

Internet Appendix

Unless indicated otherwise, the sample is based on the definition of leverage that treats preferred shares as equity and restricts firms to having leverage (LEV) within the unit interval unless they have preferred shares prior to going public.

Table IA1
Summary statistics on firms for 1975-1999

Description: This table reports summary statistics of firm characteristics in the year preceding the IPO, except for PROCEEDS, INST, TECH, and Age which are measured at the time of the IPO. Returns and financial ratios except for MB are in percentage points. The sample WITH PREFERRED excludes observations that did not have preferred shares prior to going public. The sample NO PREFERRED excludes firms that had preferred shares prior to going public. Variable definitions are in Table 1.

	All firms (N=3,256)		NO PREFERRED (N=1,898)		WITH PREFERRED (N=1,358)		T-STAT: (1)-(3)	P-VAL:(2)-(4)
	MEAN	MEDIAN	MEAN	MEDIAN	MEAN	MEDIAN		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
LEVPF	94.3	79.6	67.2	68.2	132.0	106.4	-22.7	0.0
Ch. LEVPF	-58.0	-36.2	-29.3	-26.5	-98.2	-72.2	23.2	0.0
LEV	33.4	29.4	34.4	33.3	32.0	23.4	2.6	0.0
Ch. LEV	-17.7	-13.9	-17.7	-15.5	-17.7	-11.9	0.0	0.0
INT.COVER (winsorized)	12.15	4.59	21.7	6.1	-1.3	2.6	9.0	0.0
EBITDA/A	12.4	17.2	20.2	21.0	1.6	11.8	20.5	0.0
PPE/A	26.6	19.6	28.3	22.1	24.2	17.2	5.4	0.0
INV/A	19.7	14.0	16.3	11.3	24.3	21.1	-12.7	0.0
CAPX/A	10.5	6.7	11.0	6.9	9.7	6.3	3.4	0.1
RD/A	9.2	0.0	5.3	0.0	14.7	7.9	-16.0	0.0
PROCEEDS	65.4	39.4	61.6	32.2	70.6	47.9	-1.5	0.0
SALE(\$M 2011)	184.2	46.5	195.2	54.0	168.8	36.9	0.8	0.0
INST	0.50	1.0	0.28	0.0	0.80	1.0	-34.0	.
TECH	0.40	0.0	0.31	0.0	0.52	1.0	-12.3	0.0
AGE	14.82	8.0	16.43	10.0	12.56	7.0	6.1	0.0
MB(SIC3 pre-IPO)	2.4	2.2	2.3	2.0	2.7	2.5	-11.5	0.0
Dollar burn rate (DBR)	1.3	-0.6	-0.3	-1.2	3.7	0.5	-2.5	0.0
Cash burn rate	3.6	-2.1	-0.3	-4.9	9.2	1.1	-2.9	0.0
Fraction neg. BE	0.26	0.0	0.05	0.0	0.55	1.0	-38.5	0.0

Table IA2**Proportion of firms that go public in HOT IPO markets by type of firm**

Description: This table reports the fraction of firms that go public in hot-issue (HOT) markets by type of firm. NO PREF indicates the subsample of firms without preferred shares prior to going public. WITH PREF indicates the subsample of firms with preferred shares prior to going public. T-stat is the t-statistic that tests whether the difference in the proportion of firms that go public in hot-issue markets is significantly different between firms with and without preferred shares.

Interpretation: Firms with and without preferred shares are equally likely to go public during hot-issue markets.

		1975-1999	1975-2009
All firms	Proportion	0.92	0.86
	Nb. IPO in HOT	2988	3332
	Total IPOs	3256	3875
NO PREF	Proportion	0.91	0.86
	Nb. IPO in HOT	1720	1826
	Total IPOs	1898	2114
WITH PREF	Proportion	0.93	0.86
	Nb. IPO in HOT	1268	1506
	Total IPOs	1358	1761
T-stat (NO PREF vs. WITH PREF)		-2.82	0.77

Table IA3
Special and regular dividends

Description: This table reports special and regular dividends across HOT and COLD IPO markets. IPO year payouts measure the ratio of IPO-year common dividends to year-end book equity in percentage. Each of the first four rows reports the proportion in percentage of firms that have IPO year payouts that fall within the indicated range. The last two rows of each panel report the proportions (in pct.) of firms that pay regular and special dividends. Panel A reports the proportions for the 1975-1999 sample period. Panel B reports the proportions for the 1975-2009 sample period. The t-statistic compares dividends across HOT and COLD markets. Special dividends occur when firms pay only one dividend in the 12 month period following the IPO. Regular dividends occur when the firm pays two or more dividends in the 12-month period following the IPO.

Interpretation: IPO firms without preferred shares are equally likely to pay a special dividend out of IPO proceeds during HOT and COLD markets.

Panel A: 1975-1999

	WITHOUT PREFERRED			t-stat	WITH PREFERRED			t-stat
	All	HOT	COLD		All	HOT	COLD	
<i>IPO year payouts</i>								
0%:	74.7	74.4	76.7		93.6	94.3	89.8	
0%-10%:	13.4	13.1	15.3		4.2	3.9	6.3	
10%-25%:	5.2	5.6	2.4		0.3	0.3	0.8	
25% and above:	6.1	6.4	4.2		0.4	0.3	0.8	
<i>Special vs. regular dividends</i>								
Regular	78.2	77.0	84.6		88.4	84.4	100.0	
Special	21.8	23.0	15.4	0.9	11.6	15.6	0.0	1.4

Panel B: 1975-2009

	WITHOUT PREFERRED			t-stat	WITH PREFERRED			t-stat
	All	HOT	COLD		All	HOT	COLD	
<i>IPO year payouts</i>								
0%:	75.5	75.0	80.3		94.2	94.6	87.8	
0%-10%:	13.4	13.0	18.0		3.9	3.4	11.1	
10%-25%:	5.3	5.7	1.1		0.3	0.3	0.0	
25% and above:	5.5	6.0	0.6		0.1	0.2	0.0	
<i>Special vs. regular dividends</i>								
Regular	80.9	79.3	87.5		88.1	85.7	94.1	
Special	19.1	20.7	12.5	1.2	11.9	14.3	5.9	0.9

Table IA4**Market timing and IPO proceeds – all firms**

The dependent variable is total IPO proceeds over book assets in percent, where book assets are measured at the end of the year the firm goes public. *Default* equals the difference (in pct.) between the yield on 30Y BBB rated bonds and the yield on 30Y AAA rated bonds provided by Moody's and measured at the end of the month preceding the IPO. $\text{Log}(\text{SALE})$ equals the natural logarithm of SALE(\$M 2011). The other independent variables are defined in Table 1. Industry dummies, based on 3-digit SIC codes, are included but not reported. The Original leverage restriction refers to when the sample is restricted by treating preferred shares as debt and excluding firms with leverage (LEVPF) outside the unit interval. The Relaxed restriction of leverage treats preferred shares as equity and limits the sample to firms with leverage (LEV) within the unit interval unless they have preferred shares. T-statistics are in parentheses; they are based on standard errors that are robust to heteroskedasticity.

Panel A: Without controls for credit spreads

Sample:	1975-1999	1975-1999	1975-2009	1975-1985	1986-2009
Leverage restriction:	Original	Relaxed	Relaxed	Relaxed	Relaxed
	(1)	(2)	(3)	(4)	(5)
HOT	10.29 (7.75)	8.95 (6.47)	2.57 (2.14)	13.18 (6.10)	0.12 (0.08)
MB	1.34 (3.51)	0.32 (2.32)	0.50 (2.70)	3.67 (3.26)	0.43 (2.48)
EBITDA/A	0.28 (7.65)	0.17 (6.37)	0.15 (6.61)	0.15 (1.96)	0.16 (6.41)
Log(SALE)	-7.13 (-17.64)	-7.57 (-20.32)	-6.89 (-21.51)	-7.84 (-8.67)	-6.97 (-19.15)
PPE/A	-0.09 (-2.82)	-0.12 (-4.22)	-0.13 (-5.19)	-0.11 (-1.77)	-0.11 (-3.70)
RD/A	0.28 (3.76)	0.28 (5.53)	0.27 (6.08)	0.30 (1.81)	0.27 (5.81)
Dummy: missing RD	-2.51 (-1.84)	-2.16 (-1.59)	-2.65 (-2.19)	-1.91 (-0.60)	-1.94 (-1.44)
LEV(pre-IPO)	-0.09 (-3.34)	0.01 (0.25)	0.03 (1.21)	-0.11 (-1.46)	0.04 (1.64)
AdjRSq	0.366	0.308	0.303	0.456	0.295
N	2405	3256	3875	611	3264

Panel B: With controls for credit spreads

Sample:	1975-1999	1975-1999	1975-2009	1975-1985	1986-2009
Leverage restriction:	Original	Relaxed	Relaxed	Relaxed	Relaxed
	(1)	(2)	(3)	(4)	(5)
HOT	8.31 (6.10)	6.55 (4.56)	0.84 (0.68)	13.21 (6.05)	-1.81 (-1.22)
Default	-5.04 (-4.00)	-6.34 (-5.25)	-6.04 (-5.33)	0.12 (0.04)	-8.66 (-4.45)
MB	1.30 (3.46)	0.31 (2.23)	0.49 (2.64)	3.66 (3.24)	0.43 (2.43)
EBITDA/A	0.29 (7.90)	0.18 (6.84)	0.17 (7.13)	0.15 (1.97)	0.16 (6.67)
Log(SALE)	-7.37 (-17.87)	-7.78 (-20.51)	-7.10 (-21.70)	-7.84 (-8.67)	-6.99 (-19.22)
PPE/A	-0.08 (-2.53)	-0.11 (-3.73)	-0.12 (-4.64)	-0.11 (-1.76)	-0.10 (-3.36)

RD/A	0.27 (3.52)	0.26 (5.13)	0.25 (5.74)	0.30 (1.81)	0.26 (5.71)
Dummy: missing RD	-2.71 (-2.01)	-2.30 (-1.71)	-2.74 (-2.28)	-1.91 (-0.60)	-2.11 (-1.58)
LEV(pre-IPO)	-0.09 (-3.32)	0.00 (0.17)	0.02 (1.13)	-0.11 (-1.46)	0.04 (1.61)
AdjRSq	0.37	0.314	0.307	0.455	0.299
N	2405	3256	3875	611	3264

Table IA5

Market timing and change in capital structure in the IPO year

The dependent variable is the change in leverage relative to the year preceding the IPO: LEV-LEV(pre-IPO). *Default* equals the difference (in pct.) between the yield on 30Y BBB rated bonds and the yield on 30Y AAA rated bonds provided by Moody's and measured at the end of the month preceding the IPO. The other independent variables are defined in Table 1. The Original leverage restriction refers to when the sample is restricted to treating preferred shares as debt and excluding firms with leverage (LEVPF) outside the unit interval. The Relaxed restriction of leverage treats preferred shares as equity and limits the sample to firms with leverage (LEV) within the unit interval unless they have preferred shares. Industry dummies, based on 3-digit SIC codes, are included but not reported. T-statistics are in parentheses; they are based on standard errors that are robust to heteroskedasticity.

Panel A: All firms 1975-1999 – Original restriction on leverage

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
HOT	-2.55 (-2.89)	-1.45 (-1.38)	0.62 (0.53)	-1.26 (-1.39)	-0.15 (-0.14)	1.90 (1.53)
Default				3.28 (4.68)	3.48 (4.21)	3.47 (3.64)
MB	-0.77 (-4.40)	-0.77 (-3.09)	-0.47 (-1.93)	-0.75 (-4.35)	-0.74 (-3.02)	-0.44 (-1.84)
EBITDA/A	-0.10 (-6.52)	-0.25 (-7.94)	-0.24 (-7.56)	-0.11 (-6.99)	-0.26 (-8.24)	-0.25 (-7.77)
Log(SALE)	1.73 (6.94)	1.51 (4.72)	2.16 (5.70)	1.89 (7.40)	1.73 (5.23)	2.39 (6.21)
PPE/A	0.06 (2.85)	0.18 (6.91)	0.21 (7.33)	0.06 (2.59)	0.17 (6.55)	0.19 (6.92)
RD/A	-0.08 (-2.36)	-0.21 (-3.47)	-0.26 (-4.57)	-0.07 (-1.98)	-0.19 (-3.17)	-0.24 (-4.11)
Dummy: missing RD	0.41 (0.49)	1.16 (1.13)	0.84 (0.73)	0.54 (0.65)	1.27 (1.24)	1.13 (0.98)
LEV(pre-IPO)	-0.64 (-26.68)	-0.67 (-26.96)	-0.69 (-25.98)	-0.64 (-26.84)	-0.67 (-27.17)	-0.69 (-26.15)
AdjRSq	0.52	0.456	0.47	0.525	0.46	0.473
N	2405	2231	1983	2405	2231	1983

Panel B: All firms 1975-1999 – Relaxed restriction on leverage

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
HOT	-2.48 (-2.93)	-1.40 (-1.33)	0.82 (0.72)	-1.21 (-1.39)	0.06 (0.06)	2.13 (1.79)
Default				3.36 (5.13)	3.97 (4.97)	3.61 (4.08)
MB	-0.28 (-3.43)	-0.35 (-3.19)	-0.52 (-2.33)	-0.27 (-3.34)	-0.34 (-3.11)	-0.47 (-2.16)
EBITDA/A	-0.08 (-6.49)	-0.24 (-9.27)	-0.19 (-7.48)	-0.08 (-7.01)	-0.25 (-9.67)	-0.20 (-7.80)
Log(SALE)	2.15 (9.39)	2.07 (7.17)	2.44 (6.96)	2.27 (9.75)	2.26 (7.67)	2.62 (7.45)
PPE/A	0.08 (3.63)	0.25 (9.77)	0.23 (8.82)	0.07 (3.27)	0.23 (9.24)	0.22 (8.29)
RD/A	-0.11	-0.26	-0.20	-0.10	-0.24	-0.18

	(-5.45)	(-5.59)	(-4.29)	(-4.87)	(-5.10)	(-3.90)
Dummy: missing						
RD	0.19	1.59	1.90	0.27	1.63	2.08
	(0.24)	(1.61)	(1.75)	(0.34)	(1.66)	(1.91)
LEV(pre-IPO)	-0.68	-0.72	-0.72	-0.68	-0.72	-0.71
	(-29.38)	(-34.75)	(-31.17)	(-29.51)	(-34.87)	(-31.26)
AdjRSq	0.577	0.54	0.53	0.58	0.544	0.533
N	3256	2996	2639	3256	2996	2639

Panel C: All firms 1975-2009 – Relaxed restriction on leverage

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
HOT	-1.41	0.59	1.74	-0.42	1.74	2.77
	(-2.08)	(0.75)	(2.00)	(-0.60)	(2.19)	(3.07)
Default				3.46	4.02	3.69
				(5.61)	(5.30)	(4.50)
MB	-0.29	-0.34	-0.54	-0.28	-0.33	-0.50
	(-3.58)	(-3.22)	(-2.53)	(-3.48)	(-3.12)	(-2.39)
EBITDA/A	-0.07	-0.21	-0.17	-0.08	-0.23	-0.18
	(-6.76)	(-9.50)	(-7.56)	(-7.41)	(-10.04)	(-7.96)
Log(SALE)	2.16	2.07	2.35	2.28	2.28	2.54
	(11.12)	(8.42)	(7.91)	(11.56)	(9.06)	(8.49)
PPE/A	0.07	0.25	0.23	0.06	0.24	0.22
	(3.93)	(11.18)	(10.06)	(3.50)	(10.57)	(9.47)
RD/A	-0.11	-0.23	-0.18	-0.10	-0.21	-0.16
	(-5.92)	(-5.45)	(-4.40)	(-5.40)	(-5.06)	(-4.03)
Dummy: missing						
RD	0.16	1.88	2.29	0.21	1.88	2.42
	(0.22)	(2.17)	(2.37)	(0.29)	(2.18)	(2.50)
LEV(pre-IPO)	-0.67	-0.71	-0.71	-0.67	-0.70	-0.71
	(-33.35)	(-38.45)	(-33.80)	(-33.45)	(-38.45)	(-33.80)
AdjRSq	0.577	0.546	0.536	0.58	0.55	0.539
N	3875	3559	3151	3875	3559	3151

Panel D: All firms 1975-1985, 1986-2009 – Relaxed restriction on leverage

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
	<i>Sample period: 1975-1985</i>					
HOT	-4.31	-2.76	-1.72	-4.25	-3.05	-2.42
	(-3.06)	(-1.56)	(-0.89)	(-3.00)	(-1.78)	(-1.25)
Default				0.37	-1.46	-4.11
				(0.23)	(-0.76)	(-1.95)
AdjRSq	0.58	0.44	0.45	0.58	0.44	0.45
N	611	582	528	611	582	528
	<i>Sample period: 1986-2009</i>					
HOT	-0.93	1.51	2.57	0.23	2.51	3.60
	(-1.18)	(1.70)	(2.60)	(0.27)	(2.67)	(3.45)

Default				5.22 (4.58)	4.35 (3.28)	4.55 (3.05)
AdjRSq	0.58	0.57	0.56	0.59	0.57	0.56
N	3264	2977	2623	3264	2977	2623

Table IA6**Market timing and IPO proceeds – by type of firm**

Description: The dependent variable is total IPO proceeds over book assets in percent, where book assets are measured at the end of the year the firm goes public. *Default* equals the difference (in pct.) between the yield on 30Y BBB rated bonds and the yield on 30Y AAA rated bonds provided by Moody's and measured at the end of the month preceding the IPO. $\text{Log}(\text{SALE})$ equals the natural logarithm of SALE(\$M 2011). The other independent variables are defined in Table 1. Industry dummies, based on 3-digit SIC codes, are included but not reported. T-statistics are in parentheses; they are based on standard errors that are robust to heteroskedasticity. Panels A and B report regression results by type of firm, where firms are classified according to whether they have preferred shares prior to going public.

Interpretation: Firms without preferred shares are more sensitive to equity-market conditions, as measured with HOT, and credit-market conditions, as measured with the lagged default spread. In the broader time period that ends in 2009, neither type of firm's IPO proceeds is sensitive to hot-issue markets once credit market conditions at the time of the IPO are controlled for.

Panel A: Firms without preferred shares

	No control for credit spreads				With control for credit spreads			
	1975-1999	1975-2009	1975-1985	1986-2009	1975-1999	1975-2009	1975-1985	1986-2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
HOT	9.62 (5.89)	4.94 (3.20)	11.32 (4.68)	1.72 (0.85)	7.31 (4.42)	3.01 (1.94)	11.30 (4.61)	-0.45 (-0.22)
Default					-5.72 (-3.90)	-6.29 (-4.47)	-0.08 (-0.03)	-10.72 (-4.26)
MB	1.98 (3.31)	2.09 (3.59)	3.09 (2.40)	1.92 (3.10)	1.91 (3.22)	2.01 (3.48)	3.09 (2.41)	1.85 (3.02)
EBITDA/A	0.20 (4.69)	0.19 (4.83)	0.23 (3.38)	0.22 (4.38)	0.21 (4.97)	0.21 (5.18)	0.23 (3.37)	0.23 (4.56)
Log(SALE)	-6.63 (-13.37)	-6.53 (-15.54)	-8.24 (-7.30)	-6.50 (-13.26)	-6.90 (-13.69)	-6.85 (-15.99)	-8.24 (-7.32)	-6.68 (-13.52)
PPE/A	-0.08 (-2.01)	-0.10 (-3.12)	-0.12 (-1.66)	-0.05 (-1.36)	-0.07 (-1.81)	-0.09 (-2.81)	-0.12 (-1.66)	-0.04 (-1.10)
RD/A	0.31 (3.39)	0.28 (3.25)	0.34 (1.82)	0.31 (3.19)	0.29 (3.20)	0.27 (3.05)	0.34 (1.82)	0.30 (3.12)
Dummy: missing RD	-0.92 (-0.56)	-1.50 (-0.98)	-2.55 (-0.72)	0.18 (0.10)	-1.23 (-0.75)	-1.70 (-1.12)	-2.55 (-0.72)	0.02 (0.01)
LEV(pre-IPO)	-0.06 (-1.70)	-0.03 (-0.82)	-0.16 (-2.10)	0.00 (-0.12)	-0.06 (-1.77)	-0.03 (-0.92)	-0.16 (-2.10)	0.00 (-0.12)
AdjRSq	0.33	0.35	0.46	0.34	0.33	0.35	0.46	0.35
N	1898	2114	485	1629	1898	2114	485	1629

Panel B: Firms with preferred shares

	No control for credit spreads				With control for credit spreads			
	1975-1999 (1)	1975-2009 (2)	1975-1985 (3)	1986-2009 (4)	1975-1999 (5)	1975-2009 (6)	1975-1985 (7)	1986-2009 (8)
HOT	6.71 (2.32)	0.03 (0.01)	16.75 (2.11)	-1.58 (-0.73)	5.29 (1.72)	-0.56 (-0.27)	14.92 (1.80)	-2.45 (-1.07)
Default					-4.64 (-1.71)	-2.19 (-0.98)	12.84 (1.15)	-3.63 (-1.21)
MB	-0.02 (-0.25)	0.16 (1.18)	4.29 (2.03)	0.14 (1.05)	-0.02 (-0.25)	0.16 (1.17)	3.19 (1.26)	0.14 (1.05)
EBITDA/A	0.14 (3.71)	0.12 (3.72)	0.04 (0.19)	0.13 (3.85)	0.15 (3.79)	0.12 (3.77)	0.00 (-0.01)	0.13 (3.90)
Log(SALE)	-8.43 (-11.71)	-6.90 (-11.65)	-8.01 (-2.87)	-6.87 (-10.88)	-8.46 (-11.70)	-6.92 (-11.62)	-8.01 (-2.68)	-6.83 (-10.85)
PPE/A	-0.16 (-3.35)	-0.16 (-3.66)	-0.20 (-0.77)	-0.15 (-3.20)	-0.14 (-2.93)	-0.15 (-3.43)	-0.17 (-0.64)	-0.14 (-3.05)
RD/A	0.23 (3.71)	0.23 (4.22)	0.24 (0.57)	0.24 (4.30)	0.22 (3.55)	0.23 (4.14)	0.22 (0.54)	0.23 (4.27)
Dummy: missing RD	-5.09 (-1.90)	-5.38 (-2.44)	7.82 (0.55)	-5.00 (-2.26)	-4.95 (-1.87)	-5.35 (-2.44)	10.67 (0.74)	-5.03 (-2.27)
LEV(pre-IPO)	0.07 (2.00)	0.07 (2.46)	0.21 (0.78)	0.07 (2.41)	0.07 (1.91)	0.07 (2.42)	0.20 (0.72)	0.07 (2.37)
AdjRSq	0.30	0.26	0.43	0.26	0.30	0.26	0.44	0.26
N	1358	1761	126	1635	1358	1761	126	1635

Table IA7

Market timing and change in capital structure in the IPO year – by type of firm

Description: The dependent variable is the change in leverage relative to the year preceding the IPO: LEV-LEV(pre-IPO). *Default* equals the difference (in pct.) between the yield on 30Y BBB rated bonds and the yield on 30Y AAA rated bonds provided by Moody's and measured at the end of the month preceding the IPO. The other independent variables used in Table IA5 are included but not reported. Panels A and B report regression results by type of firm, where firms are classified according to whether they have preferred shares prior to going public. T-statistics are in parentheses; they are based on standard errors that are robust to heteroskedasticity.

Interpretation: Inferences about hot-issue market timing effects on capital structure for firms without preferred shares are sensitive to the sample period and whether controls for credit-market conditions at the time of the IPO are included in the regression. Hot-issue markets have no impact on IPO-year leverage for firms with preferred shares, regardless of credit market conditions at the time of the IPO.

Panel A: Firms without preferred shares

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
	<i>Sample period: 1975-1999</i>					
HOT	-2.43 (-2.38)	-2.47 (-1.86)	-0.22 (-0.15)	-1.19 (-1.13)	-1.19 (-0.88)	0.70 (0.46)
Default				3.09 (3.82)	3.27 (3.18)	2.35 (2.13)
AdjRsq	0.53	0.47	0.47	0.53	0.47	0.47
N	1898	1768	1585	1898	1768	1585
	<i>Sample period: 1975-2009</i>					
HOT	-1.79 (-1.96)	-0.42 (-0.39)	0.94 (0.80)	-0.65 (-0.70)	0.81 (0.74)	1.89 (1.55)
Default				3.71 (4.77)	4.03 (4.13)	3.18 (3.05)
AdjRsq	0.51	0.47	0.46	0.52	0.47	0.46
N	2114	1973	1769	2114	1973	1769
	<i>Sample period: 1975-1985</i>					
HOT	-3.71 (-2.13)	-3.41 (-1.59)	-2.13 (-0.95)	-3.53 (-1.97)	-3.77 (-1.82)	-3.02 (-1.34)
Default				0.73 (0.39)	-1.36 (-0.62)	-4.01 (-1.66)
AdjRsq	0.54	0.39	0.43	0.54	0.39	0.43
N	485	466	423	485	466	423
	<i>Sample period: 1986-2009</i>					
HOT	-1.07 (-0.90)	1.48 (1.14)	2.67 (1.88)	0.40 (0.32)	2.92 (2.15)	4.08 (2.74)
Default				7.22 (4.54)	7.08 (3.70)	6.73 (3.18)
AdjRsq	0.51	0.49	0.48	0.52	0.50	0.49
N	1629	1507	1346	1629	1507	1346

Panel B: Firms with preferred shares

Time:	No control for credit spreads			With control for credit spreads		
	IPO (1)	IPO+1 (2)	IPO+2 (3)	IPO (4)	IPO+1 (5)	IPO+2 (6)
	<i>Sample period: 1975-1999</i>					
HOT	-2.49 (-1.67)	2.25 (1.53)	3.31 (1.73)	-1.91 (-1.24)	2.85 (1.85)	3.94 (1.98)
Default				1.92 (1.60)	2.17 (1.43)	2.33 (1.25)
AdjRsq	0.65	0.654	0.64	0.65	0.654	0.641
N	1358	1228	1054	1358	1228	1054
	<i>Sample period: 1975-2009</i>					
HOT	-0.94 (-0.89)	2.42 (2.16)	2.47 (1.85)	-0.55 (-0.50)	2.76 (2.35)	2.86 (2.05)
Default				1.46 (1.41)	1.34 (1.01)	1.60 (1.05)
AdjRsq	0.65	0.646	0.644	0.65	0.646	0.644
N	1761	1586	1382	1761	1586	1382
	<i>Sample period: 1975-1985</i>					
HOT	-4.21 (-1.41)	4.15 (1.20)	-1.56 (-0.28)	-4.00 (-1.33)	5.06 (1.42)	-0.08 (-0.01)
Default				-1.44 (-0.32)	-7.68 (-1.33)	-9.24 (-1.10)
AdjRsq	0.79	0.60	0.45	0.78	0.61	0.46
N	126	116	105	126	116	105
	<i>Sample period: 1986-2009</i>					
HOT	-0.48 (-0.43)	2.39 (1.96)	2.64 (1.89)	-0.19 (-0.16)	2.42 (1.87)	2.73 (1.84)
Default				1.23 (0.82)	0.14 (0.08)	0.36 (0.20)
AdjRsq	0.65	0.66	0.65	0.65	0.66	0.65
N	1635	1470	1277	1635	1470	1277