

Patterns of International Capital Raisings ^{*}

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First Draft
December 20, 2007

Abstract

We examine equity and debt capital raisings in both domestic and international markets using data on 170,979 issues, from 1991 to 2005, and find: (1) international capital raisings represent 30% of the total amount raised in capital markets; (2) few firms actually raise capital internationally; (3) international issues are much larger than domestic issues; (4) firms that raise capital abroad are larger, slower growing, and more profitable than other firms, and these differences exist before they raise capital abroad; (5) raising capital abroad does not have qualitatively different effects on firm performance from raising capital domestically.

JEL classification codes: G15, F36, F20

Keywords: international financial markets; financial integration; bonding; segmentation; cross-listing; depositary receipts; ADRs

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^{*} We are grateful to Francisco Ceballos and Tomislav Ladika for excellent research assistance. We thank the World Bank Finance Research Program and Research Support Budget for ample financial support. The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors and do not necessarily represent the views of the World Bank.

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1. Introduction

Since the 1990s, globalization has reshaped the financial landscape. Obstfeld and Taylor (2004) show that an unprecedented percentage of the world's financial capital now flows across international borders. The former Chairman of the Federal Reserve argues that increased financial globalization has fundamentally changed the framework for interpreting and responding to major economic events (Greenspan, 2007). From a corporate finance perspective, firms from around the world increasingly issue debt and equity securities in international financial centers, and use these resources to fund investments both within and beyond their home countries.

Yet, basic questions about the financial globalization process remain incompletely answered: Why do firms raise capital in international financial markets? Does raising capital abroad affect firms differently than raising capital domestically and if it does, how? In order to understand why firms raise capital abroad and measure the effects of this internationalization, we compare the performance of firms that raise equity and/or debt in international financial markets with that of firms that raise equity and/or debt in domestic capital markets, and with that of firms that do not raise capital either domestically or internationally.

In this paper, we contribute to the literature by constructing and analyzing a new database on capital raising activity encompassing 170,979 equity and debt issues in domestic and international capital markets. This dataset includes 46,508 firms from 116 countries, covering the period 1991-2005. In addition, we match this extensive database with comprehensive data on firm balance sheets and income statements for 24,914 firms. This matching allows us to (i) track the evolution of firm performance before and after firms raise capital and (ii) compare the performance of firms that raise equity and/or debt internationally with that of firms that raise equity and/or debt domestically and to further compare these capital raising firms with

corporations that do not raise capital through security issuances. We analyze a broad set of firm-level characteristics, including measures of size, growth, investment activity, profitability, capital structure, international activity, valuation, dividend policy, and ownership structure.

By merging the equity and debt issuance data from *Securities Data Corporation (SDC)* with firm-level data from *Worldscope*, we provide new information on why firms raise capital abroad and the effects of this internationalization.¹ In particular, Henderson, Jegadeesh, and Weisbach (2006) comprehensively document patterns of capital raising activity around the world. Since they do not have firm balance sheet and income data, however, they do not examine the characteristics of firms that internationalize nor what happens to firm performance following capital raisings. While Kim and Weisbach (2007) merge *SDC* and *Worldscope* data and carefully document what happens to firms after issuing equity in international markets, they do not examine debt, which is a large source of new capital issuances in both domestic and international markets. We extend this line of inquiry. This is the first paper to compare changes in firm-level characteristics before and after firms raise capital through debt and equity in both domestic and international markets. We also compare these patterns to firms that do not raise capital in securities markets. While documenting new and useful patterns, we do not attempt in this paper to deal formally with identifying the exogenous effects of international capital raisings on firm performance.

Three main findings emerge from our analysis. First, a large fraction of capital raisings in securities markets is conducted in international markets, but (i) only a small fraction of firms actually use international capital markets, (ii) the firms that access international capital markets

¹ There is a large literature analyzing the motivations for cross-listings in foreign stock exchanges (see Karolyi, 2006 for a review). However, this literature does not specifically focus on capital raising activity in international markets. Several papers compare the performance and characteristics of firms that list their shares in foreign stock exchanges with firms that only list domestically (see, for example, Pagano, Roell, and Zechner, 2002; Lang, Lins, and Miller, 2003; Lang, Raedy, and Yetman, 2003; Claessens and Schmukler, 2007; and Gozzi, Levine, and Schmukler, 2008).

are quite different from those that only raise capital in local markets, and (iii) these differences between firms that raise capital abroad and at home exist many years before firms actually raise capital abroad. In 2005, firms from developing and developed countries raised, respectively, 53.8 and 39.4 percent of the total capital they raised through security issuances in public markets outside their home countries. Capital raisings in international markets represent over 30 percent of the total amount raised in public markets over our sample period. This share is higher for debt than equity issues. Firms raised 35.1 percent of their debt capital abroad over the 1991-2005 period, while only raising 10.1 percent of their equity capital in international markets over the same period. However, only a small fraction of firms (about 15 percent) raise debt or equity capital in international markets. This suggests that access to international markets is segmented and that only a relatively small set of firms may be able to meet the requirements to access capital markets outside their home country. Indeed there are significant differences between firms that raise capital abroad and those that raise capital domestically. Firms that raise capital abroad are larger, slower growing, more leveraged, more profitable, and carry out a larger share of their business outside their home country than firms that raise capital in domestic markets. Importantly, many of these differences exist well before internationalization.

Second, issues abroad tend to be significantly larger than issues at home. For firms from developing countries, the median security issuance abroad is about 18 times larger than the median security issuance in the domestic market, and this large difference holds for both debt and equity issuances. For firms from developed economies, the size of international and domestic security issuances differs by a factor of two. This is consistent with the observation that larger firms, with higher capital expenditures tend to raise capital abroad.

Third, whether firms raise capital domestically or in international markets does not seem to matter much for subsequent firm performance. That is, changes in firm performance that follow equity and debt issuances in international markets tend to be relatively similar to those that follow equity and debt issuances at home. This suggests that issues in international markets do not have intrinsically different effects from issues in the domestic market. Whether firms issue securities in domestic or international capital markets, they tend to expand and experience a decrease in growth and profitability following capital raisings.

The observed patterns of capital raising activity in international markets and firm performance are broadly consistent with the market segmentation view of internationalization. The segmentation view argues that firms internationalize to circumvent regulations, poor accounting systems, taxes, informational barriers, and illiquid domestic markets that discourage investors from purchasing their securities (Black (1974), Errunza and Losq (1985), Alexander, Eun, and Janakiramanan (1987), and Stulz (1999)). Thus, internationalization can lower firms' cost of capital and facilitate corporate expansion relative to firms that do not internationalize. Consistent with this prediction, firms tend to expand following capital raisings abroad, and these international firms expand relative to firms that only raise capital at home and firms that do not issue securities in public markets. Since firms that internationalize are much larger than firms that raise capital domestically, our findings are consistent with segmentation arguments that (i) larger firms have advantages in overcoming barriers to raising capital abroad and (ii) liquidity, size, and other constraints make it difficult to conduct very large securities offerings in small, local capital markets.²

² Sarkissian and Schill (2004) find that larger firms are able to list their shares in more distant foreign stock exchanges, suggesting that these firms may be more visible and have an advantage in overcoming informational barriers across markets. Consistent with this idea, Kang and Stulz (1997) find that home bias among investors is

Our results are broadly consistent with the market timing view of internationalization, which suggests that firms list abroad to take advantage of temporarily high valuations for their securities. Our results show that firm profitability and growth tend to decrease following capital raisings, both at home and abroad. This pattern is consistent with arguments that firms raise capital in domestic and international markets after periods of unusually high performance that make their securities more attractive to investors that do not properly forecast tougher times (Daniel, Hirshleifer, and Subramanyam (1998)). Note, however, that we do not directly analyze the timing of security issuances and its relation to firm valuation and therefore our results only provide suggestive support for market timing arguments.³

The patterns documented in this paper are more difficult to reconcile with the “bonding” view of internationalization. The bonding view holds that firms internationalize to bond themselves to a better corporate governance framework (Reese and Weisbach (2002), Doidge (2004), Doidge, Karolyi, and Stulz (2004), Pinegar and Ravichandran (2004), and Siegel (2005)). By going abroad and listing in countries with more stringent regulations and reporting requirements, firms commit to reducing the expropriation of minority shareholders. Under this view, capital raisings in international markets are intrinsically different from capital raisings in domestic markets and should therefore have different effects on firm performance. Consistent with findings in Gozzi, Levine, and Schmukler (2008), however, we do not find different patterns of firm performance following capital raisings in international and domestic markets. Also, the finding that debt markets tend to be more internationalized than equity markets runs counter to arguments that emphasize bonding to better standards as the driving motivation for

smaller for larger firms. Firm size may also play a role in overcoming barriers to access to international markets if there are bigger fixed costs of issuing securities in these markets than in domestic markets.

³ Errunza and Miller (2000), Foerster and Karolyi (1999), and Henderson, Jegadeesh and Weisbach (2006), provide heterogeneous evidence on market timing in international capital raisings.

accessing international markets because debt issues abroad do not commit issuers to abiding by more stringent regulations and disclosure standards.

Finally, our findings provide evidence on the more general question of why firms raise capital through security issuances (irrespective of whether it is in domestic or international markets). Using data on IPOs (initial public offerings) by Italian firms, Pagano, Panetta, and Zingales (1998) find that firms exploit temporarily high market valuations.⁴ Using data on IPOs and SEOs (season equity offerings), Kim and Weisbach (2006) conclude that firms boost investment and R&D expenditures following equity issue. DeAngelo, DeAngelo, and Stulz (2007) stress that U.S. firms conduct SEOs to finance investments, not to exploit market timing opportunities. As mentioned above, our cross-country results are broadly consistent with firms exploiting temporarily high market valuations. For capital raisings abroad and at home and for debt and equity issues, we find a decrease in firm profitability and growth following capital raisings, consistent with the idea that firms issue securities after periods of exceptionally high performance. In terms of the financing of new investments, we find that investment and R&D expenditures increase in absolute terms following capital raisings. However, this increase is generally temporary. Moreover, when scaling investment and R&D expenditures by assets, these ratios do not increase following capital raisings. Thus, while investment rises after capital raisings, the ratio of investment to assets does not rise after capital raisings.

The remainder of the paper is organized as follows. Section 2 describes the data. Sections 3 and 4 present the results. We conclude in Section 5.

⁴ Loughran and Ritter (1995, 1997) and Baker and Wurgler (2000), among others, find evidence consistent with market timing in seasoned equity offerings (SEOs) in the U.S. Henderson, Jegadeesh, and Weisbach (2006) provide international evidence of market timing in both IPOs and SEOs.

2. Data

To analyze the characteristics and performance of firms that raise capital through security issues in international capital markets, and compare them to firms that raise capital in domestic markets and firms that do not raise capital, we assemble a comprehensive dataset on firms' security issuances in capital markets around the world and collect data on firm characteristics, including balance sheet and income statement data.

Our data on firms' capital raising activity come from Security Data Corporation's (SDC) New Issues Database, which provides transaction-level information on new issues of common and preferred equity and bonds with an original maturity of more than one year, starting in the 1970s. Given that SDC does not collect data on debt issues with a maturity of less than one year, our dataset does not include commercial paper issues with such short-term maturities. Also, note that since we focus on security issues we do not consider bank lending, which may constitute a significant financing source for firms.

The SDC database is divided into twelve regional sub-databases covering different markets: Asian Pacific Domestic (Hong Kong, Indonesia, Malaysia, Philippines, Singapore, Taiwan, and Thailand,); Australian/New Zealand Domestic (Australia, New Zealand, and Papua New Guinea); Canadian Domestic (Canada); Continental European Domestic (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, and Switzerland); Indian and Subcontinent (Bangladesh, India, Pakistan, and Sri Lanka); International (Eurobonds and other cross-border issues); Japanese Domestic (Japan); Korean Domestic (South Korea); Latin American Domestic (Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Panama, Peru, Uruguay, Venezuela); United States (United

States); United Kingdom Domestic (United Kingdom); and Rest of the World (countries not included in other SDC regional sub-databases, such as China). The academic version of SDC to which we have access does not include the Canadian and Korean Domestic sub-databases. Therefore, we exclude all Canadian and South Korean firms from our analysis. While data for public issues in the U.S. start in the 1970s, coverage of other markets starts later, with most regional databases starting in 1991. Therefore, we restrict our sample to the period 1991-2005.

SDC collects data on security issuances mostly from filings with local regulatory agencies and stock exchanges. These data are augmented with data from other sources such as offering circulars, prospectus, surveys of investment banks, brokers, and other financial advisors, news sources, trade publications, and wires. Although SDC constitutes one of the most comprehensive databases on security issuances around the world, it is necessary to take into account that the data sources used by SDC vary by region. SDC's coverage may be less comprehensive for those regions for which it relies mostly on informal sources, instead of collecting data from filings with regulatory agencies and stock exchanges. This caveat should be taken into account when analyzing our descriptive data on regional patterns of capital raising activity.

Since our analysis focuses on corporate capital raising activity, we exclude all public sector bond issuances from our dataset, including debt issued by national, local, and regional governments, government agencies, regional agencies, and multilateral organizations. We also exclude security issuances by investment funds, investment companies, and real estates investment trusts (REITs), as well as mortgage-backed securities and other asset-backed securities. Also, since we focus on capital raising activity in public markets we exclude all

private placements.⁵ After these exclusions, we are left with a database covering 170,979 security issuances by 46,508 firms from 116 economies over the period 1991-2005. See Appendix Table 1 for a list of the economies included in our dataset and their regional and income level classification. Appendix Table 2 presents data on the number of observations and firms covered by region and income level.

To classify security issuances as domestic or international, we consider the main exchange where the issues are listed and compare it to the issuing firm's nationality. For offerings that take place in more than one market, we consider issues in each market as separate issues. Alternatively, in the case of subsidiaries, one could consider the nationality of the firm's parent company instead of its own nationality for classifying issues as foreign or domestic. That is, for instance, an equity issue by a British subsidiary of a U.S. firm in the London Stock Exchange would be classified as international, instead of domestic as in our classification. Both approaches are valid and which one provides a better criterion for classifying security issues depends on the degree of integration of financing decisions between firms and their subsidiaries, among other factors. If financial decisions are highly integrated, considering firms' parent nationality may provide a more accurate classification of security issuances. On the other hand, if financing decisions are relatively decentralized, considering subsidiaries' own nationality may be a better criterion. All the results reported in the paper are obtained classifying issues as foreign or domestic based on issuers' nationality. In unreported robustness tests, we classified issues by subsidiaries based on their parents' nationality and obtained results similar to those reported throughout the paper.

⁵ Note that excluding private placements may affect the observed regional patterns of capital raising activity, as some regions may have more active private markets than others. This may be particularly relevant for debt markets, as private bond markets in some regions are as active, or even more active, than public bond markets.

To analyze the characteristics and the performance of firms that raise capital through security issues in capital markets, and compare them to those firms that do not raise capital, we match the data on security issuances from SDC with firm-level accounting and income statement data from Worldscope.⁶ After eliminating firms with missing data on our variables of interest and outliers, we are left with a sample of 24,914 firms from 58 economies covering the period 1991-2005, totaling 206,214 firm-year observations.⁷ Of these firms, 15,000 issued securities in public markets over the sample period according to SDC, while the remaining 9,914 did not raise capital in public capital markets over this period.⁸

3. Extent of Internationalization of Capital Markets

This section analyzes the capital raising activity of firms around the world, providing aggregate data on the location where firms from different regions raise capital and the type of securities that they issue. It documents the extent of internationalization of capital markets and analyzes whether this varies across different types of securities. Furthermore, this section analyzes the capital raising activity of those firms that issue securities in international markets and provides some data on how issuances abroad differ from issuances in domestic markets in terms of their size. Thus, this section provides summary statistics on the extent of internationalization and how capital raisings in international markets differ from those in domestic markets.

⁶ We exclude U.S. firms from this analysis, given that Worldscope's coverage of U.S. firms is very limited. Also, note that the U.S. is one of the main markets where foreign firms raise capital and that, as reported below, U.S. firms tend to raise significantly less capital in international markets than firms from other countries. Therefore, excluding U.S. firms is not likely to affect our conclusions on the characteristics and performance of firms that raise capital in international markets. As a robustness test, we included the small sample of U.S. firms with firm-level data available from Worldscope and obtained results similar to those reported below.

⁷ Appendix Table 7 shows the number of observations and firms classified by their capital raising activity by region and income level. Appendix Table 8 presents the definition of the different variables used in our analysis.

⁸ The number of firms with capital raising activity in our merged dataset is lower than the number of firms included in the SDC dataset because the merged dataset excludes U.S. firms and because several firms that raise capital through security issuances according to SDC are not included in the Worldscope dataset.

3.1 Global Patterns of Capital Raising Activity⁹

Figure 1 shows the evolution of the aggregate amount of capital raised by firms from developed and developing economies over the period 1991-2005, differentiating between issues in local and international markets. This figure highlights the significant growth experienced by capital markets around the world over this period as stressed by Obstfeld and Taylor (2004), World Bank (2004), and de la Torre and Schmukler (2006). The total amount raised in public markets by firms from developed economies increased from 825.5 billion U.S. dollars at 2005 prices in 1991 to two trillion U.S. dollars in 2005. The amount of capital raised in public capital markets by firms from developing economies shows significant volatility, with large decreases associated with the different crises that affected emerging markets over this period, such as the 1994-1995 Mexican crisis, the 1997-1998 East Asian and Russian crises, and the 2001 Argentinean crisis.¹⁰ Despite these setbacks, the total amount raised in capital markets by developing country firms increased more than threefold over the sample period, from 41 billion U.S. dollars at 2005 prices in 1991 to 138 billion U.S. dollars in 2005.

In terms of the location of issuances, although both issuances abroad and at home experienced significant growth between 1991 and 2005, the amount issued abroad increased more rapidly. This was particularly marked in the case of developing economies, where the ratio of the amount of capital raised abroad to total capital raised increased from 25.3 percent in 1991 to 53.8 percent in 2005. In the case of developed economies, the share of capital raised abroad increased from 25.3 in 1991 to 39.4 percent in 2005. For both groups of countries issuances in

⁹ Henderson, Jeegadesh, and Weisbach (2004) also analyze the aggregate patterns of global capital raising activity and present descriptive evidence similar to that discussed in this section.

¹⁰ See, for example, Sachs, Tornell, and Velasco (1996), Chang and Velasco (1998), and Ortiz (2002) for accounts of the causes and lessons learned from these crises.

international markets represent a significant share of the total amount raised by firms in public markets.

Figure 2 presents data on the evolution of the aggregate share of capital raised abroad for developing and developed economies, differentiating between equity and debt issues. Equity issues include initial public offerings (IPOs) and seasoned equity offerings (SEOs). Debt issues include convertible and non-convertible debt issues and preferred shares issues. Preferred shares have features of both equity and debt securities and therefore could be classified in any of the two categories. Given that these issues represent a relatively low percentage of capital raisings for most regions, the criteria used to classify them does not affect the observed patterns of capital raising activity. All the results reported in the paper classify preferred shares issues as debt issues. As a robustness test, we estimated all our regressions classifying preferred shares issues as equity issues and obtained results similar to those reported throughout the paper. Appendix Tables 2, 3, and 4 present data on equity and debt issues.

The top panel of Figure 2 shows that equity issues in developing economies are far more internationalized than equity issues in developed economies. Also, the degree of internationalization of developing economy firms has increased over our sample period. The amount raised through equity issues outside firms' home country represented 15 percent of the total amount raised through equity issues by developing country firms in 1995, and this ratio increased to 59.4 percent in 2005. In the case of developed economies, the share of equity issues abroad has remained relatively stable over this period, standing at nine percent in 1995 and 8.6 percent in 2005.

The bottom panel of Figure 2 shows that debt issues are highly internationalized in both developed and developing economies. For both groups of countries the amount raised through

corporate debt offerings abroad represented almost half of the total amount raised through corporate debt issues in 2005, reaching 46.1 percent in the case of developed economies and 43.5 percent for developing economies.

To analyze the extent of internationalization of capital markets in more detail, Table 1 shows the aggregate amounts raised through security issuances in domestic and international markets over the period 1990-2005 for different regions, while also differentiating between debt and equity issues. Several interesting patterns emerge from these data.

First, debt issues in public markets are a more important source of capital for firms than equity issues at the aggregate level during our sample period. Firms raised 20.2 trillion U.S. dollars at 2005 prices between 1991 and 2005 through debt issues in public markets, which represents 80.2 percent of the total amount raised through security issues over this period.¹¹

Second, consistent with the patterns shown in Figure 1, international markets account for a large share of capital raising activity, both for developing and developed economies. Firms from developed economies raised 7.6 trillion U.S. dollars at 2005 prices in international capital markets over our sample period, which represents 29.8 percent of the total amount they raised in public markets. In case of developing country firms, capital raised outside their home countries between 1991 and 2005 totals 462.6 billion U.S. dollars at 2005 prices, representing 37.8 percent of the total amount raised through security issuances during this period.

Finally, as highlighted by Figure 2, debt markets are more internationalized than equity markets. In the case of developed countries, the total amount raised through equity issues abroad represents 7.8 percent of the total amount raised through equity issues over our sample period.

¹¹ The value of debt issues is not directly comparable to that of equity issues, since equity issues have no maturity, while debt issues must be repaid. Part of the proceeds from debt issues are typically used to repay maturing debt and therefore only a fraction of debt issues can be considered new capital. Henderson, Jegadeesh, and Weisbach (2004) try to adjust the data on debt issues to take this fact into account and conclude that even with these adjustments debt issues constitute a larger source of new capital than equity issues.

This statistic is over four times higher in the case of debt offerings, reaching 34.7 percent. For developing country firms, the share of equity issues abroad over the 1991-2005 period reached 27.6 percent, compared to 47.2 percent in the case of debt issuances. Moreover, the higher internationalization of debt markets compared to equity markets is a consistent pattern across all regions shown in Table 1.¹²

Table 1 shows that U.S. firms are the most active in terms of their capital raising activity. They raised 10.5 trillion U.S. dollars at 2005 prices in public capital markets between 1991 and 2005. This represents 41.7 percent of the total amount raised in capital markets worldwide.¹³

Most of the capital raisings by U.S. firms are conducted in the United States. Equity issues outside of the United States represent only 0.3 percent of the total equity issues of U.S. firms. Debt issues abroad accounting for 14.1 percent of the total amount raised by U.S. firms through debt issues. The internationalization of capital raising activity by U.S. firms, especially in the case of debt, is significantly lower than that of firms from other developed economies.¹⁴ Debt issuances in international markets represent 51.9 percent of the total amount raised through debt issuances by firms from developed economies excluding the U.S. over the period 1991-2005.

The low level of internationalization of U.S. firms might be explained by the fact that firms tend to cross-list and raise capital in larger and more liquid markets (Pagano, Roell, and Zechner, 2001; Henderson, Jegadeesh, and Weisbach, 2004; and Sarkissian and Schill, 2004) and given that U.S. capital markets are among the largest and most active in the world, U.S. firms may

¹² Out of 99 economies for which we have data on bond issuances, only in nine (mostly Latin American countries) the internationalization of equity markets is higher than the internationalization of debt markets.

¹³ After the U.S., the most active countries in terms of the amount raised in public capital markets over our sample period are Germany (with a total amount raised of 2.8 trillion U.S. dollars at 2005 prices between 1991 and 2005), Japan (1.8 trillion), United Kingdom (1.8 trillion), France (1.5 trillion), and the Netherlands (1.2 trillion).

¹⁴ Only six of the 99 economies with data on debt issuances in SDC show a lower level of internationalization of debt issuances than the U.S. over our sample period. All these countries are located in Latin America.

have fewer incentives than firms from other countries to raise capital abroad.¹⁵ In fact, our data show that the U.S. is one of the main markets where firms raise capital when going abroad. The amount raised by foreign firms in U.S. public markets over the 1991-2005 period totals 1,130 billion U.S. dollars at 2005 prices, which represents 14.9 percent of the total amount raised by firms outside their home countries.¹⁶ This suggests that U.S. public capital markets may provide an attractive venue for capital raising activity in general—maybe due to their size and liquidity, disclosure and corporate governance standards, diversified investor base, or some other factor—and as a result U.S. firms may have less need to raise capital outside their home country. However, other countries that attract a large amount of capital raising activity by foreign firms present significantly higher levels of internationalization than the U.S. For instance, in the United Kingdom, which is the largest market for foreign capital raisings after the U.S. (with a total amount raised by foreign firms of 1,123 billion U.S. dollars at 2005 prices over our sample period), the share of equity issues in international markets reached 5.9 percent between 1991 and 2005 and debt issuances abroad accounted for 36.6 of the total amount raised through debt offerings over this period.¹⁷

¹⁵ The U.S. has the largest stock market in the world, with market capitalization reaching 17 trillion U.S. dollars in 2005. After the U.S. the countries with the largest stock markets are Japan (market capitalization of 4.7 trillion U.S. dollars in 2005), United Kingdom (3.1 trillion), France (1.7 trillion), and Canada (1.5 trillion). The U.S. also has the largest market for private bonds, with the amount outstanding of corporate and financial institution bonds reaching 14.8 trillion U.S. dollars at year-end 2005, more than seven times higher than the second-largest bond market (Japan, with a total amount outstanding of 1.8 trillion).

¹⁶ The largest destination for capital raisings by foreign firms according to SDC is Luxembourg, with the total amount raised by foreign firms in this market over the 1991-2005 period reaching 4.3 trillion U.S. dollars at 2005 prices. This high level of foreign activity is mostly due to the fact that SDC classifies most Eurobonds as being listed on the Luxembourg exchange, although these bonds are issued all over Europe and trade mostly over the counter.

¹⁷ The largest destinations for firms raising capital outside their home countries after Luxembourg, the U.S., and the United Kingdom, are Germany (with a total amount raised by foreign firms over our sample period of 320.5 billion U.S. dollars at 2005 prices), Switzerland (226 billion), and Hong Kong (93.5). All these countries present relatively high levels of internationalization, with the ratio of the amount raised abroad to the total amount raised in public capital markets by firms from these countries reaching 41.7 percent in Germany, 20.8 percent in Switzerland, and 31.8 percent in Hong Kong.

In terms of regional patterns, Table 1 shows that the Middle East presents the highest level of internationalization of capital raising activity, with 75.9 percent of the total amount raised by firms from the region through security issuances in public markets over the 1991-2005 period being raised abroad, followed by Eastern Europe and Central Asia (70.2 percent), Australia and New Zealand (63 percent) and Africa (57.3 percent).¹⁸ When analyzing debt issues, we can see that the amount raised through issuances outside firms' home countries exceeds the amount raised through offering in domestic markets for all the regions presented in Table 1, except for the G-3 countries and Latin America & the Caribbean. In contrast, in the case of equity issues, the amount raised abroad exceeds the amount raised at home only in the case of the Middle East.

3.2 Firms' Access to International Markets

The data presented in Section 3.1 show that capital markets, especially debt markets, are highly internationalized and that the level of internationalization has increased over the last 15 years. An important question, both from an academic and a policy perspective, is whether access to international markets is segmented or open to most firms. Although a large share of capital raisings occur abroad, perhaps only a few, large creditworthy-firms access international markets. This section addresses this question, by documenting the extent of firms' access to capital markets and by analyzing the capital raising behavior of those firms that raise capital abroad.

In this subsection, we examine which firms access international markets. Figure 3 shows the number of firms from developed and developing economies that raised capital in public markets in each year between 1991 and 2005, differentiating between those that raised capital at home and abroad. The top panel shows that the number of firms from developed economies

¹⁸ The "Other" category shows an extremely high level of internationalization, with almost all capital raising activity by firms from these countries being carried out in international markets. This is because this category includes many offshore financial centers, such as Cayman Islands, British Virgin Islands, and the Channel Islands. The firms from these economies included in the SDC database are mostly offshore subsidiaries of international financial firms which issue securities in international markets.

raising capital in domestic public markets increased from 2,369 in 1991 to a maximum of 4,205 in 2000, experiencing a large drop following the end of the dot com bubble. The number of firms issuing securities in local markets reached 2,917 in 2005. In terms of capital raising activity in international markets, Figure 3 shows that the number of developed country firms raising capital outside their home markets increased steadily over this period, from 590 in 1991 to 898 in 2005.

In the case of developing economies, the number of firms raising capital in domestic markets in each year almost tripled in the first half of the 1990s, from 761 in 1991 to 2,122 in 1995. This expansion was, at least partly, a consequence of the privatization process in many developing countries, as governments carried out privatization sales through share offerings on local exchanges.¹⁹ The number of firms raising capital in local markets in each year experienced a sharp decrease after 1996 and reached 533 in 2005. Regarding international activity, the number of developing country firms raising capital abroad increased significantly over our sample period, from only 35 in 1991 to 230 in 2005.

Since the same firms may raise capital in several years over our sample period, we analyze firms' access to capital markets in more detail. Table 2 shows the total number of firms that issued securities in domestic and international markets over the period 1990-2005 for different regions, differentiating between debt and equity issues. Appendix Table 4 presents similar data, with the breakdown of equity and debt issues by type of security. Several interesting patterns emerge from these data.

Table indicates that a higher number of firms issued equity than debt over our sample period. A total of 35,143 firms raised capital through equity issues in public markets between

¹⁹ See OECD (2001) for an overview on the privatization process. Boutchkova and Megginson (2000), Bortolotti, Fantini, and Scarpa (2002), and Bortolotti, de Jong, Nicodano, and Schindele (2004), among others, analyze different aspects of privatizations through share issues in stock exchanges.

1991 and 2005, compared to 14,958 firms that issued debt securities during the same period.²⁰ The higher number of firms issuing equity contrasts with the data reported in Table 1 that shows that the amount raised through debt issues in public markets over this period is more than four times the amount raised through equity issuances. This suggests that debt issues may be larger than equity issues and that firms that issue debt securities tend to raise more capital than those that issue equity securities.

Table 2 also shows that the share of firms that raise capital abroad is relatively low, indicating that internationalization is restricted to a small set of firms. Out of a total of 46,508 firms raising capital in public markets between 1991 and 2005, only 6,855 (14.7 percent) issued securities outside their home market. When analyzing the number of firms going abroad by type of security issuance, we can see that a low share of those firms that issue equity tend to do so in international markets. Only 5.2 percent of the firms from developed economies that raised capital through equity issues did so through offerings outside their home markets. In the case of developing countries, this statistic reaches 6.3 percent. This suggests that only a relatively small set of firms may be able to meet the requirements to access equity markets outside their home country. This evidence is consistent with the results from Claessens and Schmukler (2007), which show that the firms that cross-list and raise equity capital abroad represent a relatively low share of the total number of firms listed in local stock exchanges.

The percentage of firms raising equity abroad is lower than the share of equity capital raised in international markets reported in Table 1, suggesting that equity issues in these markets may be larger than those in domestic markets. The percentage of firms raising capital abroad through debt issues is much higher than for equity issues. In the case of developed economies,

²⁰ The total number of firms that raised capital during our sample period was 46,508. Note that the total number of firms is lower than the sum of firms issuing equity and debt as some firms issued both types of securities (3,593 firms carried out both equity and debt issuances between 1991 and 2005).

the percentage of firms that issued debt securities abroad over our sample period stands at 37 percent, which is similar to the share of capital raised through debt issues in international markets for these countries presented in Table 1 (34.7). In contrast, in the case of developing countries, the share of firms issuing debt abroad (26.4 percent) is much lower than the share of capital raised abroad shown in Table 1 (47.2), suggesting again that issues abroad are larger than domestic issues.

Since relatively few firms access international capital markets, an important question is whether these firms that access international markets are also active in domestic capital markets. On the one hand, firms that raise capital abroad may be those that are more attractive to investors in general and that have larger external financing needs, so they may be active participants both in domestic and international capital markets. Also, access to international markets could act as signaling device, allowing firms to indicate their higher quality to investors and may therefore make it easier for these firms to raise capital at home.²¹ On the other hand, if international markets provide some services that domestic markets cannot provide, firms that meet the requirements to raise capital in those markets may have little incentive to raise capital at home. In this case, one would expect to observe segmentation, with some firms conducting all their capital raising activity abroad and others only raising capital at home.

Table 3 provides some preliminary evidence to address this question. In particular, it shows descriptive data on the capital raising activity of those firms that access international capital markets.²² The Table displays two statistics. The first one is the aggregate share of the total amount raised in domestic markets over the 1991-2005 period accounted for by those firms

²¹ Cantale (1996), Fuerst (1998), Blass and Yafeh (2001), Coffee (2002), and Melvin and Tonone (2004) argue that signaling may be an important explanation for cross-listings in foreign stock exchanges. Reese and Weisbach (2002) show that firms from developing countries tend to raise more capital at home following cross-listings abroad.

²² Appendix Table 5 presents similar data, with the breakdown of equity and debt issues by type of security.

that raise capital abroad at some point during our sample period. The second statistic presented in Table 3 is the average ratio of the amount of capital raised abroad to the total capital raised in public markets over the period 1991-2005, computed across those firms that raise capital abroad at some point during our sample period.

The data show that firms that access international capital markets still account for a substantial fraction of the total amount of capital raised in their domestic markets. In the case of developed economies, firms with capital raisings abroad represented 49 percent of the total amount raised in domestic markets during our sample period. For developing economies, this statistic stands at 26 percent. These figures indicate that firms that access international markets are active participants in local capital markets as well. It is worth noting that the share of domestic capital raising activity represented by these firms is significantly higher than the share of total firms that they represent, which suggests that these firms may be larger and have more external financing needs than those firms that only raise capital in local markets. The data suggests that, on average, those firms from developed economies with activity in international capital markets conduct 53 percent of their equity capital raisings and 81 percent of their debt issuances outside their home markets. In the case of those firms from developing economies that raise capital abroad, equity issues outside their home market represent on average 71 percent of the total amount raised through equity issuances between 1991 and 2005 and debt issues abroad account for 84 percent of the amount raised through debt offerings.

The observation that the share of capital raised abroad is on average higher for debt than equity issues when analyzing only those firms that raise capital outside their home countries suggests that debt issuances abroad are easier or more beneficial for firms than equity issues. The data presented in Table 1 already suggested that this might be the case, as the aggregate share of

capital raised in international markets over our sample period is significantly higher for debt issuances than equity issuances. However, it is possible that we observe a higher share of international debt issues in the aggregate data not due to underlying differences between equity and debt issuances, but rather because firms that tend to access international markets are also more likely to issue debt securities. However, the results presented in Table 3 suggest that this is not the case, as even when analyzing those firms that raise capital abroad we find a higher level of internationalization of debt issuances. The finding that debt markets tend to be more internationalized than equity markets runs counter to arguments that emphasize bonding to better standards as the driving motivation for accessing international markets. Debt issues abroad do not commit issuers to abiding by improved regulation and disclosure standards.

While the data shown in Table 3 suggests that those firms that raise capital in international markets are also active participants in domestic markets, it is necessary to consider that this only constitutes descriptive evidence. More formal statistical analyses would be necessary to understand why this is the case. Also, we do not analyze the time patterns of capital raising activity. It is possible that firms that access international capital markets are active participants in domestic markets before raising capital abroad, but that after meeting the criteria for raising capital abroad they conduct most of their security issuances in international markets. Future research could explore the dynamics of capital raisings and how these dynamics differ according to the location of capital raisings.

3.3 Differences between Issues at Home and Abroad

The evidence presented above suggests that there are differences between issues in domestic and international markets. In particular, the data indicate that issues in international markets are larger than domestic issues. To provide more direct evidence, Table 4 compares the

median proceeds of issues in domestic and international markets for firms from developed and developing economies, differentiating between debt and equity issues. Appendix Table 6 presents similar data, with the breakdown of equity and debt issues by type of security. Similar results as those reported in Table 4 and Appendix Table 6 can be obtained when analyzing differences across means instead of medians.

Table 4 shows that issues abroad tend to be significantly larger than issues at home. In the case of developed economies, the median proceeds from equity issues at home over the 1991-2005 period was 26.9 million U.S. dollars at 2005 prices, compared to 54.7 million for equity issues abroad. In the case of debt, the median amount raised per debt issue at home was 86.9 million U.S. dollars at 2005 prices, while the same statistic reached 136.3 million in the case of debt issues abroad. In both cases, the differences among issues at home and abroad are statistically significant at the one percent level, according to the Mann-Whitney U-test.

Even larger differences between issues at home and abroad are visible in the case of developing economies. The median amount raised per equity issue abroad by developing country firms over our sample period is more than 16 times higher than the median amount raised per equity issue at home (62 and 3.8 million U.S. dollars at 2005 prices, respectively). Similar differences across markets are visible in the case of debt issues by developing country firms, with the median proceeds from debt issues abroad reaching 122.4 U.S. dollars at 2005 prices, compared to only 7.3 million in the case of debt issuances at home. In both cases, the differences among issues at home and abroad are statistically significant at the one percent level.

We also test whether firms that raise capital domestically conduct more frequent issuances in domestic markets. Even if the size of issues is large abroad, firms could make several issuances in domestic markets while only making one or two issuances abroad. In this case, the

amounts raised per year by each firm in domestic and international markets may not differ significantly.

Table 4 shows that this is not the case; rather, the median amount raised per year (considering only those years when firms raise capital) is significantly higher for issuances in international markets than issuances in domestic markets. In the case of firms from developed economies, the median amount raised per firm per year in domestic markets is 61.9 million U.S. dollars at 2005 prices, compared with a median amount raised in international markets per year of 250 million U.S. dollars at 2005 prices. In the case of developing country firms, the differences are even larger: The median amount raised per year outside firms' home country is almost 17 times higher than the median amount raised at home (124.2 and 7.4 million U.S. dollars at 2005 prices, respectively). Similar differences are visible when analyzing the median amounts raised per year by type of security. In all cases, the median amount raised abroad is significantly higher than the median amount raised at home, consistent with the idea that firms tend to raise larger amounts when issuing securities in international markets.

The bigger size of capital raisings in international markets could be explained by the fact that only large firms, with large external financing needs access international markets. This could be because of higher fixed costs of raising capital abroad and/or because large firms face less information asymmetries. Alternatively, it may be the case that firms that access international markets raise larger amounts, even when controlling for firm size. To analyze whether this is the case, Table 4 presents data on the amount raised per security issue divided by the total assets of the firm before raising capital.

Indeed Table 4 indicates that the larger absolute size of international equity issues is accounted for by the larger size of firms that access international equity markets. The data show

that in the case of equity issues, the proceeds per issue as a percentage of assets are higher for capital raisings in domestic markets than capital raisings abroad, both for developed and developing countries. In the case of debt issues, the results show that for developed country firms, the amount raised at home is larger than the amount raised abroad, when scaled by firms' assets. However, in the case of firms from developing economies the results show that the amount raised abroad as a percentage of assets is higher than the amount raised at home, indicating that debt issues abroad are larger than domestic issues, even when taking into account the fact that larger firms tend to access international markets.

4. Capital Raising Activity and Firms Characteristics and Performance

This section analyzes the characteristics and performance of firms that raise capital through security issues in international capital markets, comparing them to firms that raise capital in domestic markets, and to firms that are listed in their domestic stock markets but do not raise capital over our sample period. The section also traces the performance of firms over time after capital raisings, differentiating between equity and debt issues and capital raisings at home and abroad. We analyze a broad set of firm-level characteristics, including measures of size, growth, investment activity, profitability, capital structure, international activity, valuation, dividend policy, and ownership structure.

This analysis allows us to address several questions about the internationalization process: Which are the characteristics of firms that raise capital in international markets? Are firms that raise capital abroad similar to firms that raise capital at home? Does raising capital abroad affect firms differently than raising capital domestically, and if it does, how? Answers to these questions will improve our understanding of the motivations and effects of security issuances in international capital markets, and of capital raisings in public markets in general.

4.1 Differences across Firms by Capital Raising Activity

As a first step towards exploring the differences between firms that raise capital abroad and those that do not, Table 4 presents the means of several firm-level variables for different groups of firms. Similar patterns are visible for most firm characteristics if we compare medians across the different groups of firms instead of means. Appendix Table 8 presents the definition of the different variables used in the analysis.

Table 4 displays first the means of the firm-level variables of interest for those firms that are listed in domestic markets but do not raise capital during our sample period. Then it shows the means for those firms that issue securities in capital markets, irrespective of whether they do so in domestic or international markets. Finally, it displays the means of the firm-level variables for those firms that raise capital at home and for those firms that raise capital abroad.

Several interesting patterns emerge. First, firms that raise capital are very different from those firms that are listed in local stock markets but do not issue securities in capital markets over the 1991-2005 period. For almost all the accounting variables presented in Table 4, the differences in means among capital raising and non-capital raising firms are significant at the one percent level. In particular, firms that raise capital tend to be larger, grow at a faster pace, and have higher capital expenditures and R&D investments, both in absolute terms and as a percentage of assets and sales. Capital raising firms tend to be less profitable, exhibiting lower returns on assets and equity and lower margins. Firms that raise capital also differ from non-capital raising firms in terms of their capital structure: They have higher levels of indebtedness and their debt tends to have longer maturity (a lower ratio of short-term debt to total debt). Also, firms that raise capital tend to conduct a higher percentage of their business activities abroad and have higher valuations (in terms of price-to-book value of equity) and pay lower dividends, both

as a percentage of their share prices (dividend yield) and their net income. Finally, the ownership structure of firms that raise capital differs from that of firms that are listed on local exchanges but do not raise capital, exhibiting a lower percentage of shares held by insiders. Most of the differences between capital raising and non-capital raising firms are also visible when comparing firms that raise capital at home with non-capital raising firms and if we compare firms that raise capital abroad with non-capital raising firms.²³

Second, Table 4 indicates that there are significant differences between firms that raise capital at home and abroad. Consistent with the above discussion on the size of issues in domestic and international markets, we find that firms that raise capital abroad are significantly larger than firms that only raise capital at home, with the difference in average assets between both sets of firms reaching 4.8 billion U.S. dollars.²⁴ Firms that raise capital abroad also tend to grow slower than firms that only raise capital in domestic markets. In terms of their investment, firms that raise capital in international markets show higher capital expenditures and R&D investments in U.S. dollars, but this seems to be a consequence of their larger size, as once we scale expenditures by sales or assets they tend to show lower investment intensity than firms that only issue securities at home. Firms that raise capital abroad are more profitable and show higher levels of indebtedness and exhibit longer debt maturities. They also have lower liquidity than firms that only raise capital at home, as proxied by cash and short term investments as a percentage of total assets. In terms of valuation, firms that raise capital outside their home countries have lower price-to-book value ratios than firms that only raise capital at home, but

²³ In the case of profitability, the results show that firms that raise capital abroad have a higher return on equity and higher EBITDA margins than firms that do not raise capital, while firms that raise capital at home have lower returns and margins than non-capital raising firms.

²⁴ Differences in size between firms that raise capital abroad and at home are much smaller if we analyze medians instead of means, but they are still statistically significant at the one percent level.

have higher price-earnings ratios. Finally, firms that raise capital abroad exhibit a lower concentration of ownership than firms that only issue securities in their domestic market.

4.2 Changes in Firm-Level Variables Following Capital Raising Activity

The results presented in Table 4 do not allow us to distinguish between different possible explanations for the observed differences between firms. For instance, the observed higher capital expenditures of firms that raise capital could be a result of an increase in investment following capital raisings, consistent with the hypothesis that financing new investments is an important motivation for issuing securities. On the other hand, this difference could result from the fact that those firms that raise more capital are also more likely to issue securities than firms that do not raise capital, but capital expenditures may not change following capital raisings.

Thus, to understand the motivations for capital raisings, we need to understand whether the observed differences between the different groups of firms existed before raising capital or whether they emerged after firms raised capital. In this section, we analyze the changes in firm-level variables after capital raisings abroad and at home in order to provide some descriptive evidence in this regard. Given that the observed patterns may differ by type of issue, we analyze debt and equity issues separately. In the case of equity issues, we do not have accounting data for firms before they go public, therefore we restrict our analysis to SEOs.

Tables 6, 7, 8, and 9 present two sets of regressions. First, by the type of security issuance, we estimate separate regressions for only those firms that conducted each particular type of issuance, including a dummy variable that equals one on the year of the capital raising and in all subsequent years. This dummy variable equals zero before firms raise capital. These regressions include firm-level fixed effect and year dummies. By using firm-level fixed effects, we are comparing each firm to itself before raising capital. These regressions allow us to

understand to what extent firm-level characteristics actually change following capital raisings. The second set of regressions includes both those firms that conduct the specific type of capital raising and a control group. In the case of SEOs and debt issues at home we use as control group those firms that are listed in local exchanges but did not issue securities during our sample period. In the case of SEOs abroad, the control group includes those firms that conducted SEOs in their home markets. Similarly, in the case of debt issues abroad, the control group includes those firms that issued debt securities at home. These regressions include country and year dummies and two dummy variables that identify firm's capital raising activity. The first one is a dummy variable that captures the period after capital raisings, which equals one on the year of the capital raising and in all subsequent years. This dummy variable equals zero for the comparison groups and before firms raise capital. This variable captures differences between firms that raise capital and the control group after capital raisings. The other dummy variable included in these regressions captures the period before issuing securities for capital raising firms. It equals one before firms raise capital and zero afterwards. It is zero for those firms in the control group. This dummy intends to capture differences among capital raising firms and firms in the control group that existed before raising capital.

We first find that capital raisings are associated with significant changes in firm-level variables, and in most cases these changes are similar when comparing security issuances abroad and at home. When analyzing the first set of regressions (fixed effect regressions including only those firms that conduct each type of capital raising) in Tables 6 and 7 we can see that SEOs at home and abroad are followed by significant increases in firm size and a decrease in firm profitability, as measured by returns on assets and equity. Also, the percentage of shares held by insiders decreases following both SEOs at home and abroad. In the case of debt issues, Tables 8

and 9 show that firms expand and experience a drop in profitability following both issuances at home and abroad. Also, firms experience an increase in debt to assets and debt to equity following debt issues at home and abroad and also show improvements in debt maturities (lower short-term debt over total debt) and increases in cash and short term investments. Also, business activity abroad tends to increase following debt issues in international markets and at home. The finding that the changes in firm performance that follow equity and debt issuances in international markets are broadly similar to those that follow equity and debt issuances at home suggests that issues in international markets are not intrinsically different from issues in the domestic market, aside from foreign issues being larger, as discussed above.

Second, most of the differences observed in Table 5 between firms that raise capital abroad and firms that raise capital at home and between firms that raise capital at home and firms that do not raise capital existed before firms actually accessed capital markets. Tables 6 and 8 show that firms that raise capital at home are larger, grow faster, and have higher capital expenditures than non-capital raising firms before actually raising capital in local markets. Also, the differences in capital structure, capital expenditures, and valuation between firms that raise capital at home and non-capital raising firms that are observed in Table 4 all seem to have existed before firms raised capital, although in many cases these differences increased following security issuances. Similarly, Tables 7 and 9 show that firms that raise capital abroad are larger than firms that raise capital at home, even before actually accessing international markets. Also, firms that raise capital abroad tend to have more business activities abroad and have higher levels of indebtedness than firms that raise capital at home before raising capital abroad.

Finally, even if the general changes in firm performance that follow capital raisings abroad and at home are similar, the data also highlight some differences. In particular, capital

structure seems to respond differently to international and domestic SEOs. Firms' debt to equity ratio decreases following SEOs at home, but does not change following SEOs abroad. This suggests that firms may increase their debt following SEOs abroad, either through bond issuances in capital markets or through increased bank borrowings.

4.3 Time Patterns of Firm-Level Variables Following Capital Raising Activity

So far we have compared firms before and after they raised capital, but averaging over the pre- and the post-capital raising periods may hide important time-series patterns. For instance, capital expenditures may temporarily increase following capital raisings abroad, but could decrease over time.

To provide a more detailed picture of the changes in firm-level variables that follow capital raisings, we now explore the time-series patterns of these variables. In particular, we estimate regressions with year dummies and firm-level fixed effects, including only those firms that conduct the capital raisings under analysis in each case. To trace out annual patterns following capital raisings we include a series of dummy variables. The variable "SEO at home year dummy", for instance, equals one on the year that a firm conducts a SEO in its domestic market and zero otherwise. Similarly the "More than three years after SEO at home dummy" equals one more than three years after a firm conducts a SEO at home and zero afterwards. We construct corresponding dummy variables for the years following each type of capital raising. By using firm-level fixed effects, we are comparing each firm to itself before raising capital.

The time-series patterns of firm-level variables are broadly similar for issues at home and abroad. In the case of SEOs, Tables 10 and 11 show that firms expand following both SEOs at home and abroad. Also, firms experience a long-term decrease in growth and profitability following SEOs. Loughran and Ritter (1997) also find evidence of a decrease in profitability

following SEOs in the U.S., which they interpret as consistent with market timing arguments that emphasize that firms may decide to raise capital after periods of high performance, which may make their securities more attractive to investors. The observed decrease in profitability could also be the result of earnings managements, as insiders may have incentives to window-dress company accounts before equity issuances (Teoh, Welch, and Wong, 1998 and Rangan, 1998).²⁵ In terms of investment, although the absolute size of capital expenditures and R&D investments increase following SEOs at home, when scaling expenditures by sales and assets the results show that investment does not increase permanently (and even tends to decrease) following both SEOs at home and abroad. SEOs, irrespective of whether at home and abroad, also seem to be associated with long-term decreases in ownership concentration.

In the case of debt issuances, Tables 12 and 13 show that the time patterns of firm-level variables are broadly similar for issues at home and abroad. Firms tend to expand following debt issues and experience a long-term decrease in profitability and growth. Debt issues, both at home and abroad, are associated with temporary increases in investments, but expenditures decrease in the long-term. Also, debt issues are associated with long-run increases in indebtedness levels and cash holdings. As mentioned above, the finding that the changes in firm performance that follow equity and debt issuances in international markets are broadly similar to those that follow equity and debt issuances at home suggests that issues in international markets are not intrinsically different from issues in the domestic market. However, the time series results in Tables 10 and 11 also suggest that capital structure seems to respond differently to international and domestic SEOs.

²⁵ Inflated expectations by investors and earnings management that leads investors to overestimate the earnings potential of issuing firms are not the only possible reasons for poor post-issue performance. Jensen and Meckling (1976) argue that the interests of managers and other stockholders become less closely aligned as managers' stakes decline and ownership becomes more disperse. If these increased agency problems are not fully anticipated by the market, they will manifest in low post-issue performance.

5. Conclusions and Directions for Future Research

In this paper, we characterize the patterns of capital raising activity in domestic and international capital markets. We compile a large database on capital raising activity in domestic and international markets by merging the equity and debt issuance data from *Securities Data Corporation* with firm balance sheet and income statement data from *Worldscope*. This allows us to compare firms that issue different types of securities abroad (equity and debt) with firms that issue different types of securities domestically. We also compare these capital raising corporations with local corporations that do not issue new securities over our sample period. In this paper, we begin to characterize broad patterns in the data and thereby provide evidence on the causes and consequences of international capital raisings. In subsequent papers, we plan to focus much more narrowly on particular components.

The results show that a small fraction of large firms raise an enormous amount of capital in international financial centers. Of the total amount of capital raised through the issuance of debt and equity securities over our sample period, about 30 percent is raised in international financial centers. The firms that raise capital abroad are much larger than firms that issue securities domestically, which are in turn larger than corporations that do not issue new securities. These differences in firm size exist well before firms internationalize.

These results are consistent with the view that there are large fixed costs associated with raising capital and that these costs are larger for raising capital abroad. Although several papers analyze the direct cost of issuance around the world for IPOs (see, for example, Ljungqvist, Jenkinson and Wilhelm, 2003; Torstilla, 2002, 2003), there is little or no literature on cross-country differences in the costs of raising capital through different instruments, including bonds or SEOs, although these represent a much larger share of capital raising activity than IPOs. The

extant literature on cost of raising capital, even if restricted to IPOS, does suggest that cross-border issues tend to have higher direct costs of issuance.

A second consistent finding from this paper is that while firms become large after they raise capital, they do not become more profitable. We find that firm size increases and firms invest more (at least in absolute terms) following capital raisings. This holds across equity and debt issuances, and across capital raisings in domestic and foreign markets. However, returns on assets and on equity decrease following capital raisings. In other words, the results suggest that firms expand after raising capital, but they do not become “better” firms after doing so. This finding runs counter to the view that firms bond themselves to a better corporate governance structure by accessing international markets.

Third, our coarse documentation of firm performance following capital raisings suggests that capital raisings abroad are not intrinsically different from capital raisings at home, aside from their larger size. Whether firms raise capital in domestic or international markets does not matter much for subsequent patterns of performance. Firms that issue equity or debt, in domestic or international markets, tend to grow, increase investment, and experience a fall in profitability and growth following these capital raisings.

When looking beyond firm size, investment, and profitability, however, the results suggest that researchers have missed something crucial about the dynamics of capital raisings and how these dynamics differ according to the location of capital raisings. For example, debt to equity decreases following SEOs at home, but not after SEOs abroad. Future research could clarify whether raising equity abroad facilitates the subsequent raising of debt domestically and or/abroad or improves access to bank lending. Furthermore, raising money in capital markets seems to be associated with an improvement in the debt maturity profile (lower short-term debt

over total debt), suggesting that securities market operations may offer better terms than bank lending and/or allow firms to negotiate better terms with banks. In subsequent research, we plan to examine whether equity and debt capital raisings in international markets affect subsequent future financing decisions and terms.

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Table 1
Amount of Capital Raised in Public Markets by Issuer Country/Region and Type of Issue
(Million U.S. dollars at 2005 Prices)

This table shows the aggregate amount of capital raised by firms from each country/region through different types of security issues in public markets over the 1991-2005 period. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Equity issues include initial public offerings (IPOs) and seasoned equity offerings (SEOs). Debt issues include convertible and non-convertible debt issues and preferred shares issues. Data are in constant 2005 U.S. dollars. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group. See Appendix Table 3 for a breakdown of equity and debt issues by type of security.

	Equity issues				Debt issues				Total			
	Home	Abroad	Total	% <i>abroad</i>	Home	Abroad	Total	% <i>abroad</i>	Home	Abroad	Total	% <i>abroad</i>
Germany	269,173	18,311	287,484	6.4%	1,632,549	868,815	2,501,364	34.7%	1,901,722	887,126	2,788,848	31.8%
Japan	466,180	3,006	469,186	0.6%	926,261	449,906	1,376,167	32.7%	1,392,441	452,912	1,845,352	24.5%
United States	1,560,375	5,321	1,565,696	0.3%	7,676,885	1,258,022	8,934,907	14.1%	9,237,260	1,263,344	10,500,603	12.0%
Africa	14,466	6,724	21,189	31.7%	457	13,312	13,769	96.7%	14,923	20,035	34,958	57.3%
Asia	448,411	150,153	598,564	25.1%	113,296	194,014	307,309	63.1%	561,707	344,166	905,873	38.0%
Australia & New Zealand	124,701	11,840	136,541	8.7%	33,531	258,136	291,666	88.5%	158,231	269,976	428,207	63.0%
Eastern Europe & Central Asia	30,054	18,039	48,093	37.5%	270	53,342	53,612	99.5%	30,324	71,381	101,705	70.2%
Latin America & Caribbean	105,886	42,009	147,896	28.4%	270,546	152,481	423,028	36.0%	376,432	194,491	570,923	34.1%
Middle East	11,504	15,321	26,825	57.1%	0	20,972	20,972	100.0%	11,504	36,293	47,797	75.9%
Western Europe	1,460,580	171,296	1,631,875	10.5%	2,424,114	3,367,427	5,791,541	58.1%	3,884,694	3,538,723	7,423,417	47.7%
Other	0	65,241	65,241	100.0%	52	438,373	438,424	100.0%	52	503,613	503,665	100.0%
Total	4,491,330	507,261	4,998,591	10.1%	13,077,960	7,074,800	20,152,760	35.1%	17,569,290	7,582,060	25,151,350	30.1%
Developed countries	4,064,668	344,915	4,409,584	7.8%	12,742,256	6,774,506	19,516,761	34.7%	16,806,924	7,119,421	23,926,345	29.8%
Developing countries	426,662	162,345	589,007	27.6%	335,704	300,294	635,998	47.2%	762,365.8	462,639	1,225,005	37.8%

Table 2
Number of Firms Raising Capital in Public Markets by Issuer Country/Region and Type of Issue

This table shows the number of firms from each country/region conducting different types of security issues in public markets over the 1991-2005 period. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Debt issues include convertible and non-convertible debt issues and preferred shares issues. Equity issues include initial public offerings (IPOs) and seasoned equity offerings (SEOs). Note that since firms may conduct several different types of issues in different markets totals may differ from the sum of the different columns. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group. See Appendix Table 4 for a breakdown of equity and debt issues by type of security.

	Equity issues				Debt issues				Total			
	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad
Germany	825	31	845	3.7%	457	228	572	39.9%	1,201	251	1,311	19.1%
Japan	3,229	26	3,240	0.8%	893	767	1,265	60.6%	3,800	786	4,078	19.3%
United States	8,581	94	8,653	1.1%	4,396	545	4,675	11.7%	11,762	637	12,074	5.3%
Africa	221	43	255	16.9%	3	26	29	89.7%	224	67	280	23.9%
Asia	11,403	596	11,861	5.0%	665	653	1,201	54.4%	11,816	1,159	12,571	9.2%
Australia & New Zealand	2,121	57	2,155	2.6%	129	163	275	59.3%	2,183	217	2,344	9.3%
Eastern Europe & Central Asia	194	57	241	23.7%	9	132	140	94.3%	203	181	367	49.3%
Latin America & Caribbean	961	156	1,007	15.5%	2,145	384	2,370	16.2%	2,735	495	2,961	16.7%
Middle East	38	176	211	83.4%	0	44	44	100.0%	38	217	248	87.5%
Western Europe	6,138	530	6,498	8.2%	2,705	1,846	3,983	46.3%	8,276	2,292	9,720	23.6%
Other	0	177	177	100.0%	1	403	404	99.8%	1	553	554	99.8%
Total	33,711	1,943	35,143	5.5%	11,403	5,191	14,958	34.7%	42,239	6,855	46,508	14.7%
Developed economies	23,599	1,273	24,556	5.2%	8,822	4,342	11,737	37.0%	30,068	5,428	33,393	16.3%
Developing economies	10,112	670	10,587	6.3%	2,581	849	3,221	26.4%	12,171	1,427	13,115	10.9%

Table 3
Capital Raising Activity of Firms that Raise Capital Abroad

This table analyzes the capital raising activity of firms that raise capital through security issues in public markets abroad at some point during the 1991-2005 period. The first variable displayed is the percentage of total capital raised in domestic markets accounted for by these firms over the 1991-2005 period. The second variable displayed is the average across these firms of the ratio of capital raised abroad to total capital raised over the 1990-2005 period. The number of observations used to calculate these means is in parentheses. Issues abroad are those carried out in a public market outside firm's home country. Equity issues include initial public offerings (IPOs) and seasoned equity offerings (SEOs). Debt issues include convertible and non-convertible debt issues and preferred shares issues. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group. See Appendix Table 5 for a breakdown of equity and debt issues by type of security.

	Equity issues	Debt issues	Total
Percentage of total capital raising activity at home accounted for by firms with activity in international markets (total for the 1991-2005 period)			
Developed economies	0.29	0.55	0.49
Developing economies	0.23	0.29	0.26
Capital raised abroad/total capital raised over the 1991-2005 period (average across firms with activity in international markets)			
Developed economies	0.53 (2,046)	0.81 (4,408)	0.79 (5,423)
Developing economies	0.71 (808)	0.84 (898)	0.84 (1,416)

Table 4**Size of Capital Raisings in Public Markets by Type of Issue**

This table shows the median size of capital raisings for different types of security issues in public markets over the 1991-2005 period. The number of observations used to calculate the medians in each case is in parentheses. The median amount raised per year is calculated considering only those years when the different types of securities are issued. The reported test is the Mann-Whitney U-test of equality of medians for issues at home and abroad. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Equity issues include initial public offerings (IPOs) and seasoned equity offerings (SEOs). Debt issues include convertible and non-convertible debt issues and preferred shares issues. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group. See Appendix Table 6 for a breakdown of equity and debt issues by type of security. *, **, *** mean significance at ten, five, and one percent, respectively.

	Equity issues			Debt issues			Total		
	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)
Median amount raised per security issue (million U.S. dollars at 1995 prices)									
Developed economies	26.9 (41,153)	54.7 (2,201)	0.000 ***	86.9 (72,882)	136.3 (27,504)	0.000 ***	58.0 (114,035)	130.6 (29,705)	0.000 ***
Developing economies	3.8 (11,677)	62.0 (1,097)	0.000 ***	7.3 (9,384)	122.4 (1,796)	0.000 ***	5.6 (21,061)	101.4 (2,893)	0.000 ***
Median amount raised per year (million U.S. dollars at 1995 prices)									
Developed economies	30.5 (32,870)	69.8 (1,627)	0.000 ***	206.8 (19,584)	296.6 (9,448)	0.000 ***	61.9 (52,454)	250.0 (11,075)	0.000 ***
Developing economies	3.3 (10,911)	72.0 (793)	0.000 ***	23.8 (4,252)	138.5 (1,343)	0.000 ***	7.4 (15,163)	124.2 (2,136)	0.000 ***
Median amount raised per security issue/Total assets before raising capital									
Developed economies	0.232 (24,020)	0.195 (859)	0.099 *	0.006 (21,847)	0.003 (6,534)	0.000 ***	0.045 (45,867)	0.004 (7,393)	0.000 ***
Developing economies	0.113 (1,417)	0.073 (395)	0.007 ***	0.019 (1,185)	0.047 (290)	0.000 ***	0.046 (2,602)	0.057 (685)	0.000 ***

Table 5
Differences Across Firms by Capital Raising Activity

This table reports the mean of different firm-level characteristics for different groups of firms classified according to their capital raising activity over the 1991-2005 period. Firms with capital raising activity are those identified as having raised capital through security issues in public markets over the sample period. Firms with capital raisings at home are those identified as having raised capital through security issues in public markets in firms' home country over the sample period. Firms with capital raisings abroad are those identified as having raised capital through security issues in public markets outside firms' home country over the sample period. The number of observations used to calculate the means is in parentheses. The reported tests test the equality of means for the different firm characteristics across the different groups of firms. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Firms characteristic	Firms with no capital raising activity	Firms with capital raising activity		Firms with capital raising activity at home			Firms with capital raising activity abroad					
	Mean	Mean	Difference with firms with no capital raising activity		Mean	Difference with firms with no capital raising activity		Difference with firms with no capital raising activity		Difference with firms that only raise capital at home		
			Difference in means	Test p-value		Difference in means	Test p-value	Difference in means	Test p-value	Difference in means	Test p-value	
<i>Size</i>												
Total assets (million U.S. dollars)	772.2 (81,408)	1,906.3 (117,569)	1,134.1	0.000 ***	1,809.3 (110,294)	1,037.2	0.000 ***	5,859.2 (21,266)	5,087.1	0.000 ***	4,825.9	0.000 ***
Sales (million U.S. dollars)	380.2 (82,256)	826.7 (118,404)	446.5	0.000 ***	796.3 (111,089)	416.0	0.000 ***	2,301.3 (21,275)	1,921.1	0.000 ***	1,797.6	0.000 ***
<i>Growth</i>												
Annual percentage change in assets in U.S. dollars	0.097 (71,177)	0.143 (103,124)	0.046	0.000 ***	0.143 (96,654)	0.046	0.000 ***	0.118 (20,198)	0.021	0.000 ***	-0.031	0.000 ***
Annual percentage change in sales in U.S. dollars	0.119 (69,357)	0.157 (101,332)	0.038	0.000 ***	0.157 (94,974)	0.038	0.000 ***	0.121 (20,029)	0.002	0.502	-0.044	0.000 ***
<i>Investment</i>												
Capital expenditures (million U.S. dollars)	23.8 (68,786)	53.4 (103,681)	29.6	0.000 ***	51.2 (97,315)	27.4	0.000 ***	155.4 (18,834)	131.6	0.000 ***	124.6	0.000 ***
R&D expenditures (million U.S. dollars)	14.1 (17,699)	33.6 (31,187)	19.5	0.000 ***	33.3 (28,216)	19.2	0.000 ***	77.5 (8,489)	63.4	0.000 ***	60.3	0.000 ***
Capital expenditures/total assets	0.055 (62,506)	0.060 (95,195)	0.005	0.000 ***	0.060 (89,298)	0.005	0.000 ***	0.059 (18,442)	0.004	0.000 ***	-0.002	0.003 ***
R&D expenditures/total assets	0.023 (16,252)	0.035 (28,957)	0.012	0.000 ***	0.035 (26,251)	0.012	0.000 ***	0.030 (8,172)	0.007	0.000 ***	-0.007	0.000 ***
Net assets from acquisitions/total assets	0.006 (44,269)	0.009 (72,585)	0.002	0.000 ***	0.009 (67,567)	0.002	0.000 ***	0.006 (15,997)	0.000	0.384	-0.003	0.000 ***
Capital expenditures/sales	0.085 (55,299)	0.095 (90,594)	0.010	0.000 ***	0.094 (85,034)	0.009	0.000 ***	0.113 (16,311)	0.028	0.000 ***	0.022	0.000 ***
R&D expenditures/sales	0.030 (17,777)	0.051 (31,433)	0.022	0.000 ***	0.050 (28,395)	0.021	0.000 ***	0.044 (8,889)	0.014	0.000 ***	-0.011	0.000 ***
Net assets from acquisitions/sales	0.009 (43,010)	0.014 (70,692)	0.005	0.000 ***	0.014 (65,814)	0.005	0.000 ***	0.012 (15,792)	0.003	0.000 ***	-0.003	0.000 ***
<i>Profitability</i>												
Return on assets	0.034 (73,712)	0.026 (105,907)	-0.008	0.000 ***	0.025 (99,242)	-0.009	0.000 ***	0.034 (21,108)	0.000	0.677	0.010	0.000 ***
Return of equity	0.053 (72,256)	0.047 (103,430)	-0.005	0.000 ***	0.046 (96,788)	-0.007	0.000 ***	0.071 (20,918)	0.018	0.000 ***	0.030	0.000 ***
EBITDA/sales	0.128 (69,390)	0.081 (100,273)	-0.047	0.000 ***	0.078 (94,407)	-0.050	0.000 ***	0.147 (17,323)	0.020	0.000 ***	0.081	0.000 ***
<i>Capital structure</i>												
Total debt/equity	0.903 (80,033)	1.091 (115,694)	0.188	0.000 ***	1.078 (108,315)	0.174	0.000 ***	1.765 (21,935)	0.861	0.000 ***	0.831	0.000 ***
Total debt/total assets	0.216 (81,612)	0.242 (118,529)	0.026	0.000 ***	0.241 (111,069)	0.025	0.000 ***	0.303 (22,475)	0.087	0.000 ***	0.076	0.000 ***
Short term debt/total debt	0.564 (70,122)	0.533 (107,042)	-0.031	0.000 ***	0.535 (100,289)	-0.029	0.000 ***	0.453 (21,581)	-0.111	0.000 ***	-0.100	0.000 ***
Cash & equivalents/total assets	0.127 (80,551)	0.147 (117,998)	0.020	0.000 ***	0.146 (110,527)	0.019	0.000 ***	0.129 (22,589)	0.002	0.036 **	-0.022	0.000 ***
<i>International activities</i>												
Foreign assets/total assets	0.059 (32,003)	0.120 (42,748)	0.061	0.000 ***	0.120 (39,837)	0.061	0.000 ***	0.137 (9,805)	0.079	0.000 ***	0.023	0.000 ***
Foreign sales/sales	0.164 (40,684)	0.255 (59,850)	0.091	0.000 ***	0.252 (55,623)	0.088	0.000 ***	0.268 (13,915)	0.104	0.000 ***	0.017	0.000 ***
<i>Valuation & dividends</i>												
Price-earnings ratio	18.604 (72,632)	18.687 (103,511)	0.083	0.661	18.482 (97,287)	-0.122	0.524	22.847 (20,407)	4.243	0.000 ***	5.182	0.000 ***
Price to book value of equity	1.913 (72,364)	2.147 (102,998)	0.233	0.000 ***	2.153 (96,703)	0.239	0.000 ***	2.060 (20,414)	0.146	0.000 ***	-0.108	0.000 ***
Dividend yield	23.528 (64,934)	20.884 (98,061)	-2.644	0.000 ***	20.925 (91,813)	-2.604	0.000 ***	24.574 (18,708)	1.046	0.000 ***	4.560	0.000 ***
Dividend payout (% of net income)	2.252 (73,693)	1.828 (105,239)	-0.424	0.000 ***	1.836 (98,995)	-0.416	0.000 ***	1.805 (20,568)	-0.448	0.000 ***	-0.029	0.097 *
<i>Ownership</i>												
Closely held shares (%)	0.500 (52,334)	0.468 (80,055)	-0.032	0.000 ***	0.469 (75,017)	-0.032	0.000 ***	0.419 (16,796)	-0.081	0.000 ***	-0.062	0.000 ***

Table 6
SEOs at Home - Before and After Comparisons

This table reports regressions of different firm-level characteristics on dummies that identify the capital raising activity of firms over the 1991-2005 period. The before SEO at home dummy equals one before a firm raises capital through a seasoned equity offering (SEO) in a public market in its home country and zero otherwise. The after SEO at home dummy equals one on and after the year when a firm raises capital through a seasoned equity offering in a public market in its home country and zero otherwise. Both dummies equal zero for non-capital raising firms. The first seasoned equity offering in a public market in the firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activity at home. The regressions reported in column (1) are regressions with fixed effects at the firm level. The sample in these regressions includes only those firms that conduct seasoned equity offerings at home at some point during our sample period. The regressions reported in column (2) are ordinary least square regressions with standard errors adjusted for clustering at the firm level. The sample in these regressions includes both firms that conduct seasoned equity offerings at home at some point during our sample period and non-capital raising firms. The test reported tests the null hypothesis that the after SEO at home dummy equals the before SEO at home dummy. Non-capital raising firms are those that do not raise capital through security issuance in a public market during our sample period. A constant is estimated in both sets of regressions but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that conduct SEOs at home					Firms that conduct SEOs at home & non-capital raising firms									
	(1)					(2)									
	Firm-level fixed effects regressions					OLS regressions with clustering at the firm-level									
	After SEO at home dummy	Year dummies	No. of obs.	No. of firms	R-squared	Before SEO at home dummy (a)	After SEO at home dummy (b)	Year dummies	Country dummies	Industry dummies	No. of obs.	No. of firms	No. of capital raising firms	R-squared	Test (b)=(a) p-value
Size															
Log of total assets in million U.S. dollars	0.283*** [29.49]	Yes	38,081	3,603	0.000	0.557*** [12.98]	1.060*** [26.17]	Yes	Yes	Yes	116,355	11,930	3,603	0.210	0.000
Log of sales in million U.S. dollars	0.253*** [21.15]	Yes	37,395	3,538	0.000	0.659*** [14.97]	1.096*** [25.67]	Yes	Yes	Yes	115,205	11,829	3,538	0.240	0.000
Growth															
Log of (1+annual percentage change in assets in U.S. dollars)	0.037*** [7.21]	Yes	28,716	2,823	0.030	0.049*** [17.02]	0.032*** [11.68]	Yes	Yes	Yes	95,702	10,377	2,823	0.070	0.000
Log of (1+annual percentage growth in sales in U.S. dollars)	0.021*** [3.58]	Yes	28,225	2,764	0.030	0.045*** [13.84]	0.025*** [8.12]	Yes	Yes	Yes	93,278	10,068	2,764	0.060	0.000
Investment															
Log of capital expenditures in million U.S. dollars	0.324*** [14.63]	Yes	28,935	2,951	0.010	0.657*** [12.30]	1.155*** [22.48]	Yes	Yes	Yes	88,960	10,064	2,951	0.150	0.000
Log of R&D expenditures in million U.S. dollars	0.121*** [4.28]	Yes	6,689	682	0.000	0.950*** [9.37]	1.042*** [10.70]	Yes	Yes	Yes	20,248	2,314	682	0.340	0.000
Capital expenditures/total assets	0.003** [2.36]	Yes	24,162	2,538	0.030	0.008*** [5.81]	0.006*** [4.66]	Yes	Yes	Yes	82,279	9,736	2,538	0.100	0.000
R&D expenditures/total assets	0.000 [0.03]	Yes	6,365	676	0.000	0.010*** [5.33]	0.008*** [3.83]	Yes	Yes	Yes	19,973	2,369	676	0.210	0.000
Net assets from acquisitions/total assets	0.005*** [7.21]	Yes	23,032	2,365	0.010	0.004*** [7.35]	0.006*** [11.63]	Yes	Yes	Yes	64,504	7,335	2,365	0.070	0.000
Capital expenditures/sales	0.006** [2.57]	Yes	25,980	2,628	0.010	0.012*** [4.30]	0.012*** [4.58]	Yes	Yes	Yes	78,472	8,792	2,628	0.080	0.000
R&D expenditures/sales	0.002 [0.52]	Yes	7,554	770	0.000	0.016*** [4.51]	0.012*** [2.69]	Yes	Yes	Yes	22,931	2,654	770	0.090	0.000
Net assets from acquisitions/sales	0.010*** [7.30]	Yes	22,150	2,246	0.010	0.006*** [7.96]	0.012*** [13.40]	Yes	Yes	Yes	62,272	7,041	2,246	0.050	0.000
Profitability															
Return on assets	-0.004** [2.26]	Yes	32,454	2,999	0.020	-0.001 [0.61]	-0.001 [0.37]	Yes	Yes	Yes	102,000	10,526	2,999	0.070	0.820
Return of equity	-0.016*** [3.32]	Yes	30,732	2,875	0.010	0.012*** [2.99]	0.001 [0.35]	Yes	Yes	Yes	98,795	10,285	2,875	0.040	0.010
EBITDA/sales	-0.006 [0.77]	Yes	30,706	3,048	0.010	-0.034*** [4.97]	-0.009 [1.16]	Yes	Yes	Yes	96,704	10,466	3,048	0.060	0.000
Capital structure															
Total debt/equity	-0.169*** [7.77]	Yes	36,956	3,550	0.000	0.314*** [8.15]	0.231*** [6.62]	Yes	Yes	Yes	113,576	11,783	3,550	0.050	0.000
Total debt/total assets	-0.011*** [5.48]	Yes	38,958	3,701	0.000	0.033*** [8.16]	0.033*** [8.23]	Yes	Yes	Yes	117,318	12,069	3,701	0.060	0.000
Short term debt/total debt	-0.017*** [4.01]	Yes	34,088	3,238	0.000	-0.034*** [5.90]	-0.063*** [10.76]	Yes	Yes	Yes	100,204	10,455	3,238	0.130	0.000
Cash & equivalents/total assets	0.004*** [2.97]	Yes	38,601	3,653	0.000	0.003 [1.26]	-0.005** [1.97]	Yes	Yes	Yes	115,801	11,935	3,653	0.070	0.000
International activities															
Foreign assets/total assets	0.003 [1.13]	Yes	11,464	1,238	0.050	0.046*** [8.53]	0.042*** [7.24]	Yes	Yes	Yes	41,221	4,819	1,238	0.300	0.000
Foreign sales/sales	0.006* [1.73]	Yes	18,738	1,852	0.030	0.070*** [9.89]	0.067*** [8.97]	Yes	Yes	Yes	57,189	6,202	1,852	0.370	0.000
Valuation & dividends															
Price-earnings ratio	1.083* [1.74]	Yes	32,628	3,090	0.020	-1.263*** [2.59]	-0.786* [1.88]	Yes	Yes	Yes	101,704	10,660	3,090	0.060	0.020
Price to book value of equity	-0.076** [2.36]	Yes	31,999	3,036	0.020	0.472*** [11.78]	0.314*** [8.43]	Yes	Yes	Yes	100,873	10,530	3,036	0.080	0.000
Dividend yield	1.600*** [5.00]	Yes	30,636	3,300	0.030	-5.017*** [11.35]	-2.206*** [4.91]	Yes	Yes	Yes	90,853	10,756	3,300	0.080	0.000
Dividend payout (% of net income)	-0.024 [0.88]	Yes	34,203	3,202	0.000	-0.394*** [10.29]	-0.342*** [8.38]	Yes	Yes	Yes	104,293	10,721	3,202	0.110	0.000
Ownership															
Closely held shares (%)	-0.035*** [12.92]	Yes	27,119	2,646	0.010	-0.026*** [5.18]	-0.057*** [11.05]	Yes	Yes	Yes	76,681	8,260	2,646	0.240	0.000

Table 7
SEOs Abroad - Before and After Comparisons

This table reports regressions of different firm-level characteristics on dummies that identify the capital raising activity of firms over the 1991-2005 period. The before SEO abroad dummy equals one before a firm raises capital through a seasoned equity offering (SEO) in a public market outside its home country and zero otherwise. The after SEO abroad dummy equals one on and after the year when a firm raises capital through a seasoned equity offering in a public market outside its home country and zero otherwise. Both dummies equal zero for firms that only conduct SEOs at home. The first seasoned equity offering in a public market outside the firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activity abroad. The regressions reported in column (1) are regressions with fixed effects at the firm level. The sample in these regressions includes only those firms that conduct seasoned equity offerings abroad at some point during our sample period. The regressions reported in column (2) are ordinary least square regressions with standard errors adjusted for clustering at the firm level. The sample in these regressions includes both firms that conduct seasoned equity offerings abroad at some point during our sample period and firms that conduct seasoned equity offerings at home during our sample period. The test reported tests the null hypothesis that the after SEO abroad dummy equals the before SEO abroad dummy. A constant is estimated in both sets of regressions but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that conduct SEOs abroad					Firms that conduct SEOs abroad & firms that conduct SEOs at home									
	(1)					(2)									
	Firm-level fixed effects regressions					OLS regressions with clustering at the firm-level									
	After SEO abroad dummy	Year dummies	No. of obs.	No. of firms	R-squared	Before SEO abroad dummy (a)	After SEO abroad dummy (b)	Year dummies	Country dummies	Industry dummies	No. of obs.	No. of firms	No. of capital raising firms	R-squared	Test (b)=(a) p-value
Size															
Log of total assets in million U.S. dollars	0.441*** [11.64]	Yes	2,464	244	0.020	0.659*** [4.71]	1.478*** [11.52]	Yes	Yes	Yes	57,997	6,071	244	0.260	0.000
Log of sales in million U.S. dollars	0.332*** [7.24]	Yes	2,371	235	0.030	0.544*** [3.58]	1.380*** [10.51]	Yes	Yes	Yes	56,902	5,927	235	0.220	0.000
Growth															
Log of (1+annual percentage change in assets in U.S. dollars)	-0.016 [0.79]	Yes	1,877	194	0.030	0.059*** [4.65]	0.009 [0.87]	Yes	Yes	Yes	50,476	5,660	194	0.050	0.000
Log of (1+annual percentage growth in sales in U.S. dollars)	-0.032 [1.51]	Yes	1,809	184	0.020	0.064*** [4.95]	0.013 [1.35]	Yes	Yes	Yes	49,060	5,437	184	0.050	0.000
Investment															
Log of capital expenditures in million U.S. dollars	0.350*** [4.78]	Yes	2,083	212	0.010	0.788*** [4.97]	1.570*** [11.08]	Yes	Yes	Yes	48,908	5,641	212	0.180	0.000
Log of R&D expenditures in million U.S. dollars	0.421*** [5.01]	Yes	777	85	0.020	0.784*** [3.35]	1.443*** [6.96]	Yes	Yes	Yes	11,747	1,449	85	0.290	0.000
Capital expenditures/total assets	-0.001 [0.19]	Yes	1,777	182	0.020	0.017*** [2.98]	0.004 [1.01]	Yes	Yes	Yes	46,545	5,657	182	0.100	0.010
R&D expenditures/total assets	-0.006* [1.73]	Yes	597	68	0.010	0.016** [2.18]	0.004 [0.73]	Yes	Yes	Yes	12,142	1,590	68	0.220	0.010
Net assets from acquisitions/total assets	0.003 [1.39]	Yes	2,100	215	0.010	-0.001 [0.69]	0.001 [0.97]	Yes	Yes	Yes	39,118	4,639	215	0.080	0.390
Capital expenditures/sales	0.001 [0.12]	Yes	2,158	208	0.010	0.049*** [4.08]	0.022*** [2.63]	Yes	Yes	Yes	42,883	4,905	208	0.080	0.000
R&D expenditures/sales	-0.010** [1.98]	Yes	863	92	0.010	0.031** [2.24]	0.014 [1.27]	Yes	Yes	Yes	13,368	1,667	92	0.120	0.070
Net assets from acquisitions/sales	0.005 [1.14]	Yes	2,029	206	0.020	0.002 [0.80]	0.004* [1.75]	Yes	Yes	Yes	37,497	4,398	206	0.050	0.190
Profitability															
Return on assets	-0.012* [1.66]	Yes	2,124	206	0.030	0.009 [1.27]	0.008 [1.41]	Yes	Yes	Yes	52,483	5,653	206	0.070	0.290
Return of equity	-0.040** [2.34]	Yes	2,052	200	0.030	0.039** [2.54]	0.026** [2.06]	Yes	Yes	Yes	50,809	5,568	200	0.050	0.020
EBITDA/sales	-0.006 [0.30]	Yes	2,312	224	0.010	0.045* [1.94]	0.084*** [4.85]	Yes	Yes	Yes	48,531	5,353	224	0.050	0.000
Capital structure															
Total debt/equity	-0.1 [1.43]	Yes	2,611	255	0.000	0.078 [0.60]	0.071 [0.52]	Yes	Yes	Yes	56,776	6,055	255	0.080	0.830
Total debt/total assets	-0.012* [1.79]	Yes	2,744	267	0.000	0.01 [0.80]	0.006 [0.55]	Yes	Yes	Yes	58,880	6,184	267	0.070	0.720
Short term debt/total debt	-0.026* [1.82]	Yes	2,474	239	0.000	-0.067*** [3.86]	-0.092*** [5.47]	Yes	Yes	Yes	52,648	5,567	239	0.100	0.000
Cash & equivalents/total assets	0 [0.05]	Yes	2,703	264	0.010	0.018** [2.31]	0.014* [1.94]	Yes	Yes	Yes	58,377	6,117	264	0.090	0.050
International activities															
Foreign assets/total assets	-0.015 [0.89]	Yes	780	89	0.060	0.028 [1.26]	0.040* [1.79]	Yes	Yes	Yes	21,199	2,715	89	0.300	0.200
Foreign sales/sales	0.041*** [2.84]	Yes	1,309	137	0.040	0.061** [2.15]	0.091*** [3.72]	Yes	Yes	Yes	31,452	3,622	137	0.380	0.000
Valuation & dividends															
Price-earnings ratio	0.283 [0.13]	Yes	2,109	201	0.010	0.326 [0.25]	3.149*** [2.81]	Yes	Yes	Yes	53,013	5,693	201	0.050	0.020
Price to book value of equity	-0.354*** [2.61]	Yes	2,110	202	0.050	0.582*** [3.22]	0.036 [0.29]	Yes	Yes	Yes	52,389	5,673	202	0.070	0.000
Dividend yield	0.724 [0.66]	Yes	2,174	231	0.000	-5.283*** [4.14]	0.998 [0.81]	Yes	Yes	Yes	49,555	5,909	231	0.090	0.000
Dividend payout (% of net income)	-0.044 [0.39]	Yes	2,125	205	0.000	-0.309** [2.17]	-0.126 [1.05]	Yes	Yes	Yes	54,841	5,814	205	0.100	0.100
Ownership															
Closely held shares (%)	-0.073*** [5.82]	Yes	1,442	159	0.040	0.035* [1.87]	-0.054*** [3.10]	Yes	Yes	Yes	44,231	4,999	159	0.190	0.000

Table 8
Debt Issues at Home - Before and After Comparisons

This table reports regressions of different firm-level characteristics on dummies that identify the capital raising activity of firms over the 1991-2005 period. The before debt issue at home dummy equals one before a firm raises capital through a debt issue in a public market in its home country and zero otherwise. The after debt issue at home dummy equals one on and after the year when a firm raises capital through a debt issue in a public market in its home country and zero otherwise. Both dummies equal zero for non-capital raising firms. The first debt issue in a public market in firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activities. The regressions reported in column (1) are regressions with fixed effects at the firm level. The sample in these regressions includes only those firms that raise capital through debt issues at home at some point during our sample period. The regressions reported in column (2) are ordinary least square regressions with standard errors adjusted for clustering at the firm level. The sample in these regressions includes both firms that raise capital through debt issues at home at some point during our sample period and non-capital raising firms. The t-test reported tests the null hypothesis that the after debt issue at home dummy equals the before debt issue at home dummy. Non-capital raising firms are those that do not raise capital through security issuance in a public market during our sample period. Debt issues include convertible and non-convertible debt issues and preferred shares issues. A constant is estimated in both sets of regressions but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that raise capital through debt issues at home					Firms that raise capital through debt issues at home & non-capital raising firm									
	(1)					(2)									
	Firm-level fixed effects regressions					OLS regressions with clustering at the firm-level									
	After debt at home dummy	Year dummies	No. of obs.	No. of firms	R-squared	Before debt at home dummy (a)	After debt at home dummy (b)	Year dummies	Country dummies	Industry dummies	No. of obs.	No. of firms	No. of capital raising firms	R-squared	Test (b)=(a) p-value
Size															
Log of total assets in million U.S. dollars	0.188*** [16.47]	Yes	15,194	1,224	0.010	1.897*** [32.81]	2.089*** [38.94]	Yes	Yes	Yes	93,468	9,551	1,224	0.320	0.000
Log of sales in million U.S. dollars	0.166*** [12.27]	Yes	15,122	1,220	0.010	1.810*** [29.67]	2.014*** [36.06]	Yes	Yes	Yes	92,932	9,511	1,220	0.320	0.000
Growth															
Log of (1+annual percentage change in assets in U.S. dollars)	0.001 [0.16]	Yes	12,135	1,045	0.090	0.055*** [14.54]	0.015*** [5.27]	Yes	Yes	Yes	79,121	8,599	1,045	0.080	0.000
Log of (1+annual percentage growth in sales in U.S. dollars)	-0.011* [1.68]	Yes	12,101	1,039	0.090	0.049*** [11.63]	0.014*** [4.64]	Yes	Yes	Yes	77,154	8,343	1,039	0.060	0.000
Investment															
Log of capital expenditures in million U.S. dollars	0.199*** [6.64]	Yes	10,591	923	0.010	2.057*** [29.43]	2.451*** [37.00]	Yes	Yes	Yes	70,616	8,036	923	0.240	0.000
Log of R&D expenditures in million U.S. dollars	0.100*** [2.97]	Yes	3,818	313	0.010	1.951*** [16.62]	1.943*** [16.49]	Yes	Yes	Yes	17,377	1,945	313	0.430	0.000
Capital expenditures/total assets	0.002 [1.28]	Yes	9,385	847	0.020	0.007*** [3.42]	0.004** [2.48]	Yes	Yes	Yes	67,502	8,045	847	0.110	0.000
R&D expenditures/total assets	-0.002** [2.26]	Yes	3,461	306	0.000	0.003 [1.41]	0.004** [2.02]	Yes	Yes	Yes	17,069	1,999	306	0.210	0.130
Net assets from acquisitions/total assets	0 [0.36]	Yes	9,165	826	0.010	0.005*** [6.81]	0.003*** [5.71]	Yes	Yes	Yes	50,637	5,796	826	0.070	0.000
Capital expenditures/sales	-0.005 [1.28]	Yes	9,348	781	0.010	0.028*** [5.80]	0.017*** [5.12]	Yes	Yes	Yes	61,840	6,945	781	0.090	0.000
R&D expenditures/sales	-0.002 [1.35]	Yes	4,439	365	0.000	0.007* [1.68]	0.006** [2.20]	Yes	Yes	Yes	19,816	2,249	365	0.080	0.080
Net assets from acquisitions/sales	0.001 [0.40]	Yes	9,117	821	0.010	0.009*** [7.76]	0.008*** [7.44]	Yes	Yes	Yes	49,239	5,616	821	0.040	0.000
Profitability															
Return on assets	-0.005*** [3.11]	Yes	15,080	1,206	0.020	0.008*** [4.25]	0.009*** [6.12]	Yes	Yes	Yes	84,626	8,733	1,206	0.090	0.000
Return of equity	-0.010** [2.14]	Yes	14,879	1,195	0.020	0.033*** [7.84]	0.026*** [7.16]	Yes	Yes	Yes	82,942	8,605	1,195	0.050	0.000
EBITDA/sales	-0.007 [1.06]	Yes	10,902	910	0.010	0.050*** [6.45]	0.063*** [9.08]	Yes	Yes	Yes	76,900	8,328	910	0.080	0.000
Capital structure															
Total debt/equity	0.199*** [6.01]	Yes	15,663	1,260	0.000	0.434*** [6.80]	0.602*** [8.66]	Yes	Yes	Yes	92,283	9,493	1,260	0.060	0.000
Total debt/total assets	0.044*** [17.22]	Yes	16,098	1,286	0.020	0.049*** [8.48]	0.086*** [14.70]	Yes	Yes	Yes	94,458	9,654	1,286	0.080	0.000
Short term debt/total debt	-0.094*** [16.84]	Yes	15,582	1,255	0.000	-0.087*** [10.91]	-0.163*** [23.39]	Yes	Yes	Yes	81,698	8,472	1,255	0.150	0.000
Cash & equivalents/total assets	0.011*** [6.60]	Yes	16,181	1,291	0.020	-0.012*** [3.98]	-0.023*** [8.36]	Yes	Yes	Yes	93,381	9,573	1,291	0.070	0.000
International activities															
Foreign assets/total assets	0.014*** [3.73]	Yes	5,610	541	0.030	0.045*** [6.34]	0.042*** [5.79]	Yes	Yes	Yes	35,367	4,122	541	0.300	0.000
Foreign sales/sales	0.018*** [4.55]	Yes	9,424	818	0.020	0.083*** [9.15]	0.082*** [9.39]	Yes	Yes	Yes	47,875	5,168	818	0.380	0.000
Valuation & dividends															
Price-earnings ratio	0.659 [0.63]	Yes	14,601	1,184	0.020	3.001*** [4.09]	1.935*** [3.28]	Yes	Yes	Yes	83,677	8,754	1,184	0.060	0.000
Price to book value of equity	-0.04 [1.12]	Yes	14,684	1,182	0.020	0.276*** [5.34]	0.136*** [3.30]	Yes	Yes	Yes	83,558	8,676	1,182	0.080	0.000
Dividend yield	2.822*** [4.94]	Yes	12,153	1,141	0.010	1.601** [2.42]	5.425*** [9.19]	Yes	Yes	Yes	72,370	8,597	1,141	0.090	0.000
Dividend payout (% of net income)	0.004 [0.11]	Yes	14,851	1,191	0.010	-0.141** [2.49]	0.014 [0.32]	Yes	Yes	Yes	84,941	8,710	1,191	0.110	0.010
Ownership															
Closely held shares (%)	-0.006* [1.83]	Yes	11,494	970	0.010	-0.075*** [10.03]	-0.090*** [13.29]	Yes	Yes	Yes	61,056	6,584	970	0.250	0.000

Table 9

Debt Issues Abroad - Before and After Comparisons

This table reports regressions of firm-level characteristics on dummies that identify the capital raising activity of firms. The before debt issue abroad dummy equals one before a firm raises capital through a debt issue in a public market outside its home country and zero otherwise. The after debt issue abroad dummy equals one on and after the year when a firm raises capital through a debt issue in a public market outside its home country and zero otherwise. Both dummies equal zero for firms that only issue debt at home. The first debt issue in a public market outside firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activities. The regressions reported in column (1) are regressions with fixed effects at the firm level. The sample in these regressions includes only those firms that raise capital through debt issues abroad at some point during our sample period. The regressions reported in column (2) are ordinary least square regressions with standard errors adjusted for clustering at the firm level. The sample in these regressions includes both firms that raise capital through debt issues abroad at some point during our sample period and firms that raise capital through debt issues at home at some point during our sample period. The t-test reported tests the null hypothesis that the after debt issue abroad dummy equals the before debt issue abroad dummy. Debt issues include convertible and non-convertible debt issues and preferred shares issues. A constant is estimated in both sets of regressions but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that raise capital trough debt issues abroad					Firms that raise capital trough debt issues abroad & firms that raise capital trough debt issues at home									
	(1)					(2)									
	Firm-level fixed effects regressions					OLS regressions with clustering at the firm-level									
	After debt abroad dummy	Year dummies	No. of obs.	No. of firms	R-squared	Before debt abroad dummy (a)	After debt abroad dummy (b)	Year dummies	Country dummies	Industry dummies	No. of obs.	No. of firms	No. of capital raising firms	R-squared	Test (b)=(a) p-value
Size															
Log of total assets in million U.S. dollars	0.347*** [18.98]	Yes	6,896	589	0.000	1.127*** [14.03]	1.250*** [14.59]	Yes	Yes	Yes	24,129	2,116	589	0.280	0.000
Log of sales in million U.S. dollars	0.272*** [12.34]	Yes	6,984	599	0.000	1.026*** [12.49]	1.093*** [12.51]	Yes	Yes	Yes	24,053	2,114	599	0.230	0.000
Growth															
Log of (1+annual percentage change in assets in U.S. dollars)	-0.01 [1.04]	Yes	5,921	531	0.050	0.027*** [5.38]	0.007 [1.20]	Yes	Yes	Yes	21,575	2,021	531	0.110	0.000
Log of (1+annual percentage growth in sales in U.S. dollars)	-0.007 [0.70]	Yes	5,917	532	0.070	0.022*** [4.03]	0.005 [0.80]	Yes	Yes	Yes	21,447	2,007	532	0.090	0.000
Investment															
Log of capital expenditures in million U.S. dollars	0.304*** [7.13]	Yes	5,741	543	0.000	1.166*** [13.08]	1.362*** [13.41]	Yes	Yes	Yes	19,781	1,986	543	0.220	0.000
Log of R&D expenditures in million U.S. dollars	0.100** [1.95]	Yes	1,872	193	0.010	0.722*** [4.00]	0.797*** [3.86]	Yes	Yes	Yes	6,017	610	193	0.340	0.000
Capital expenditures/total assets	-0.006** [2.48]	Yes	5,106	488	0.020	0.006** [2.02]	0 [0.11]	Yes	Yes	Yes	18,814	1,953	488	0.160	0.040
R&D expenditures/total assets	-0.001 [1.09]	Yes	1,795	185	0.000	-0.002 [0.62]	-0.001 [0.42]	Yes	Yes	Yes	6,184	663	185	0.250	0.830
Net assets from acquisitions/total assets	-0.003*** [2.81]	Yes	5,088	487	0.010	0.003*** [3.06]	0.001 [1.26]	Yes	Yes	Yes	15,997	1,659	487	0.120	0.010
Capital expenditures/sales	0.005 [0.88]	Yes	4,708	423	0.010	0.019*** [2.82]	0.014** [2.05]	Yes	Yes	Yes	16,641	1,614	423	0.170	0.010
R&D expenditures/sales	-0.001 [0.95]	Yes	2,212	219	0.000	-0.008* [1.84]	-0.002 [0.41]	Yes	Yes	Yes	6,914	704	219	0.110	0.080
Net assets from acquisitions/sales	-0.003 [1.14]	Yes	5,013	482	0.010	0.006*** [2.97]	0.005*** [2.77]	Yes	Yes	Yes	15,840	1,645	482	0.080	0.000
Profitability															
Return on assets	-0.011*** [4.56]	Yes	6,993	589	0.020	0.004* [1.87]	-0.005** [2.02]	Yes	Yes	Yes	23,440	2,079	589	0.090	0.000
Return of equity	-0.037*** [5.12]	Yes	7,010	589	0.020	0.025*** [4.45]	0.003 [0.45]	Yes	Yes	Yes	23,108	2,049	589	0.050	0.000
EBITDA/sales	-0.019 [1.54]	Yes	5,359	477	0.010	0.028*** [2.73]	-0.004 [0.34]	Yes	Yes	Yes	19,114	1,791	477	0.140	0.000
Capital structure															
Total debt/equity	0.391*** [7.06]	Yes	7,676	653	0.000	0.604*** [5.14]	1.031*** [8.25]	Yes	Yes	Yes	24,623	2,155	653	0.220	0.000
Total debt/total assets	0.045*** [11.90]	Yes	7,912	667	0.010	0.048*** [4.77]	0.075*** [7.90]	Yes	Yes	Yes	25,179	2,190	667	0.080	0.000
Short term debt/total debt	-0.107*** [14.09]	Yes	7,758	656	0.010	0.023** [2.09]	-0.034*** [3.10]	Yes	Yes	Yes	24,436	2,158	656	0.110	0.000
Cash & equivalents/total assets	0.012*** [5.13]	Yes	8,037	673	0.010	-0.017*** [3.97]	-0.006 [1.29]	Yes	Yes	Yes	25,341	2,196	673	0.180	0.000
International activities															
Foreign assets/total assets	0.017*** [2.60]	Yes	2,560	262	0.040	0.045*** [3.87]	0.028** [2.35]	Yes	Yes	Yes	9,939	1,097	262	0.390	0.000
Foreign sales/sales	0.026*** [4.10]	Yes	4,023	368	0.020	0.043*** [3.07]	0.039*** [2.78]	Yes	Yes	Yes	14,448	1,419	368	0.470	0.010
Valuation & dividends															
Price-earnings ratio	-1.719 [1.19]	Yes	6,936	597	0.030	3.441*** [3.15]	-0.078 [0.09]	Yes	Yes	Yes	23,211	2,064	597	0.080	0.000
Price to book value of equity	-0.107* [1.83]	Yes	6,935	596	0.020	0.392*** [5.09]	0.216*** [3.02]	Yes	Yes	Yes	22,940	2,037	596	0.090	0.000
Dividend yield	1.432* [1.84]	Yes	6,145	587	0.010	-0.671 [0.67]	0.764 [0.79]	Yes	Yes	Yes	20,413	2,068	587	0.120	0.340
Dividend payout (% of net income)	-0.049 [0.83]	Yes	6,857	585	0.010	-0.076 [1.03]	-0.098 [1.22]	Yes	Yes	Yes	23,177	2,039	585	0.160	0.430
Ownership															
Closely held shares (%)	-0.012** [2.15]	Yes	5,116	464	0.010	-0.059*** [5.04]	-0.050*** [4.17]	Yes	Yes	Yes	17,703	1,683	464	0.260	0.000

Table 10

SEOs at Home - Evolution of Firm Characteristics Following Capital Raising Activity

This table reports regressions of firm-level characteristics on dummies that identify the capital raising activity of firms. The single year seasoned equity offering (SEO) at home dummies equal one in the referred year and zero otherwise. The more than three years after SEO at home dummy equals one after the third year following a seasoned equity offering in the firm's home country and zero before. The first seasoned equity offering in a public market in firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activities. The sample includes only those firms that conduct seasoned equity offerings at home at some point during our sample period. The regressions are estimated with fixed effects at the firm level. A constant is estimated in but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that conduct SEOs at home					Year dummies	No. of obs.	No. of firms	R-squared
	SEO at home year dummy	One year after SEO at home dummy	Two years after SEO at home dummy	Three years after SEO at home dummy	More than three years after SEO at home dummy				
Size									
Log of total assets in million U.S. dollars	0.236*** [20.18]	0.297*** [23.61]	0.304*** [21.31]	0.302*** [18.75]	0.232*** [13.46]	Yes	38,081	3,603	0.000
Log of sales in million U.S. dollars	0.194*** [13.30]	0.277*** [17.69]	0.299*** [16.80]	0.297*** [14.75]	0.235*** [10.92]	Yes	37,395	3,538	0.000
Growth									
Log of (1+annual percentage change in assets in U.S. dollars)	0.073*** [11.76]	0.018*** [2.64]	-0.029*** [3.81]	-0.033*** [3.83]	-0.021** [2.25]	Yes	28,716	2,823	0.050
Log of (1+annual percentage growth in sales in U.S. dollars)	0.035*** [4.99]	0.026*** [3.44]	-0.030*** [3.52]	-0.036*** [3.71]	-0.020* [1.89]	Yes	28,225	2,764	0.040
Investment									
Log of capital expenditures in million U.S. dollars	0.275*** [10.27]	0.324*** [11.20]	0.289*** [8.70]	0.214*** [5.64]	0.115*** [2.79]	Yes	28,935	2,951	0.000
Log of R&D expenditures in million U.S. dollars	0.098*** [2.89]	0.135*** [3.67]	0.148*** [3.47]	0.192*** [3.95]	0.158*** [3.07]	Yes	6,689	682	0.000
Capital expenditures/total assets	0.005*** [3.49]	0.000 [0.18]	-0.006*** [2.84]	-0.010*** [4.36]	-0.011*** [4.46]	Yes	24,162	2,538	0.030
R&D expenditures/total assets	0.001 [0.60]	-0.001 [0.75]	-0.003* [1.89]	-0.002 [0.84]	-0.004* [1.92]	Yes	6,365	676	0.010
Net assets from acquisitions/total assets	0.006*** [6.86]	0.004*** [4.36]	0.002* [1.66]	-0.001 [0.67]	-0.002 [1.64]	Yes	23,032	2,365	0.010
Capital expenditures/sales	0.009*** [3.10]	0.003 [0.81]	-0.007* [1.93]	-0.018*** [4.13]	-0.021*** [4.44]	Yes	25,980	2,628	0.010
R&D expenditures/sales	0.004 [0.98]	-0.002 [0.54]	0.001 [0.29]	-0.001 [0.15]	-0.003 [0.45]	Yes	7,554	770	0.010
Net assets from acquisitions/sales	0.012*** [7.16]	0.008*** [4.26]	0.003 [1.60]	-0.001 [0.28]	-0.004 [1.42]	Yes	22,150	2,246	0.010
Profitability									
Return on assets	0.001 [0.26]	-0.005** [2.26]	-0.010*** [3.93]	-0.009*** [3.29]	-0.006** [2.13]	Yes	32,454	2,999	0.020
Return of equity	-0.011** [1.98]	-0.016*** [2.67]	-0.020*** [2.84]	-0.025*** [3.23]	-0.019** [2.28]	Yes	30,732	2,875	0.010
EBITDA/sales	-0.003 [0.35]	0.006 [0.65]	-0.008 [0.68]	0.006 [0.43]	0.028** [2.01]	Yes	30,706	3,048	0.010
Capital structure									
Total debt/equity	-0.150*** [5.64]	-0.208*** [7.27]	-0.165*** [5.11]	-0.157*** [4.27]	-0.184*** [4.71]	Yes	36,956	3,550	0.000
Total debt/total assets	-0.010*** [4.29]	-0.014*** [5.38]	-0.010*** [3.43]	-0.013*** [3.97]	-0.016*** [4.59]	Yes	38,958	3,701	0.000
Short term debt/total debt	-0.014*** [2.77]	-0.014*** [2.61]	-0.020*** [3.25]	-0.021*** [3.07]	-0.012* [1.67]	Yes	34,088	3,238	0.000
Cash & equivalents/total assets	0.010*** [5.52]	0.003* [1.69]	0.002 [1.00]	0.004 [1.41]	0.013*** [4.90]	Yes	38,601	3,653	0.010
International activities									
Foreign assets/total assets	0.005 [1.28]	0.001 [0.25]	0.000 [0.05]	-0.003 [0.68]	-0.006 [1.00]	Yes	11,464	1,238	0.060
Foreign sales/sales	0.002 [0.54]	0.007 [1.62]	0.007 [1.55]	0.006 [1.09]	0.001 [0.24]	Yes	18,738	1,852	0.030
Valuation & dividends									
Price-earnings ratio	0.533 [0.70]	1.507* [1.85]	2.276** [2.46]	2.492** [2.38]	2.879*** [2.61]	Yes	32,628	3,090	0.020
Price to book value of equity	0.043 [1.08]	-0.161*** [3.84]	-0.288*** [6.05]	-0.388*** [7.20]	-0.411*** [7.25]	Yes	31,999	3,036	0.020
Dividend yield	0.965** [2.50]	2.781*** [6.68]	4.163*** [8.66]	4.615*** [8.40]	6.548*** [11.12]	Yes	30,636	3,300	0.040
Dividend payout (% of net income)	-0.094*** [2.83]	0.072** [2.00]	0.172*** [4.24]	0.238*** [5.19]	0.398*** [8.23]	Yes	34,203	3,202	0.010
Ownership									
Closely held shares (%)	-0.028*** [8.54]	-0.038*** [10.68]	-0.037*** [9.10]	-0.027*** [5.99]	-0.020*** [4.06]	Yes	27,119	2,646	0.010

Table 11

SEOs Abroad - Evolution of Firm Characteristics Following Capital Raising Activity

This table reports regressions of firm-level characteristics on dummies that identify the capital raising activity of firms. The single year seasoned equity offering (SEO) abroad dummies equal one in the referred year and zero otherwise. The more than three years after SEO abroad dummy equals one after the third year following a seasoned equity offering outside the firm's home country and zero before. The first seasoned equity offering in a public market outside firms' home country during our sample period (1991-2005) is used to identify firms' capital raising activities. The sample includes only those firms that conduct seasoned equity offerings abroad at some point during our sample period. The regressions are estimated with fixed effects at the firm level. A constant is estimated in but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that conduct SEOs abroad					Year dummies	No. of obs.	No. of firms	R-squared
	SEO abroad year dummy	One year after SEO abroad dummy	Two years after SEO abroad dummy	Three years after SEO abroad dummy	More than three years after SEO abroad dummy				
Size									
Log of total assets in million U.S. dollars	0.341*** [7.39]	0.414*** [8.31]	0.385*** [6.72]	0.339*** [5.20]	0.109 [1.49]	Yes	2,464	244	0.010
Log of sales in million U.S. dollars	0.240*** [4.31]	0.290*** [4.81]	0.261*** [3.77]	0.227*** [2.86]	-0.022 [0.25]	Yes	2,371	235	0.020
Growth									
Log of (1+annual percentage change in assets in U.S. dollars)	0.008 [0.35]	-0.071*** [2.71]	-0.108*** [3.60]	-0.155*** [4.51]	-0.183*** [4.64]	Yes	1,877	194	0.070
Log of (1+annual percentage growth in sales in U.S. dollars)	-0.027 [1.03]	-0.035 [1.23]	-0.123*** [3.80]	-0.156*** [4.20]	-0.150*** [3.53]	Yes	1,809	184	0.060
Investment									
Log of capital expenditures in million U.S. dollars	0.310*** [3.48]	0.238** [2.47]	0.109 [0.98]	0.038 [0.30]	-0.266* [1.89]	Yes	2,083	212	0.000
Log of R&D expenditures in million U.S. dollars	0.285*** [2.81]	0.385*** [3.44]	0.461*** [3.57]	0.392** [2.57]	0.152 [0.85]	Yes	777	85	0.010
Capital expenditures/total assets	0.000 [0.00]	-0.005 [0.79]	-0.005 [0.67]	-0.007 [0.77]	-0.012 [1.11]	Yes	1,777	182	0.030
R&D expenditures/total assets	-0.003 [0.81]	-0.010** [2.30]	-0.010** [1.97]	-0.010* [1.65]	-0.012* [1.65]	Yes	597	68	0.010
Net assets from acquisitions/total assets	0.005* [1.70]	0.000 [0.14]	-0.003 [1.05]	-0.004 [1.07]	-0.009** [2.01]	Yes	2,100	215	0.010
Capital expenditures/sales	0.008 [0.61]	-0.001 [0.08]	-0.020 [1.36]	-0.006 [0.34]	-0.015 [0.79]	Yes	2,158	208	0.010
R&D expenditures/sales	-0.009 [1.50]	-0.013* [1.84]	-0.008 [1.04]	-0.004 [0.46]	-0.008 [0.76]	Yes	863	92	0.010
Net assets from acquisitions/sales	0.007 [1.45]	-0.001 [0.26]	-0.006 [1.01]	-0.005 [0.67]	-0.014* [1.74]	Yes	2,029	206	0.020
Profitability									
Return on assets	-0.013 [1.51]	-0.009 [0.96]	-0.024** [2.21]	-0.013 [1.02]	-0.022 [1.61]	Yes	2,124	206	0.030
Return of equity	-0.039* [1.86]	-0.045** [2.00]	-0.065** [2.53]	-0.061** [2.10]	-0.081** [2.50]	Yes	2,052	200	0.030
EBITDA/sales	-0.005 [0.21]	-0.022 [0.79]	-0.007 [0.22]	0.041 [1.11]	-0.005 [0.13]	Yes	2,312	224	0.010
Capital structure									
Total debt/equity	-0.148* [1.71]	-0.067 [0.72]	-0.101 [0.94]	-0.075 [0.62]	-0.129 [0.96]	Yes	2,611	255	0.000
Total debt/total assets	-0.017** [2.10]	-0.017* [1.89]	-0.017* [1.69]	-0.026** [2.23]	-0.041*** [3.15]	Yes	2,744	267	0.000
Short term debt/total debt	-0.021 [1.21]	-0.021 [1.10]	-0.007 [0.32]	-0.006 [0.23]	0.019 [0.71]	Yes	2,474	239	0.000
Cash & equivalents/total assets	0.010 [1.45]	-0.005 [0.67]	-0.016* [1.83]	-0.004 [0.39]	-0.006 [0.57]	Yes	2,703	264	0.020
International activities									
Foreign assets/total assets	-0.022 [1.12]	-0.018 [0.83]	-0.044* [1.76]	-0.038 [1.29]	-0.072** [2.23]	Yes	780	89	0.060
Foreign sales/sales	0.015 [0.86]	0.046** [2.41]	0.040* [1.81]	0.001 [0.05]	-0.020 [0.68]	Yes	1,309	137	0.030
Valuation & dividends									
Price-earnings ratio	0.375 [0.14]	1.124 [0.38]	-0.536 [0.16]	-1.153 [0.30]	0.224 [0.05]	Yes	2,109	201	0.010
Price to book value of equity	-0.333** [2.01]	-0.429** [2.41]	-0.878*** [4.34]	-1.231*** [5.37]	-1.361*** [5.34]	Yes	2,110	202	0.070
Dividend yield	-0.089 [0.07]	1.561 [1.07]	3.334** [1.99]	1.568 [0.82]	3.044 [1.41]	Yes	2,174	231	0.010
Dividend payout (% of net income)	0.004 [0.03]	0.027 [0.18]	0.065 [0.37]	0.113 [0.59]	0.343 [1.60]	Yes	2,125	205	0.010
Ownership									
Closely held shares (%)	-0.058*** [3.88]	-0.083*** [4.99]	-0.094*** [4.80]	-0.093*** [4.15]	-0.084*** [3.35]	Yes	1,442	159	0.040

Table 12

Debt Issues at Home - Evolution of Firm Characteristics Following Capital Raising Activity

This table reports regressions of firm-level characteristics on dummies that identify the capital raising activity of firms. The single year debt issue at home dummies equal one in the referred year and zero otherwise. The more than three years after debt issue at home dummy equals one after the third year following a debt issue in the firm's home country and zero before. The first debt issue in a public market in firms' home country during our sample period (1990-2005) is used to identify firms' capital raising activities. The sample includes only those firms that raise capital through debt issues in public markets at home at some point during our sample period. The regressions are estimated with fixed effects at the firm level. A constant is estimated in but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

Dependent Variable	Only firms that raise capital through debt issues at home					Year dummies	No. of obs.	No. of firms	R-squared
	Debt issue at home year dummy	One year after debt issue at home dummy	Two years after debt issue at home dummy	Three years after debt issue at home dummy	More than three years after debt issue at home dummy				
Size									
Log of total assets in million U.S. dollars	0.147*** [10.38]	0.159*** [10.56]	0.124*** [7.51]	0.085*** [4.71]	-0.098*** [5.02]	Yes	15,194	1,224	0.010
Log of sales in million U.S. dollars	0.119*** [7.09]	0.138*** [7.73]	0.098*** [4.99]	0.050** [2.31]	-0.146*** [6.29]	Yes	15,122	1,220	0.000
Growth									
Log of (1+annual percentage change in assets in U.S. dollars)	0.026*** [3.50]	-0.018** [2.23]	-0.045*** [5.09]	-0.044*** [4.46]	-0.053*** [4.84]	Yes	12,135	1,045	0.120
Log of (1+annual percentage growth in sales in U.S. dollars)	-0.005 [0.57]	-0.014 [1.61]	-0.049*** [4.91]	-0.055*** [5.03]	-0.067*** [5.51]	Yes	12,101	1,039	0.110
Investment									
Log of capital expenditures in million U.S. dollars	0.172*** [4.61]	0.171*** [4.34]	0.081* [1.85]	0.037 [0.76]	-0.146*** [2.79]	Yes	10,591	923	0.000
Log of R&D expenditures in million U.S. dollars	0.096** [2.30]	0.097** [2.18]	0.096* [1.94]	0.071 [1.31]	0.065 [1.09]	Yes	3,818	313	0.010
Capital expenditures/total assets	0.006*** [2.85]	-0.001 [0.24]	0.001 [0.18]	0.001 [0.40]	0.003 [0.98]	Yes	9,385	847	0.020
R&D expenditures/total assets	0.000 [0.16]	-0.002* [1.94]	-0.002** [2.00]	-0.002 [1.58]	0.000 [0.25]	Yes	3,461	306	0.000
Net assets from acquisitions/total assets	0.002** [2.25]	-0.002 [1.47]	-0.003** [2.15]	-0.003* [1.89]	-0.004*** [2.59]	Yes	9,165	826	0.010
Capital expenditures/sales	-0.001 [0.11]	-0.004 [0.80]	-0.009* [1.71]	-0.010* [1.69]	-0.004 [0.57]	Yes	9,348	781	0.010
R&D expenditures/sales	-0.001 [0.68]	-0.001 [0.53]	-0.001 [0.64]	0.001 [0.33]	0.003 [1.51]	Yes	4,439	365	0.000
Net assets from acquisitions/sales	0.004* [1.85]	-0.002 [0.78]	-0.006** [2.34]	-0.006** [2.13]	-0.008*** [2.71]	Yes	9,117	821	0.010
Profitability									
Return on assets	-0.002 [1.09]	-0.005** [2.42]	-0.007*** [3.28]	-0.006** [2.51]	-0.003 [1.31]	Yes	15,080	1,206	0.020
Return of equity	-0.005 [0.89]	-0.011* [1.76]	-0.021*** [2.97]	-0.018** [2.28]	-0.020** [2.36]	Yes	14,879	1,195	0.020
EBITDA/sales	-0.003 [0.34]	-0.013 [1.52]	-0.012 [1.28]	-0.018* [1.80]	-0.023** [2.11]	Yes	10,902	910	0.010
Capital structure									
Total debt/equity	0.128*** [3.09]	0.237*** [5.39]	0.268*** [5.54]	0.239*** [4.53]	0.229*** [4.02]	Yes	15,663	1,260	0.000
Total debt/total assets	0.035*** [10.87]	0.047*** [13.69]	0.041*** [10.87]	0.036*** [8.82]	0.018*** [4.12]	Yes	16,098	1,286	0.020
Short term debt/total debt	-0.062*** [8.86]	-0.098*** [13.22]	-0.085*** [10.50]	-0.076*** [8.56]	-0.007 [0.69]	Yes	15,582	1,255	0.020
Cash & equivalents/total assets	0.011*** [5.14]	0.010*** [4.69]	0.011*** [4.58]	0.014*** [5.07]	0.012*** [4.02]	Yes	16,181	1,291	0.020
International activities									
Foreign assets/total assets	0.013*** [2.90]	0.011** [2.34]	0.014** [2.57]	0.012** [2.09]	0.008 [1.15]	Yes	5,610	541	0.040
Foreign sales/sales	0.011** [2.41]	0.016*** [3.20]	0.016*** [2.74]	0.009 [1.45]	-0.006 [0.81]	Yes	9,424	818	0.020
Valuation & dividends									
Price-earnings ratio	0.615 [0.47]	-1.450 [1.04]	-1.192 [0.78]	-2.596 [1.55]	-7.754*** [4.31]	Yes	14,601	1,184	0.010
Price to book value of equity	0.010 [0.21]	-0.090* [1.87]	-0.157*** [2.98]	-0.235*** [4.08]	-0.305*** [4.90]	Yes	14,684	1,182	0.030
Dividend yield	1.852*** [2.59]	2.769*** [3.64]	3.187*** [3.77]	3.406*** [3.65]	1.428 [1.42]	Yes	12,153	1,141	0.010
Dividend payout (% of net income)	-0.024 [0.48]	0.052 [0.98]	0.019 [0.33]	0.104 [1.62]	0.119* [1.72]	Yes	14,851	1,191	0.000
Ownership									
Closely held shares (%)	-0.005 [1.09]	-0.010** [2.08]	-0.003 [0.49]	-0.008 [1.45]	-0.005 [0.84]	Yes	11,494	970	0.010

Table 13

Debt Issues Abroad - Evolution of Firm Characteristics Following Capital Raising Activity

This table reports regressions of firm-level characteristics on dummies that identify the capital raising activity of firms. The single year debt issue abroad dummies equal one in the referred year and zero otherwise. The more than three years after debt issue abroad dummy equals one after the third year following a debt issue outside the firm's home country and zero before. The first debt issue in a public market outside firms' home country during our sample period (1990-2005) is used to identify firms' capital raising activities. The sample includes only those firms that raise capital through debt issues in public markets abroad at some point during our sample period. The regressions are estimated with fixed effects at the firm level. A constant is estimated in but not reported. Absolute values of t-statistics are in brackets. See Appendix Table 8 for the definition of the variables. *, **, *** mean significance at ten, five, and one percent, respectively.

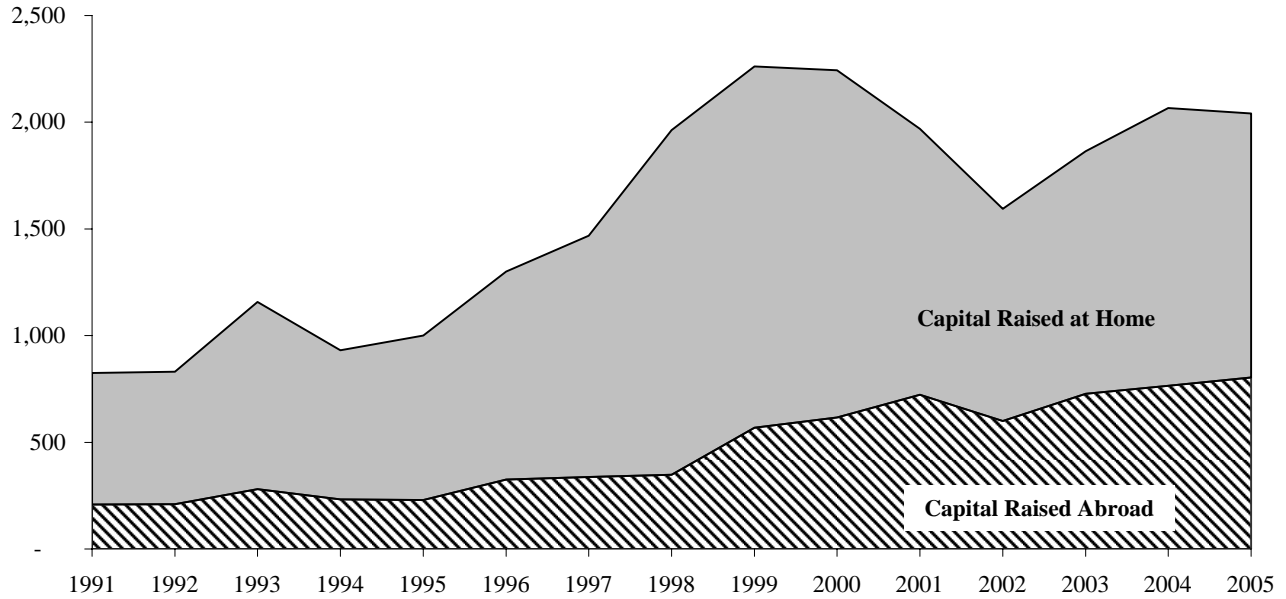
Dependent Variable	Only firms that raise capital through debt issues abroad					Year dummies	No. of obs.	No. of firms	R-squared
	Debt issue abroad year dummy	One year after debt issue abroad dummy	Two years after debt issue abroad dummy	Three years after debt issue abroad dummy	More than three years after debt issue abroad dummy				
Size									
Log of total assets in million U.S. dollars	0.280*** [12.31]	0.336*** [14.00]	0.388*** [14.30]	0.348*** [14.41]	0.165*** [5.48]	Yes	6,896	589	0.010
Log of sales in million U.S. dollars	0.216*** [7.88]	0.247*** [8.52]	0.299*** [9.11]	0.239*** [6.48]	0.032 [0.88]	Yes	6,984	599	0.010
Growth									
Log of (1+annual percentage change in assets in U.S. dollars)	0.022** [1.98]	-0.036*** [2.94]	-0.061*** [4.37]	-0.103*** [6.48]	-0.110*** [6.90]	Yes	5,921	531	0.070
Log of (1+annual percentage growth in sales in U.S. dollars)	0.013 [1.07]	-0.022 [1.61]	-0.053*** [3.43]	-0.099*** [5.60]	-0.106*** [5.95]	Yes	5,917	532	0.080
Investment									
Log of capital expenditures in million U.S. dollars	0.217*** [4.18]	0.252*** [4.53]	0.261*** [4.09]	0.136* [1.87]	-0.225*** [3.06]	Yes	5,741	543	0.010
Log of R&D expenditures in million U.S. dollars	0.084 [1.38]	0.067 [1.01]	0.102 [1.33]	0.049 [0.53]	-0.064 [0.70]	Yes	1,872	193	0.010
Capital expenditures/total assets	-0.006* [1.92]	-0.008** [2.52]	-0.012*** [3.32]	-0.019*** [4.57]	-0.023*** [5.52]	Yes	5,106	488	0.030
R&D expenditures/total assets	-0.001 [0.34]	-0.004** [2.51]	-0.006*** [3.14]	-0.009*** [3.69]	-0.015*** [6.14]	Yes	1,795	185	0.000
Net assets from acquisitions/total assets	-0.002 [1.28]	-0.004*** [2.68]	-0.006*** [3.53]	-0.009*** [5.07]	-0.008*** [4.46]	Yes	5,088	487	0.010
Capital expenditures/sales	0.008 [1.14]	-0.001 [0.13]	-0.006 [0.70]	-0.026*** [2.60]	-0.041*** [4.08]	Yes	4,708	423	0.020
R&D expenditures/sales	0.000 [0.29]	-0.002 [1.05]	-0.003 [1.47]	-0.003 [1.31]	-0.003 [1.49]	Yes	2,212	219	0.000
Net assets from acquisitions/sales	0.003 [1.10]	-0.007** [2.18]	-0.011*** [2.99]	-0.017*** [4.27]	-0.014*** [3.50]	Yes	5,013	482	0.010
Profitability									
Return on assets	-0.005 [1.59]	-0.015*** [4.83]	-0.019*** [5.54]	-0.021*** [5.35]	-0.027*** [7.24]	Yes	6,993	589	0.020
Return of equity	-0.016* [1.84]	-0.045*** [4.80]	-0.063*** [5.86]	-0.084*** [6.93]	-0.086*** [7.37]	Yes	7,010	589	0.020
EBITDA/sales	-0.014 [0.91]	-0.029* [1.72]	-0.067*** [3.54]	-0.036 [1.64]	-0.107*** [4.99]	Yes	5,359	477	0.020
Capital structure									
Total debt/equity	0.283*** [4.07]	0.422*** [5.75]	0.598*** [7.24]	0.597*** [6.41]	0.672*** [7.36]	Yes	7,676	653	0.000
Total debt/total assets	0.040*** [8.48]	0.047*** [9.50]	0.051*** [9.04]	0.048*** [7.57]	0.050*** [8.06]	Yes	7,912	667	0.010
Short term debt/total debt	-0.100*** [10.53]	-0.115*** [11.56]	-0.085*** [7.58]	-0.081*** [6.45]	-0.046*** [3.68]	Yes	7,758	656	0.020
Cash & equivalents/total assets	0.011*** [3.73]	0.012*** [3.90]	0.012*** [3.53]	0.017*** [4.39]	0.015*** [3.81]	Yes	8,037	673	0.010
International activities									
Foreign assets/total assets	0.016** [2.02]	0.019** [2.18]	0.020* [1.95]	0.040*** [3.46]	0.037*** [3.20]	Yes	2,560	262	0.030
Foreign sales/sales	0.022*** [2.80]	0.024*** [2.94]	0.028*** [2.98]	0.018* [1.69]	0.006 [0.55]	Yes	4,023	368	0.020
Valuation & dividends									
Price-earnings ratio	-1.472 [0.81]	-0.983 [0.52]	-3.015 [1.40]	-3.208 [1.33]	-2.615 [1.10]	Yes	6,936	597	0.030
Price to book value of equity	0.023 [0.32]	-0.150* [1.94]	-0.293*** [3.35]	-0.445*** [3.35]	-0.446*** [4.51]	Yes	6,935	596	0.030
Dividend yield	0.377 [0.39]	1.326 [1.29]	1.803 [1.53]	2.005 [1.53]	-1.183 [0.92]	Yes	6,145	587	0.010
Dividend payout (% of net income)	-0.118 [1.59]	-0.030 [0.38]	0.028 [0.32]	-0.105 [1.05]	-0.156 [1.60]	Yes	6,857	585	0.010
Ownership									
Closely held shares (%)	-0.006 [0.82]	-0.012* [1.73]	-0.014* [1.68]	-0.012 [1.31]	0.007 [0.74]	Yes	5,116	464	0.010

Figure 1

Evolution of Private Sector Capital Raising Activity in Public Markets Around the World - Amount Raised

This figure shows the evolution of the aggregate amount of capital raised by firms from developed and developing economies through security issues in public markets in each year over the 1991-2005 period. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Data are in constant 2005 U.S. dollars. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group.

Amount Raised by Firms from Developed Economies
(Billion U.S. dollars at 2005 prices)



Amount Raised by Firms from Developing Economies
(Billion U.S. dollars at 2005 prices)

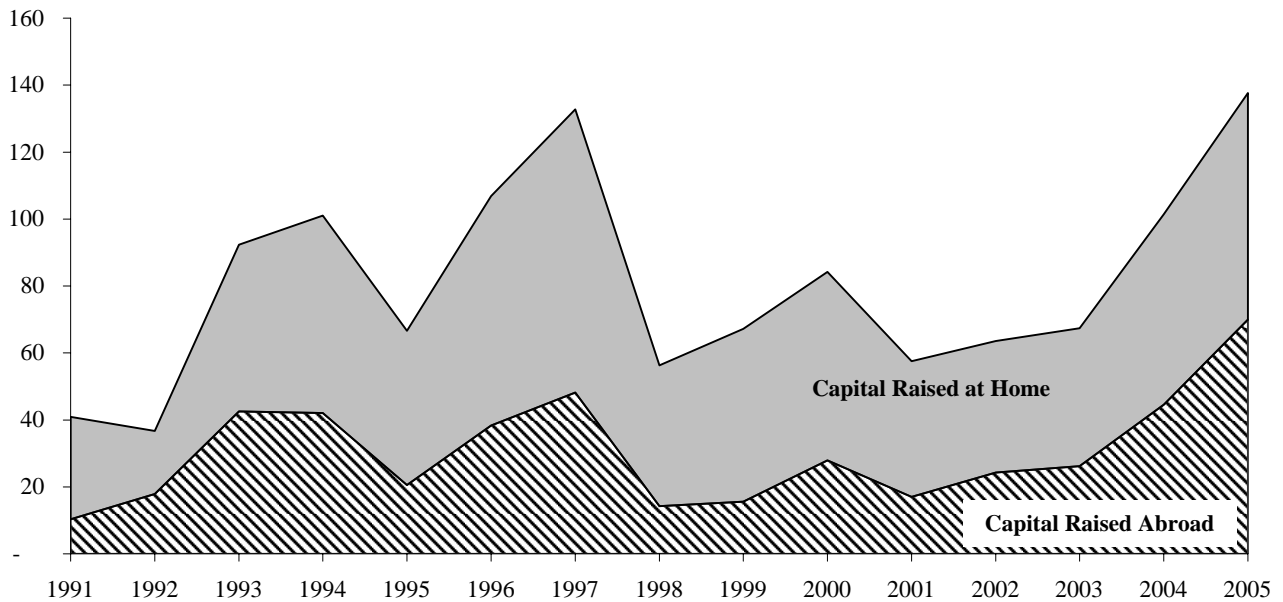


Figure 2

Degree of Internationalization of Capital Markets

This figure shows the aggregate amount of capital raised abroad as a percentage of the total amount of capital raised by firms from developed and developing economies through security issues in public markets for different types of issues. Issues abroad are those carried out in a public market outside firm's home country. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group.

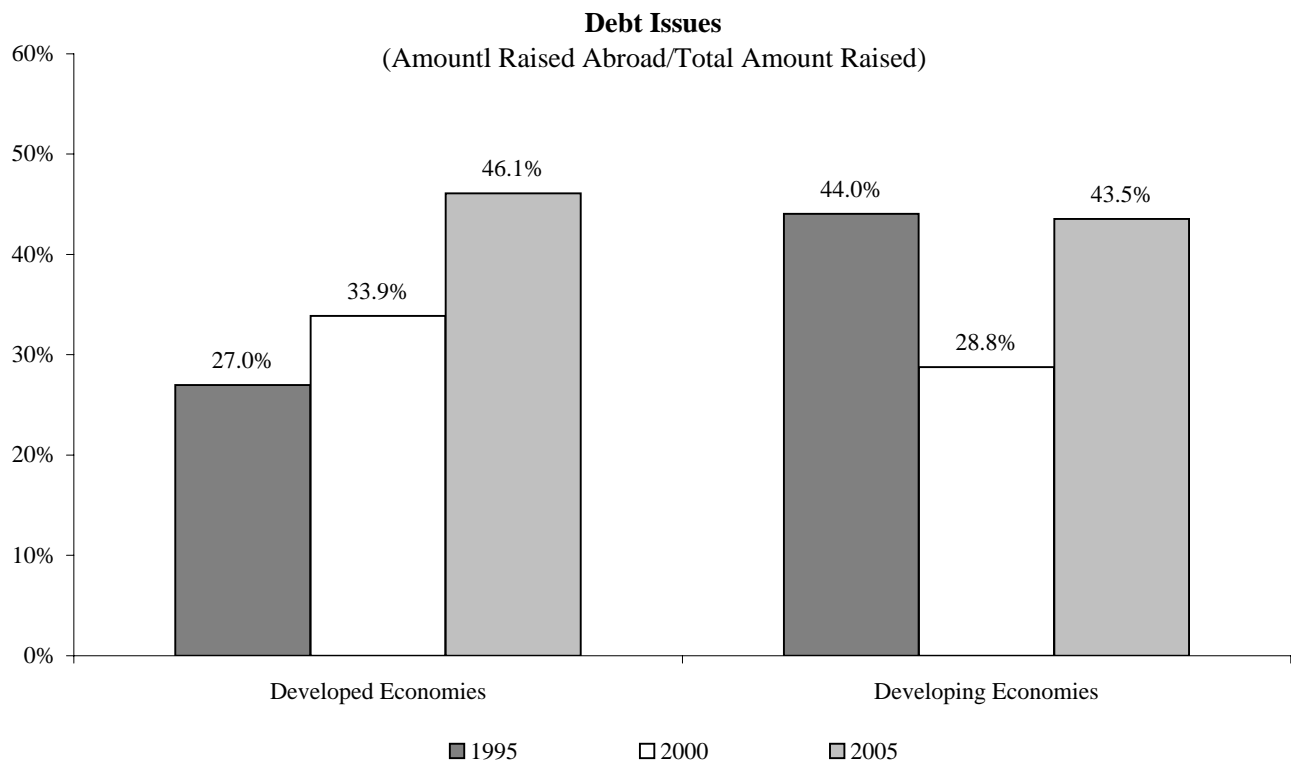
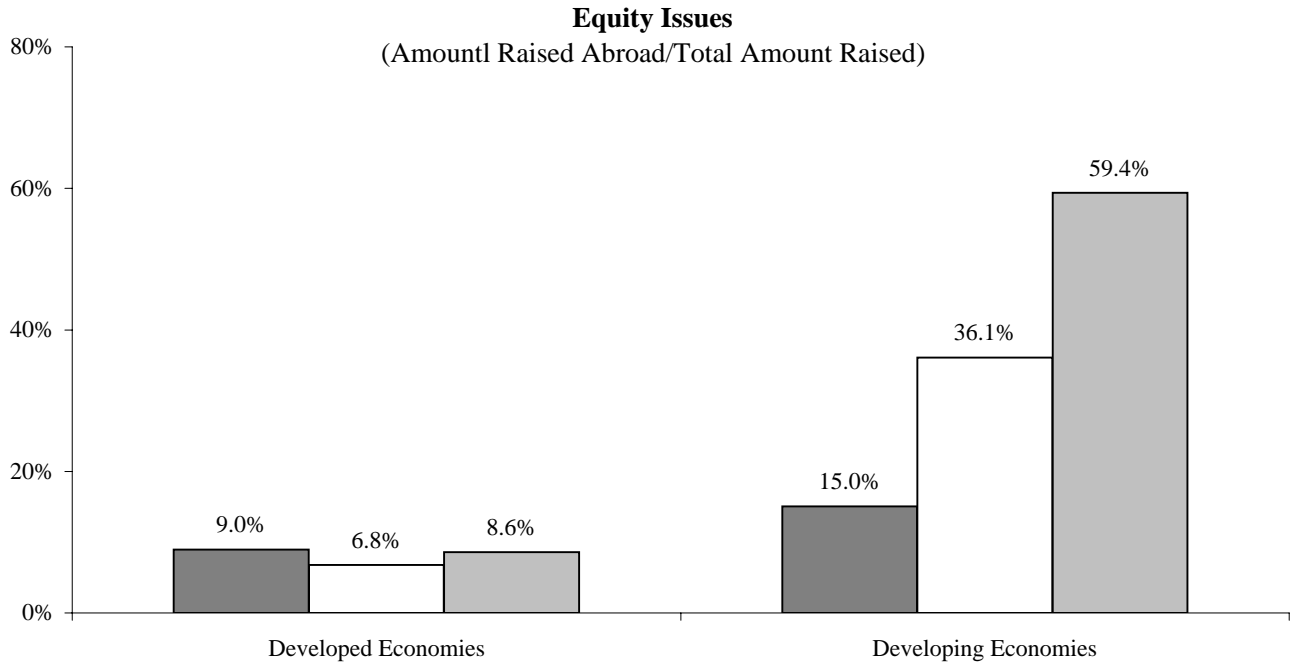
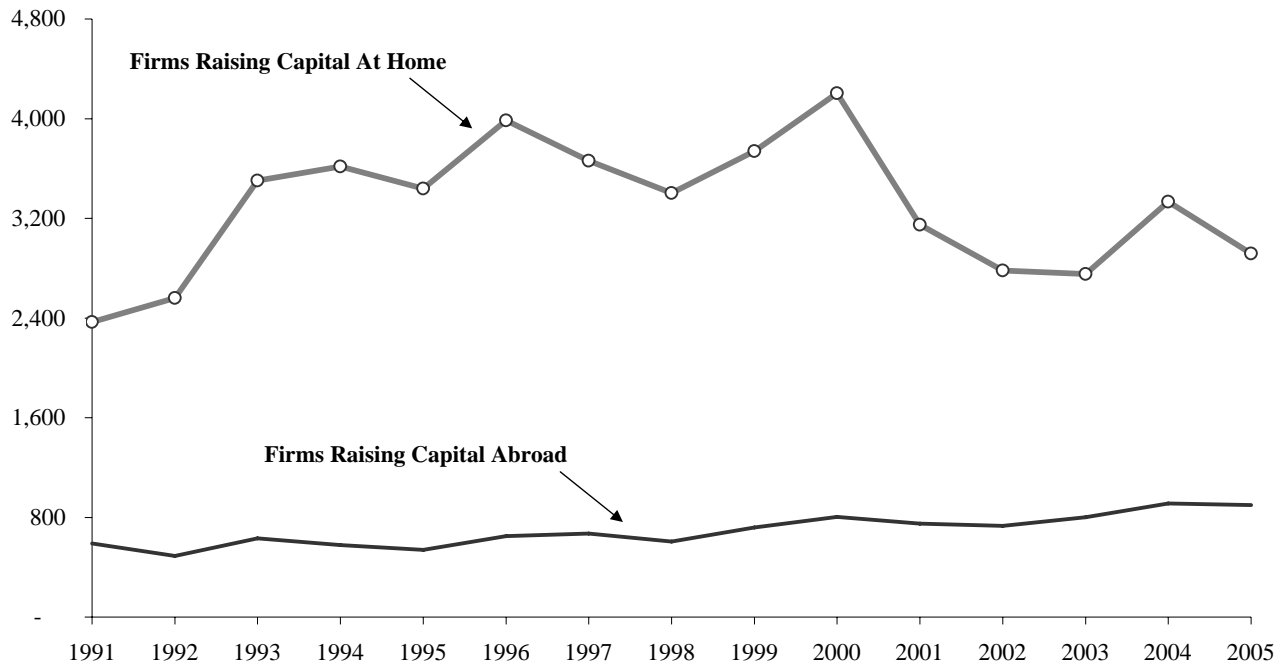


Figure 3

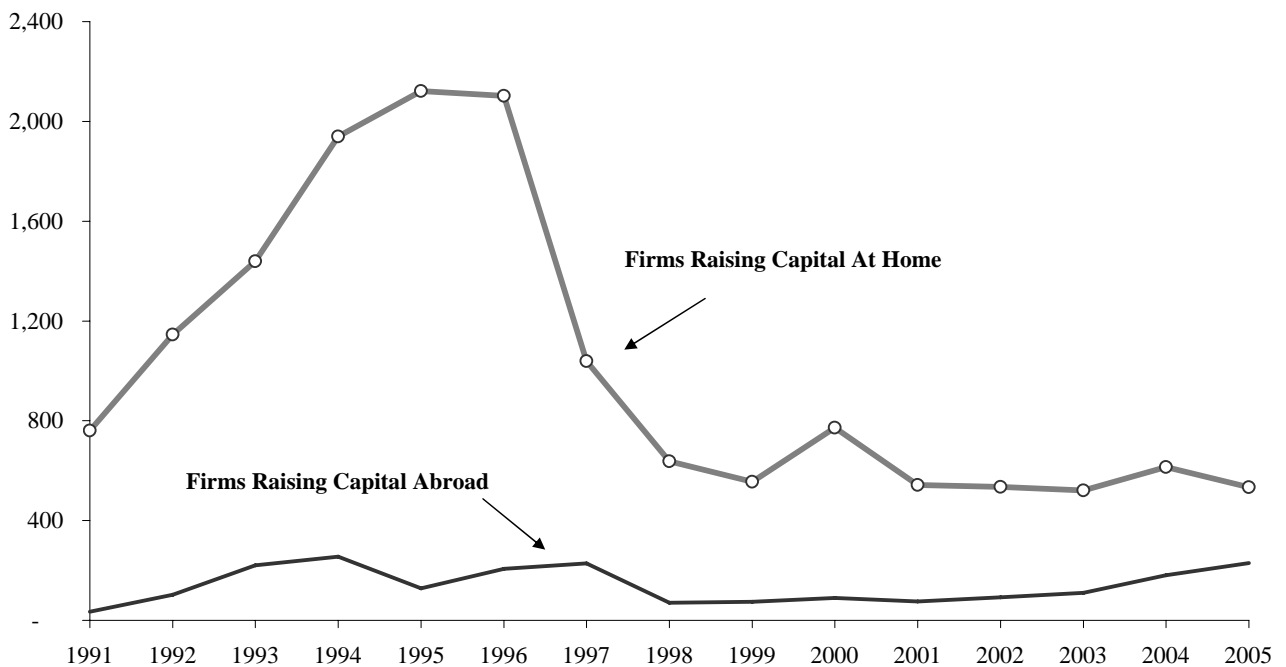
Evolution of Private Sector Capital Raising Activity in Public Markets Around the World - Number of Issuers

This figure shows the number of firms from developed and developing economies that raised capital through security issues in public markets in each year over the 1991-2005 period. Firms that raise capital at home are those that issue securities in a public market in their home country. Firms that raise capital abroad are those that issue securities in a public market outside their home country. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income

Number of Firms from Developed Economies that Raise Capital



Number of Firms from Developing Economies that Raise Capital



Appendix Table 1
Country Classification

This table presents the list of economies that constitute the different regions and their classification by income level. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies which are economies with a GNI per capita of 10,725 U.S. dollars or higher in 2005. Developing economies correspond to low- and middle-income economies, which are economies with a GNI per capita below 10,725 U.S. dollars in 2005. * means the economy is classified as developed.

	Africa	Asia	Eastern Europe & Central Asia	Latin America & Caribbean	Middle East	Western Europe	Other
Australia *	Algeria	Bangladesh	Bulgaria	Argentina	Bahrain *	Belgium *	Antigua *
Germany *	Central African Rep.	China	Croatia	Barbados	Iran	Cyprus *	Aruba *
Japan *	Egypt	Hong Kong, China *	Czech Republic	Belize	Israel *	Denmark *	Bahamas *
New Zealand *	Equatorial Guinea	India	Estonia	Bolivia	Jordan	Finland *	Bermuda *
United States *	Gabon	Indonesia	Georgia	Brazil	Kuwait *	France *	British Virgin Islands *
	Ghana	Macao, China *	Hungary	Chile	Lebanon	Greece *	Cayman Islands *
	Cote d'Ivoire	Malaysia	Kazakhstan	Colombia	Oman	Iceland *	Falkland Islands *
	Kenya	Mongolia	Latvia	Costa Rica	Qatar *	Ireland *	Faroe Islands *
	Liberia	Myanmar	Lithuania	Dominican Republic	Saudi Arabia *	Italy *	Gibraltar *
	Malawi	Pakistan	Poland	Ecuador	United Arab Emirates *	Liechtenstein *	Guam *
	Mauritius	Philippines	Romania	El Salvador		Luxembourg *	Guernsey *
	Morocco	Singapore *	Russia	Guatemala		Malta *	Isle of Man *
	Namibia	Sri Lanka	Slovakia	Jamaica		Monaco *	Jersey *
	Nigeria	Taiwan *	Turkey	Mexico		Netherlands *	Micronesia
	Senegal	Thailand	Ukraine	Panama		Norway *	Netherlands Antilles *
	South Africa	Vietnam	Uzbekistan	Peru		Portugal *	Papua New Guinea
	Sudan			St. Lucia		Slovenia *	Puerto Rico *
	Tanzania			Trinidad & Tobago		Spain *	
	Tunisia			Uruguay		Sweden *	
	Uganda			Venezuela		Switzerland *	
	Zambia					United Kingdom *	
	Zimbabwe						

Appendix Table 2
Data on Capital Raisings - Data Coverage

This table shows the number of observations and firms from each country/region included in our dataset on capital raising activity. The dataset includes only security issues by firms in public markets. Each observation corresponds to a security issue. Data cover the period 1991-2005. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group.

	Observations		Firms	
	Number	<i>% of total</i>	Number	<i>% of total</i>
Germany	10,935	6.4%	1,311	2.8%
Japan	11,266	6.6%	4,078	8.8%
United States	69,144	40.4%	12,074	26.0%
Africa	438	0.3%	280	0.6%
Asia	18,793	11.0%	12,571	27.0%
Australia & New Zealand	5,060	3.0%	2,344	5.0%
Eastern Europe & Central Asia	658	0.4%	367	0.8%
Latin America & Caribbean	13,728	8.0%	2,961	6.4%
Middle East	668	0.4%	248	0.5%
Western Europe	37,505	21.9%	9,720	20.9%
Other	2,784	1.6%	554	1.2%
Total	170,979		46,508	
Developed economies	144,038	84.2%	33,393	71.8%
Developing economies	26,941	15.8%	13,115	28.2%

Appendix Table 3
Amount of Capital Raised in Public Markets by Issuer Country/Region and Type of Security
(Million U.S. dollars at 2005 Prices)

This table shows the aggregate amount of capital raised by firms from each country/region through different types of security issues in public markets over the 1991-2005 period. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Data are in constant 2005 U.S. dollars. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group.

	Initial Public Offerings (IPO)				Seasoned Equity Offerings (SEO)				Non-Convertible Debt				Preferred Stock				Convertible Debt			
	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad
Germany	77,088	5,933	83,022	7.1%	192,085	12,378	204,463	6.1%	1,616,224	852,734	2,468,958	34.5%	6,516	2,505	9,021	27.8%	9,809	13,576	23,385	58.1%
Japan	172,978	1,295	174,273	0.7%	293,202	1,711	294,913	0.6%	747,385	407,704	1,155,089	35.3%	0	0	0	n.a.	178,876	42,202	221,078	19.1%
United States	557,058	2,769	559,827	0.5%	1,003,317	2,552	1,005,869	0.3%	7,187,785	1,233,713	8,421,497	14.6%	336,754	5,486	342,240	1.6%	152,346	18,824	171,170	11.0%
Africa	4,175	3,273	7,448	43.9%	10,291	3,450	13,741	25.1%	131	10,791	10,922	98.8%	161	0	161	0.0%	166	2,521	2,686	93.8%
Asia	247,599	84,592	332,191	25.5%	200,812	65,560	266,373	24.6%	97,825	122,020	219,845	55.5%	4,326	1,735	6,061	28.6%	11,144	70,259	81,403	86.3%
Australia & New Zealand	69,602	3,299	72,901	4.5%	55,099	8,542	63,641	13.4%	15,764	253,726	269,489	94.2%	14,198	2,200	16,397	13.4%	3,569	2,210	5,779	38.2%
Eastern Europe & Central Asia	15,360	9,778	25,138	38.9%	14,695	8,261	22,956	36.0%	262	52,712	52,974	99.5%	7	0	7	0.0%	1	630	631	99.8%
Latin America & Caribbean	22,167	17,498	39,665	44.1%	83,719	24,512	108,230	22.6%	240,256	146,706	386,962	37.9%	19,146	1,297	20,442	6.3%	11,145	4,479	15,623	28.7%
Middle East	7,612	7,504	15,116	49.6%	3,892	7,817	11,709	66.8%	0	20,843	20,843	100.0%	0	0	0	n.a.	0	129	129	100.0%
Western Europe	458,118	64,798	522,916	12.4%	1,002,462	106,497	1,108,960	9.6%	2,238,542	3,218,396	5,456,938	59.0%	27,098	51,622	78,719	65.6%	158,474	97,410	255,884	38.1%
Other	0	26,531	26,531	100.0%	0	38,710	38,710	100.0%	52	364,691	364,742	100.0%	0	35,938	35,938	100.0%	0	37,744	37,744	100.0%
Total	1,631,757	227,270	1,859,027	12.2%	2,859,573	279,991	3,139,564	8.9%	12,144,224	6,684,035	18,828,259	35.5%	408,205	100,782	508,987	19.8%	525,530	289,983	815,513	35.6%
Developed economies	1,418,025	126,166	1,544,191	8.2%	2,646,644	218,750	2,865,393	7.6%	11,843,905	6,413,011	18,256,915	35.1%	386,650	98,812	485,462	20.4%	511,702	262,682	774,384	33.9%
Developing economies	213,732	101,104	314,836	32.1%	212,930	61,241	274,171	22.3%	300,320	271,024	571,344	47.4%	21,556	1,970	23,525	8.4%	13,828	27,300	41,129	66.4%

Appendix Table 4

Number of Firms Raising Capital in Public Markets by Issuer Country/Region and Type of Security

This table shows the number of firms from each country/region conducting different types of security issues in public markets over the 1991-2005 period. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Note that since firms may conduct issues in different markets totals may differ from the sum of the different columns. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group.

	Initial Public Offerings (IPO)				Seasoned Equity Offerings (SEO)				Non-Convertible Debt				Preferred Stock				Convertible Debt			
	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad	Home	Abroad	Total	% abroad
Germany	498	11	506	2.2%	416	21	430	4.9%	386	214	498	43.0%	62	3	64	4.7%	35	26	56	46.4%
Japan	1,933	9	1,939	0.5%	1,835	18	1,842	1.0%	527	686	926	74.1%	0	0	0	n.a.	567	149	661	22.5%
United States	5,811	60	5,862	1.0%	4,603	42	4,634	0.9%	3,364	477	3,596	13.3%	1,139	6	1,145	0.5%	463	72	524	13.7%
Africa	53	24	76	31.6%	174	22	190	11.6%	1	18	19	94.7%	1	0	1	0.0%	1	8	9	88.9%
Asia	9,783	432	10,174	4.2%	2,458	237	2,634	9.0%	604	395	931	42.4%	11	5	16	31.3%	61	298	353	84.4%
Australia & New Zealand	1,267	28	1,286	2.2%	1,150	33	1,174	2.8%	20	152	160	95.0%	61	4	63	6.3%	57	12	69	17.4%
Eastern Europe & Central Asia	127	35	159	22.0%	86	24	107	22.4%	7	129	135	95.6%	1	0	1	0.0%	1	4	5	80.0%
Latin America & Caribbean	215	90	256	35.2%	796	93	830	11.2%	1,944	369	2,186	16.9%	201	9	203	4.4%	140	17	154	11.0%
Middle East	26	137	163	84.0%	16	71	85	83.5%	0	43	43	100.0%	0	0	0	n.a.	0	1	1	100.0%
Western Europe	3,113	306	3,385	9.0%	3,821	290	3,995	7.3%	2,365	1,718	3,581	48.0%	92	74	157	47.1%	403	157	535	29.3%
Other	0	128	128	100.0%	0	88	88	100.0%	1	286	287	99.7%	0	68	68	100.0%	0	88	88	100.0%
Total	22,826	1,260	23,934	5.3%	15,355	939	16,009	5.9%	9,219	4,487	12,362	36.3%	1,568	169	1,718	9.8%	1,728	832	2,455	33.9%
Developed economies	14,518	785	15,229	5.2%	13,094	662	13,558	4.9%	6,858	3,786	9,452	40.1%	1,361	158	1,507	10.5%	1,573	670	2,141	31.3%
Developing economies	8,308	475	8,705	5.5%	2,261	277	2,451	11.3%	2,361	701	2,910	24.1%	207	11	211	5.2%	155	162	314	51.6%

Appendix Table 5
Capital Raising Activity of Firms that Raise Capital Abroad

This table analyzes the capital raising activity of firms that raise capital through security issues in public markets abroad at some point during the 1991-2005 period. The first variable displayed is the percentage of total capital raised in domestic markets accounted for by these firms over the 1991-2005 period. The second variable displayed is the average across these firms of the ratio of capital raised abroad to total capital raised over the 1990-2005 period. The number of observations used to calculate these means is in parentheses. Issues abroad are those carried out in a public market outside firm's home country. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group.

	<u>Initial Public Offerings (IPO)</u>	<u>Seasoned Equity Offerings (SEO)</u>	<u>Non-Convertible Debt</u>	<u>Preferred Stock</u>	<u>Convertible Debt</u>
Percentage of total capital raising activity at home accounted for by firms with activity in international markets (total for the 1991-2005 period)					
Developed economies	0.17	0.35	0.57	0.19	0.45
Developing economies	0.15	0.31	0.28	0.45	0.19
Capital raised abroad/total capital raised over the 1991-2005 period (average across firms with activity in international markets)					
Developed economies	0.72 (1,028)	0.39 (1,389)	0.80 (3,883)	0.60 (253)	0.62 (975)
Developing economies	0.78 (567)	0.58 (402)	0.81 (772)	0.14 (47)	0.89 (180)

Appendix Table 6
Size of Capital Raisings in Public Markets by Type of Security

This table shows the median size of capital raisings for different types of security issues in public markets over the 1991-2005 period. The number of observations used to calculate the medians in each case is in parentheses. The median amount raised per year is calculated considering only those years when the different types of securities are issued. The reported test is the Mann-Whitney U-test of equality of medians for issues at home and abroad. Issues at home are those carried out in a public market in firm's home country. Issues abroad are those carried out in a public market outside firm's home country. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each income group. *, **, *** mean significance at ten, five, and one percent, respectively.

	Initial Public Offerings (IPO)			Seasoned Equity Offerings (SEO)			Non-Convertible Debt			Preferred Stock			Convertible Debt		
	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)	Home	Abroad	Mann-Whitney U-Test (p-value)
Median amount raised per security issue (million U.S. dollars at 1995 prices)															
Developed economies	22.7 (17,397)	41.3 (1,049)	0.000 ***	31.4 (23,756)	73.8 (1,152)	0.000 ***	82.7 (68,807)	134.6 (26,292)	0.000 ***	113.8 (1,905)	263.6 (257)	0.000 ***	128.8 (2,170)	158.2 (955)	0.000 ***
Developing economies	1.8 (8,520)	61.5 (687)	0.000 ***	16.6 (3,157)	62.5 (410)	0.000 ***	6.7 (8,837)	124.2 (1,593)	0.000 ***	24.4 (281)	80.0 (13)	0.012 **	16.9 (266)	101.4 (190)	0.000 ***
Median amount raised per year (million U.S. dollars at 1995 prices)															
Developed economies	24.6 (14,516)	50.3 (787)	0.000 ***	37.7 (18,354)	103.9 (840)	0.000 ***	226.6 (16,083)	310.0 (8,414)	0.000 ***	139.2 (1,605)	304.2 (215)	0.000 ***	141.7 (1,896)	182.5 (819)	0.000 ***
Developing economies	1.6 (8,177)	71.1 (470)	0.000 ***	18.2 (2,734)	73.6 (323)	0.000 ***	23.6 (3,799)	150.0 (1,157)	0.000 ***	24.2 (270)	73.2 (10)	0.018 **	30.3 (183)	107.8 (176)	0.000 ***
Median amount raised per security issue/Total assets before raising capital															
Developed economies	0.713 (7,928)	0.768 (250)	0.813	0.131 (16,092)	0.119 (609)	0.369	0.005 (19,906)	0.002 (6,089)	0.000 ***	0.026 (680)	0.004 (66)	0.000 ***	0.095 (1,261)	0.071 (379)	0.000 ***
Developing economies	0.383 (604)	0.206 (179)	0.001 ***	0.063 (813)	0.047 (216)	0.103	0.017 (1,119)	0.028 (213)	0.000 ***	0.030 (31)	0.062 (4)	0.162	0.086 (35)	0.132 (73)	0.280

Appendix Table 7

Data on Firm-Level Characteristics - Data Coverage

This table shows the number of observations and firms from each country/region included in our dataset on firm-level characteristics. Data cover the period 1991-2005. Firms with capital raising activity are those identified as having raised capital through security issues in public markets over the sample period. Firms with capital raisings at home are those identified as having raised capital through security issues in public markets in firms' home country over the sample period. Firms with capital raisings abroad are those identified as having raised capital through security issues in public markets outside firms' home country over the sample period. Note that the sum of the number of firms with capital raising activity at home and abroad differs from the total number of firms with capital raising activity, as firms may raise capital both at home and abroad. Economies are classified by income level following the World Bank classification for 2005. Developed economies correspond to high-income economies according to the World Bank classification. Developing economies correspond to low- and middle-income economies according to the World Bank classification. See Appendix Table 1 for a list of the economies included in each region and income group.

	Number of Observations				Number of Firms			
	Firms with no capital raising activity	Firms with capital raising activity	Firms with capital raising activity at home	Firms with capital raising activity at home	Firms with no capital raising activity	Firms with capital raising activity	Firms with capital raising activity at home	Firms with capital raising activity at home
Germany	4,954	6,260	6,067	779	481	684	666	68
Japan	15,161	29,610	27,733	7,789	1,256	2,944	2,804	576
Africa	4,119	544	411	205	643	64	49	22
Asia	19,815	35,133	32,945	5,240	2,637	4,919	4,606	620
Australia & New Zealand	4,636	6,682	6,541	520	727	1,212	1,191	58
Eastern Europe & Central Asia	2,753	989	788	293	398	122	96	37
Latin America & Caribbean	3,826	5,328	5,086	1,625	531	605	579	151
Middle East	673	616	141	525	104	110	19	97
Western Europe	28,108	36,644	34,586	5,856	3,114	4,291	4,033	584
Other	100	263	83	194	23	49	14	36
Total	84,145	122,069	114,381	23,026	9,914	15,000	14,057	2,249
Developed economies	59,996	94,028	88,377	17,933	6,727	11,355	10,688	1,687
Developing economies	24,149	28,041	26,004	5,093	3,187	3,645	3,369	562

Appendix Table 8
Series Description and Data Sources

This table shows the description of the data used and their sources.

Series Name	Description	Source
Amount of capital raised in public markets	Gross proceeds from security issues in public markets by firms in constant 2005 U.S. dollars. Data include only capital raisings by firms. Debt issues include only issues with an original maturity greater than one year. Data exclude debt issued by the public sector (including national, local and regional governments, government agencies, regional agencies, and non-government agencies), and capital raisings by investment funds, investment companies, and REITs. Data also exclude issues of mortgage-backed securities and other asset-backed securities. Amounts are converted to constant 2005 U.S. dollars from data in current U.S. dollars using the U.S. CPI.	SDC Global New Issues Database.
Total assets before raising capital	Total assets at the end of the fiscal quarter prior to issuing securities in public markets in current U.S. dollars.	SDC Global New Issues Database.
Total assets (million U.S. dollars)	Total assets at the end of the most recent fiscal year, converted to U.S. dollars using the fiscal year end exchange rate.	Worldscope
Sales (million U.S. dollars)	Net sales or revenues, converted to U.S. dollars using the fiscal year end exchange rate.	Worldscope
Capital expenditures (million U.S. dollars)	Funds used to acquire fixed assets other than those associated with acquisitions. It includes but is not restricted to additions to property, plant and equipment and investments in machinery and equipment. Data are converted to U.S. dollars using the fiscal year end exchange rate.	Worldscope
R&D expenditures (million U.S. dollars)	All direct and indirect costs related to the creation and development of new processes, techniques, applications and products with commercial possibilities. Data are converted to U.S. dollars using the fiscal year end exchange rate.	Worldscope
Net assets from acquisitions	Net assets acquired through pooling of interests or mergers. It does not include capital expenditures of acquired companies. Data are converted to U.S. dollars using the fiscal year end exchange rate.	Worldscope
Return on assets	Sum of net income (before preferred dividends) and interest expenses on capitalized debt (after tax), over previous year's total assets.	Worldscope
Return of equity	Net income before preferred dividends minus preferred dividend requirement, over previous year's common equity.	Worldscope
EBITDA	Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated by taking the pretax income and adding back interest expense on debt and depreciation, depletion and amortization and subtracting interest capitalized.	Worldscope
Total debt	Interest bearing and capitalized lease obligations. It is the sum of long and short term debt.	Worldscope
Short term debt	Portion of debt payable within one year including current portion of long term debt and sinking fund requirements of preferred stock or debentures.	Worldscope
Cash & equivalents	Represents the sum of cash and short term investments.	Worldscope
Foreign assets	Total or identifiable assets of foreign operations.	Worldscope
Foreign sales	Sales generated from operations in foreign countries.	Worldscope
Price-earnings ratio	Market price of company's stock at the end of the fiscal year, over earnings per share over the fiscal year.	Worldscope
Price to book value of equity	Market price of company's stock at the end of the fiscal year, over book value per share at the end of the fiscal year.	Worldscope
Dividend yield	Dividends per share over the fiscal year, over market price of company's stock at the end of the fiscal year.	Worldscope
Dividend payout	Common dividends (cash), over net income before preferred dividends minus preferred dividend requirement.	Worldscope
Closely held shares (%)	Number of closely held shares, over common shares outstanding. Closely held shares are shares held by insiders. It includes but is not restricted to shares held by officers, directors and their immediate families; shares held in trust; shares of the company held by any other corporation (besides shares held in a fiduciary capacity by banks or other financial institutions); shares held by pension/benefit plans; and shares held by individuals who hold more than 5% or more of the outstanding shares.	Worldscope