to individuals. Includes real estate brokers and property valuation, among others.

Ex: Century 21, RE/MAX, Coldwell Banker

2.7.5 Other Services (Non-Financial)

2.8 Transportation

2.8.1 Air - Providers of air transportation to consumers. Includes major airlines and charter airlines, among others.

Ex: Northwest Airlines, United Airlines, Alaska Airlines

2.8.2 Automotive - Providers of products and services related to automotives. Includes automotive manufacturers and automotive services, among others.

Ex: Ford, GM, Enterprise Rent-a-Car

2.8.3 Marine - Providers of products and services related to water transportation. Includes leisure boat manufacturers and yacht dealers, among others.

Ex: Viking Yacht Company, Marine Products Corporation, Fountain Powerboat Industries

2.8.4 Rail - Providers of products and services related to rail transportation. Includes passenger trains and express trains, among others.

Ex: Amtrak, Grand Luxe Rail Journeys, Union Pacific Railroad

2.8.5 Other Transportation

2.9 Other Consumer Products and Services

2.9.1 Other Consumer Products and Services

3 Energy

3.1 Equipment

3.1.1 Alternative Energy Equipment - Manufacturers or providers of alternative energy equipment. Includes compressed natural gas, solar, hydroelectric, and wind, among others.

Ex: The Wind Turbine Company, Vestas, Solar Electric Power Company

3.1.2 Coal and Consumable Fuels Equipment - Manufacturers or providers of coal and consumable fuels equipment.

Ex: Joy Mining Machinery, Getman, Peters Equipment Company

3.1.3 Oil and Gas Equipment - Manufacturers or providers of oil and gas equipment. Includes rigs and drilling equipment, among others.

Ex: Weatherford International, Baker Hughes, Cameron International

3.1.4 Other Equipment

3.2 Exploration, Production and Refining

3.2.1 Energy Exploration - Companies engaged in energy exploration. Includes the identification, testing and development of sites for well drilling and wind farms.

Ex: Apache Corporation, Anadarko Petroleum, Hunt Oil

3.2.2 Energy Production - Companies engaged in energy production. Includes wind farming, drilling and removal of crude oil and natural gas.

Ex: Transocean, Diamond Offshore Drilling, Noble Corporation

3.2.3 Energy Refining - Companies engaged in energy refining. Includes the refining of crude oil into gasoline, diesel, kerosene, and fuel oil.

Ex: Sasol, Valero Energy, Imperial Oil

3.3 Services

3.3.1 Energy Marketing - Companies engaged in energy marketing. Includes gas marketing, pipeline analysis, and asset management, among others.

Ex: Marathon Oil, Hess Corporation, Murphy Oil

3.3.2 Energy Storage - Companies engaged in energy storage. Includes commercial and industrial batteries, fuel cells, and capacitors, among others.

Ex: ZBB Energy, Young Gas Storage, Falcon Gas Storage

3.3.3 Energy Traders and Brokers - Companies engaged in energy trading and brokerage services.

Ex: Dynergy, Reliant Energy, El Paso Corporation

3.3.4 Energy Transportation - Companies engaged in energy transportation. Includes tankers, and gathering and transmission pipelines, among others.

Ex: Energy Transfer Equity, Kinder Morgan Energy Partners, Enbridge

3.3.5 Infrastructure - Companies engaged in energy infrastructure. Includes pipelines, transmission lines, generation plants, and refineries, among others.

Ex: Energy Infrastructure Acquisition, Brookfield Infrastructure Partners, Tortoise Energy Infrastructure

3.3.6 Other Energy Services

3.4 Utilities

3.4.1 Electric Utilities - Companies engaged in the generation, transmission, and distribution of energy for sale in the regulated market.

Ex: Southern Company, FPL Group, Dominion Resources

3.4.2 Gas Utilities - Companies engaged in the production, distribution and marketing of natural gas and related services.

Ex: National Grid, Sempra Energy, Equitable Resources

3.4.3 Multi-Utilities - Companies engaged in the generation, transmission, distribution, and sale of water, electricity and natural gas to residential, commercial, industrial, and wholesale customers.

Ex: Exelon Corporation, Public Service Enterprise Group, PGandE

3.4.4 Water Utilities - Companies engaged in providing water or wastewater services.

Ex: Aqua America, California Water Service Group, American States Water Company

3.4.5 Other Utilities

3.5 Other Energy

3.5.1 Other Energy

4 Financial Services

4.1 Capital Markets/Institutions

4.1.1 Asset Management - Financial institutions providing management of various securities to meet specified investment goals for the investors. Investors may be institutions or high net worth individuals.

Ex: Smith Barney, Edward Jones, Ameriprise Financial

4.1.2 Brokerage - Financial Institutions acting as an intermediary between a buyer and seller of securities, usually charging a commission. Includes clearing houses and stock brokerage firms, among others.

Ex: Citigroup, Options Clearing Corporation, LCH.Clearnet

4.1.3 Investment Banks - Financial institutions functioning across all areas of capital markets. Includes raising money by issuing and selling securities, and advisory within mergers and acquisitions, among other financial services.

Ex: Citigroup, Goldman Sachs, Lehman Brothers

4.1.4 Private Equity - Financial institutions engaged in long-term loans with multinational corporations and governments. Includes merchant banks, and private equity firms, among others.

Ex: Blackstone Group, Carlyle Group, Kohlberg Kravis Roberts

4.1.5 Other Capital Markets/Institutions

4.2 Commercial Banks

4.2.1 International Banks - Non-investment commercial banks located in more than one country.

Ex: Deutsche Bank, UBS, Bank of America

4.2.2 National Banks - Non-investment commercial banks located in one country.

Ex: Bank of New York, Citizens Bank, Capital One Bank

4.2.3 Regional Banks - Non-investment commercial banks located in a particular region.

Ex: Sterling Savings Bank, Evergreen Bank, HomeStreet Bank

4.2.4 Thrifts and Mortgage Finance - Financial institutions specializing in originating and/or servicing mortgage loans.

Ex: Accredited Home Lenders, Countrywide, Quicken Loans

4.2.5 Other Commercial Banks

4.3 Insurance

4.3.1 Automotive Insurance - Providers of insurance for cars, trucks, and other vehicles.

Ex: State Farm, All-State, GEICO

4.3.2 Commercial/Professional Insurance - Providers of commercial or professional insurance. Includes medical malpractice and legal malpractice, among others.

Ex: CNA Insurance, Zurich, FM Global

4.3.3 Insurance Brokers - Companies sourcing contracts of insurance on behalf of their customers.

Ex: Marsh and McLennan, Willis Group, Brown and Brown

4.3.4 Life and Health Insurance - Providers of life and health insurance.

Ex: ING, Prudential, MetLife

4.3.5 Multi-line Insurance - Providers of diversified insurance services with multiple interests in life, health, and property insurance.

Ex: AXA, Prudential, Sun Life

4.3.6 Property and Casualty Insurance - Providers of property and casualty risks insurance.

Ex: Allianz, American International Group, Hartford Financial

4.3.7 Re-Insurance - Providers of insurance to insurance companies.

Ex: Berkshire Hathaway, Munich Reinsurance, Hannover Reinsurance

4.3.8 Other insurance

4.4 Other Financial Services

4.4.1 Consumer Finance - Companies engaged in any kind of lending to consumers. Includes sub prime lending, among others.

Ex: HSBC Finance, CIT, CitiFinancial

4.4.2 Holding Companies - Companies that do not produce goods or provide services, but instead own shares of other companies.

Ex: Berkshire Hathaway, UAL Corporation, AMR Corporation

4.4.3 Real Estate Investment Trusts (REITs) - REIT is a tax designation for a corporation investing in real estate. REITs receive special tax reductions and offer high yield investments in real estate.

Ex: AMB Property, Duke Realty, EastGroup Properties

4.4.4 Specialized Finance - Companies engaged in providing specialized finance to both public and private enterprises.

Ex: Latitude Capital Group, Budget Finance Company, Capital Source

4.4.5 Other Financial Services

5 Healthcare

5.1 Devices and Supplies

5.1.1 Diagnostic Equipment - Manufacturers of imaging and non-imaging devices used to assess and diagnose medical conditions. Includes X-ray and MRI machines, otoscopes and stethoscopes, and ultrasound equipment, among others.

Ex: Welch Allyn, Siemens, AFC Industries, SOMA Technology

5.1.2 Medical Supplies - Manufacturers of medical supplies that would be considered non-durable. Includes syringes, diabetes supplies, bandages, and protective wear, among others.

Ex: Frank Healthcare, Johnson and Johnson, Adenna, Cardinal Health, Covidien

5.1.3 Monitoring Equipment - Manufacturers of devices used to collect and monitor vital signs. Includes heart-rate monitors, oxygen saturation monitors, and fetal monitors, among others.

Ex: Phillips Medical Systems, GE Medical Systems, Welch Allyn, SOMA Technology, Datascope

5.1.4 Surgical Devices - Manufacturers of devices and equipment used in a surgical setting. Includes laparoscopy instruments, retractor systems, and positioning devices, among others.

Ex: Lyons, Mediflex, Boston Scientific

5.1.5 Therapeutic Devices - Manufacturers of devices for rehabilitation or therapy. Includes muscle stimulators, light therapy, and pacemakers, among others.

Ex: Medtronic, Boston Scientific, Empi

5.1.6 Other Devices and Supplies

5.2 Services

5.2.1 Clinics/Outpatient Services - Facilities and services for short-term, outpatient care and procedures. Includes rehabilitation, diagnostic testing, and outpatient surgery and exams.

Ex: AmSurg, Physiotherapy Associates, HealthSouth

5.2.2 Distributors - Distributors of healthcare equipment and supplies. Includes all distributors of healthcare products.

Ex: American Medical Supplies and Equipment, AmerisourceBergen, BMP Sunstone, Owens and Minor

5.2.3 Elder and Disabled Care - Facilities and services for the care of senior citizens. Includes assisted living, long term care, hospice care, nursing homes, and home care, among others.

Ex: RehabCare Group, Sunrise Senior Living, AccentCare

5.2.4 Hospitals/Inpatient Services - Facilities and services for long-term care, and inpatient care and procedures. Includes invasive surgical procedures, and emergency services.

Ex: Tenet Healthcare, HCA, Universal Health Services

5.2.5 Laboratory Services - Providers of medical laboratory services. Includes blood and tissue testing.

Ex: Quest Diagnostics, LabCorp, LabOne

5.2.6 Managed Care - Owners and operators of managed health plans. Includes Preferred Provider Organizations (PPOs) and Health Maintenance Organizations (HMOs).

Ex: Aetna, Kaiser Permanente, UnitedHealth Group

5.2.7 Practice Management - Providers of consulting and management services to medical practices. Excludes practice management software, such as billing or medical records software.

Ex: Advantage Medical Claims, Medical Management Associates, Healthcare Facilitators

5.2.8 Other Healthcare Services

5.3 Healthcare Technology Systems

5.3.1 Decision/Risk Analysis - Developers and producers of software or systems used to expedite the medical decision and risk management process. These programs try to assist doctors and nurses in their decision making process.

Ex: HLTH Corporation, Apache Medical Systems, Wellsource

5.3.2 Enterprise Systems - Developers and producers of software and systems that cover multiple areas of the healthcare organization.

Ex: NextGen, Cerner, McKesson Corporation

5.3.3 Medical Records Systems - Developers and producers of software or systems to organize medical records.

Ex: NextGen, McKesson, MediNotes

5.3.4 Outcome Management - Developers and producers of software or systems used to analyze the effectiveness of treatments prescribed by doctors.

Ex: Tri-Analytics, Outcome Concept Systems, Protocol Driven Healthcare

5.3.5 Other Healthcare Technology Systems

5.4 Pharmaceuticals and Biotechnology

5.4.1 Biotechnology - Companies engaged in research, development, and production of biotechnology. Includes embryology, genetics, cell biology, molecular biology, and biochemistry, among others.

Ex: Elan, Genentech, Amgen

5.4.2 Discovery Tools - Researchers and developers of tools used in drug discovery and drug delivery research. Includes compound libraries, enzymes, kinases, and specialized proteins, among others.

Ex: PerkinElmer, Qiagen, Charles River Laboratories

5.4.3 Drug Delivery - Researchers and developers of medication delivery methods. Includes targeted delivery methods, and timed release formulations, among others.

Ex: Elan, Hospira, Nektar Therapeutics

5.4.4 Drug Discovery - Researchers and developers of new drugs. Includes identification, screening, and efficacy testing of drug candidates, among others.

Ex: Bristol-Meyers Squibb, PerkinElmer, Elan

5.4.5 Pharmaceuticals - Manufacturers and distributors of established drugs/pharmaceuticals. This category includes any large drug company that primarily manufactures medicines; however they may also be engaged in drug research and development.

Ex: Bristol-Meyers Squibb, GlaxoSmithKline, Novartis, Eli Lilly and Company

5.4.6 Other Pharmaceuticals and Biotechnology

5.5 Other Healthcare

5.5.1 Other Healthcare

6 Information Technology

6.1 Communications and Networking

6.1.1 Cable Service Providers - Developers and marketers of television, internet and voice services for cable networks. Includes broadband internet, VoIP, and cable television, among others.

Ex: Comcast, Cox Communications, Adelphia

6.1.2 Connectivity Products - Manufacturers of electronic components used to create networks or link devices. Includes bulk cable, connectors, and adapters, among others.

Ex: Belkin, AMP Inc., Griffin Technology, Molex

6.1.3 Fiberoptic Equipment - Manufacturers of fiber optic and photonics equipment. Includes bulk cable, connectors, lasers, and light emitting diodes (LEDs), among others.

Ex: Oplink Communications, Optical Communication Products, Belden

6.1.4 Internet Service Providers - Providers of dial-up and DSL access to the internet.

Ex: America Online, NetZero, EarthLink, Juno, PeoplePC

6.1.5 Telecommunications Service Providers - Providers of commercial and residential voice and data services. Includes phone service, paging, and voicemail, among others.

Ex: BellSouth, AT&T, Qwest, Vodafone, Airtel

6.1.6 Wireless Communications Equipment - Manufacturers, designers and marketers of wireless communications equipment. Includes wireless handsets, and wireless modems and routers, among others.

Ex: LG, Motorola, Cisco

6.1.7 Wireless Service Providers - Providers of wireless telephone networks. Includes cellular telephone service, and personal communication service (PCS), among others.

Ex: Verizon Wireless, Qualcomm, Nextel Partners

6.1.8 Other Communications and Networking

6.2 Hardware

6.2.1 Computers, Parts and Peripherals - Manufacturers, designers, and distributors of computers and peripherals. Includes monitors, cases, mice, keyboards, and printers, among others.

Ex: Dell, Apple, Hewlett-Packard, Sony, IBM

6.2.2 Electronic Components - Manufacturers, designers, and distributors of electronic parts and components for use in more advanced products. Includes processors, video cards, sound cards, fans, and motherboards, among others.

Ex: Intel, Advanced Micro Devices (AMD), Texas Instruments, NVIDIA

6.2.3 Electronic Equipment and Instruments - Manufacturers, designers, and distributors of electronic equipment and instruments. Includes multimeters, and oscilloscopes, among others. This category is for electronic testing and measurement devices.

Ex: Agilent Technologies, National Instruments, Tektronix, Chase Scientific

6.2.4 Office Electronics - Manufacturers, designers, and distributors of office equipment. Includes copiers and faxes, among others.

Ex: Xerox, Ricoh, Lanier

6.2.5 Storage - Manufacturers, designers, and distributors of electronic storage devices. Includes hard drives, optical drives, and flash memory, among others.

Ex: Seagate Technology, EMC, Western Digital

6.2.6 Other Hardware

6.3 Semiconductors

6.3.1 Application Specific - Manufacturers and designers of application specific semiconductors and integrated circuits.

Ex: First Solar, NVIDIA, Linear Technology

6.3.2 General Purpose - Manufacturers and designers of generic or general purpose semiconductors and integrated circuits.

Ex: Intel, Texas Instruments, STMicroelectronics

6.3.3 Production - Owners and operators of semiconductor foundries. “Foundries” are companies that manufacture semiconductors, but are not involved in their design.

Ex: Taiwan Semiconductor Manufacturing, United Microelectronics, Chartered Semiconductor Manufacturing, SMIC

6.3.4 Other Semiconductors

6.4 Services

6.4.1 Consulting and Outsourcing - Providers of outside consulting, outsourcing, or offshoring services. Includes subcontractors, and business process outsourcers, among others.

Ex: Gartner, Infosys Technologies, Sapient Corporation

6.4.2 Systems and Information - Management Providers of systems and information management services. Includes companies providing IT hosting and data centers, among others.

Ex: Rackspace, Network World, Mosso

6.4.3 Other IT Services

6.5 Software

6.5.1 Application Software - Developers and producers of software for specific tasks or applications. Includes general application software not classified elsewhere.

Ex: Microsoft, Oracle, Adobe

6.5.2 Automation/Workflow Software - Developers and producers of software for automation and workflow management. Includes automation of IT processes, data transferring, FTPs, and scheduling, among others.

Ex: Tethys Solutions, Parallels, Synopsys

6.5.3 Business/Productivity Software - Developers and producers of software for the enterprise where the focus is on process management and automation.

Ex: Salesforce, IBM, Microsoft

6.5.4 Communication Software - Developers and producers of software for communicating electronically through voice, video or text. Includes text and video chat, web conferencing, and web-based presentations, among others.

Ex: America Online, Microsoft, WebEx

6.5.5 Database Software - Developers and producers of software to manage and utilize information in databases. Includes MySQL, Microsoft SQL Server, and Oracle, among others.

Ex: Microsoft, Oracle, IBM, Sun Microsystems

6.5.6 Educational Software - Developers and producers of educational software.

Ex: Renaissance Learning, Scientific Learning Corporation, The Learning Company

6.5.7 Entertainment Software - Developers of consumer-oriented gaming software and applications.

Ex: Zynga, Rovio

6.5.8 Financial Software - Developers and producers of software for managing accounting and financial processes. Also includes various software developed specifically for the financial industry.

Ex: Intuit, CapControls, Merlin Securities, Tally, Finacle

6.5.9 Internet Software - Developers and producers of software for accessing and manipulating internet content. Includes internet browsers, and file transfer protocol (FTP) programs, among others.

Ex: Apple, Microsoft, Mozilla Foundation, Norwegian Opera Software

6.5.10 Multimedia and Design Software - Developers and producers of software for creating and manipulating multimedia content. Includes Computer Aided Design (CAD) software, and video and image editing software, among others.

Ex: Adobe Systems, Quark, Autodesk

6.5.11 Network Management Software - Developers and providers of software and systems for managing and organizing networks and information. Includes network monitoring software, and network security software, among others.

Ex: Altiris, Tivoli, NetIQ

6.5.12 Operating Systems Software - Developers and producers of computer operating systems.

Ex: Apple, Microsoft, Red Hat Software, Novell

6.5.13 Social/Platform Software - Developers and producers of software that facilitates the production, distribution or following of social content. The category also includes online markets.

Ex: Facebook, LinkedIn

6.5.14 Software Development Applications - Developers and producers of software for planning, coding, and debugging of new software. Includes compilers, build tools, debuggers, disassemblers, and documentation generators, among others.

Ex: Eiffel Software, Borland Software, BigFix

6.5.15 Vertical Market Software - Developers and producers of vertical market software. Includes point of sale software, among others. A vertical market is a group of companies that do business in the same industry.

Ex: SAP, Hypercom, Ingenico

6.5.16 Other Software

6.6 Other Information Technology

6.6.1 Other Information Technology

7 Materials & Resources

7.1 Agriculture

7.1.1 Animal Husbandry - Companies that breed, raise, and market livestock.

Ex: Seaboard Corp., Smithfield Foods, Alico

7.1.2 Aquaculture - Companies that cultivate and market aquatic organisms. Includes fish, shrimp, kelp/seaweed and cultured pearls, among others.

Ex: Stolt Sea Farm, D.B. Kenney Fisheries, America's Catch

7.1.3 Cultivation

7.1.4 Horticulture - Companies that cultivate and market grains, fruits, flowers, and vegetables.

Ex: Cargill, Archer Daniels Midland, The Andersons, Inc.

7.1.5 Other Agriculture

7.2 Chemicals and Gases

7.2.1 Agricultural Chemicals - Producers of chemicals used primarily in an agricultural setting. Includes diammonium phosphate (DAP), anhydrous ammonia (NH3), and potassium chloride (KCl), among others.

Ex: Monsanto, Mosaic, CF Industries Holdings

7.2.2 Commodity Chemicals - Producers of chemicals that are sold in bulk due to their low cost. Includes methane, hydrochloric acid, chlorine, and sodium chloride, among others.

Ex: Mitsubishi Chemical, Terra Nitrogen, ExxonMobil

7.2.3 Industrial Chemicals - Producers of chemicals used primarily in industrial applications. Includes plastics, biocides, coolants, and polyglycols, among others.

Ex: Celanese, FMC Corp., Archer Daniels Midland

7.2.4 Multi-line Chemicals - Producers of diversified chemicals.

Ex: Dow Chemical, Air Products and Chemicals, FMC Corp., DuPont

7.2.5 Specialty Chemicals - Producers of proprietary or advanced chemical compounds. Includes food additives, and polymers, among others.

Ex: Sigma-Aldrich, Lubrizol, Cytec Industries

7.2.6 Other Chemicals and Gases

7.3 Construction (Non-Wood)

7.3.1 Raw Materials (Non-Wood) - Harvesters or producers of non-wood construction materials. Includes stone, gravel, sand, cement, and bricks, among others. Finished construction products are classified under Building Products.

Ex: Texas Industries, Eagle Materials, Hanson Aggregates North America

7.4 Containers and Packaging

7.4.1 Metal - Producers of metal containers and packaging materials.

Ex: Ball Corporation, Greif Inc., Silgan Holdings

7.4.2 Paper - Producers of paper containers and packaging materials.

Ex: Packaging Corporation of America, International Paper, Georgia-Pacific

7.4.3 Plastic - Producers of plastic containers and packaging materials.

Ex: Ball Corporation, Sonoco, Silgan Holdings

7.4.4 Wood - Producers of wood containers and packaging materials.

Ex: Greif Inc., Berry Industrial Group, Universal Forest Products

7.4.5 Other Containers and Packaging

7.5 Forestry

7.5.1 Forestry Development/Harvesting - Companies engaged in developing and harvesting forested areas.

Ex: Weyerhaeuser, Deltic Timber, MAXXAM

7.5.2 Forestry Processing - Companies engaged in converting raw forest products into marketable materials. Includes lumber, woodchips, engineered wood products, and paper products, among others.

Ex: Weyerhaeuser, Louisiana-Pacific, Stimson Lumber, Pope and Talbot, Georgia-Pacific, Boise Cascade, Temple-Inland Forest Products

7.5.3 Paper/Soft Products

7.5.4 Wood/Hard Products

7.5.5 Other Forestry

7.6 Metals, Minerals and Mining

7.6.1 Aluminum - Miners, producers and marketers of aluminum. Includes aluminum ore, and rolled aluminum, among others.

Ex: Alcoa, Kaiser Aluminum, Alcan

7.6.2 Coal - Miners, producers and marketers of coal. Includes lignite coal, bituminous coal, anthracite coal, and coke, among others.

Ex: Peabody Energy, CONSOL Energy, Drummond Company

7.6.3 Gold - Miners, producers and marketers of gold.

Ex: Newmont Mining, AngloGold Ashanti, Gold Fields Limited

7.6.4 Iron and Steel - Miners, producers and marketers of iron and steel.

Ex: Nucor, Olympic Steel, ArcelorMittal

7.6.5 Multi-line - Miners, producers and marketers of diversified metals and minerals.

Ex: BHP Billiton, Rio Tinto, Teck Cominco

7.6.6 Precious Metals and Minerals - Miners, producers and marketers of precious metals and minerals. Includes platinum, silver, and palladium, among others.

Ex: Coeur d'Alene Mines, Stillwater Mining, Metalor

7.6.7 Other Metals, Minerals and Mining

7.7 Textiles

7.7.1 Animal - Manufacturers of animal-based textiles. Includes wool, cashmere and silk, among others.

Ex: Buckskin Fur and Leather, J. Hewit and Sons

7.7.2 Plant- Manufacturers of plant-based textiles. Includes hemp and cotton, among others.

Ex: Parkdale Mills, Boston Felt Company, Aetna Felt Corporation

7.7.3 Mineral - Manufacturers of mineral-based textiles. Includes asbestos, glass fiber, and metal fiber, among others.

Ex: Roxul, Potter and Soar, Central Glass

7.7.4 Synthetic - Manufacturers of synthetic textiles. Includes polyester, aramid, nylon and spandex, among others.

Ex: Huitong Chemical, Unifi, DuPont-Akra Polyester

7.7.5 Other Textiles

7.8 Other Materials

7.8.1 Other Materials