

These tables, prepared with the assistance of Leming Lin, report the long-run performance of Seasoned Equity Offerings (SEOs) from 1970-2011, and thus update the results in “The New Issues Puzzle” in the 1995 *Journal of Finance* by Tim Loughran and Jay R. Ritter.

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**Table 1**

**The Number of Follow-on Offerings by Year, 1970-2011**

Seasoned Equity Offerings (SEOS), also known as follow-on offerings, that meet the following criteria are used: Excluded issues are ADRs, closed-end funds, unit offerings, private placements, an offer price less than \$5, and pure secondary offerings. Also deleted are SEOs that have a closing market price on the day of issue of less than \$5. The offer must be CRSP-listed within 3 trading days of the SEO, which results in only Amex- and NYSE-listed companies being included in 1970-1972, since Nasdaq did not come into existence until February 1971 and CRSP did not start covering Nasdaq listings until December 1972. For 1970, utilities were screened out. Note that at the bottom of this table the decade of the 1970s includes only 1971-1979 because of this omission.

Year	Number of SEOs	Non-utilities		Utilities	
		No.	%	No.	%
1970	37	37	n.a.	0	n.a.
1971	199	145	73%	54	27%
1972	145	94	65%	51	35%
1973	110	46	42%	64	58%
1974	81	24	30%	57	70%
1975	154	51	33%	103	67%
1976	165	77	47%	88	53%
1977	112	43	38%	69	62%
1978	156	87	56%	69	44%
1979	144	80	56%	64	44%

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Year	Number of SEOs	Non-utilities		Utilities	
			%	No.	%
1980	311	226	73%	85	27%
1981	301	216	72%	85	28%
1982	259	169	65%	90	35%
1983	584	516	88%	68	12%
1984	138	112	81%	26	19%
1985	280	254	91%	26	9%
1986	365	339	93%	26	7%
1987	219	204	93%	15	7%
1988	86	71	83%	15	17%
1989	156	132	85%	24	15%
1990	126	112	89%	14	11%
1991	372	338	91%	34	9%
1992	357	316	89%	41	11%
1993	492	447	91%	45	9%
1994	268	250	93%	18	7%
1995	426	406	95%	20	5%
1996	519	503	97%	16	3%
1997	455	440	97%	15	3%
1998	327	310	95%	17	5%
1999	368	362	98%	6	2%
2000	371	358	96%	13	4%
2001	269	246	91%	23	9%
2002	259	226	87%	33	13%
2003	287	253	88%	34	12%
2004	327	285	87%	42	13%
2005	262	246	94%	16	6%
2006	244	220	90%	24	10%
2007	243	227	93%	16	7%
2008	193	173	90%	20	10%
2009	447	409	91%	38	9%
2010	312	273	87%	39	13%
2011	219	201	92%	18	8%
1971-1979	1,266	647	51%	619	49%
1980-1989	2,699	2,239	83%	460	17%
1990-1998	3,342	3,122	93%	220	7%
1999-2000	739	720	97%	19	3%
2001-2011	3,062	2,759	90%	303	10%
<b>1970-2011</b>	<b>11,145</b>	<b>9,524</b>	<b>85%</b>	<b>1,621</b>	<b>15%</b>

## Table 2

### Long-run Returns on SEOs from 1970-2011

Seasoned Equity Offerings (SEOS), also known as follow-on offerings, that meet the following criteria are used: Excluded issues are ADRs, closed-end funds, unit offerings, private placements, REITs, an offer price less than \$5, and pure secondary offerings (in other words, the issuing company must receive at least some of the proceeds). Also deleted are SEOs that have a closing market price on the day of issue of less than \$5. The offer must be CRSP-listed within 4 calendar days of the SEO, which results in only Amex- and NYSE-listed companies being included in 1970-1972, since Nasdaq did not come into existence until February 1971 and CRSP did not start covering Nasdaq listings until December 1972. For 1970, utilities were screened out.

If an issuing firm is delisted before the end of a period, the CRSP value-weighted market return is spliced in for the remainder of the holding period for both the issuer and its matching firm. For example, if an issuer is delisted in its 14<sup>th</sup> month after issuing, the second-year return is calculated as the product of the gross return from the start of the 13<sup>th</sup> month until the delisting day and the gross return on the market for the rest of the year, minus 1. For example, if the stock had a -13% return, and the market went up by 8% during the rest of the year, the percentage return would be calculated as  $100\% \times [(0.87 \times 1.08) - 1] = -6.04\%$ . All returns include capital gains and dividends and other distributions, and end on December 12, 2012.

Size-matched returns are the average percentage return on portfolios of firms that have been CRSP-listed for at least five years and that have market caps that are similar to that of the issuing firms. For each issue, the CRSP-listed nonissuing operating company with the closest market cap is chosen, and its returns are calculated over the identical holding period to that of the issuing firm. Each SEO's market cap is calculated using the closing market price and shares outstanding on the first day of trading. For SEOs from SDC, if the shares offered are not common shares and the shares outstanding from SDC are larger than the shares outstanding on CRSP, the SDC shares outstanding are used to compute the market cap for the SEO (this would typically involve an SEO with dual class shares). For the matching firms, the market capitalization is measured at the end of the month before the SEO.

Style-matched returns use CRSP-listed operating companies with a market cap and book-to-market ratio that is similar to that of the issuing firm. For each issuer, the matching firm is chosen as the nonissuing firm with the closest market cap that is in the same book-to-market decile (using NYSE firms only for determining the decile breakpoints). For the SEO firms, the book value of equity at the end of the issuing quarter is used. For matching firms, the Compustat-listed book value of equity for the most recent fiscal year ending at least four months prior to the SEO date is used, along with the market cap at the close of trading at month-end prior to the month of the SEO with which it is matched.

Nonissuing firms are those that have been listed on the Amex–Nasdaq–NYSE for at least five years, without issuing equity for cash during the five years prior to being chosen as the matching firm for an issuer on date  $t$ . If a nonissuer subsequently issues equity after date  $t$ , it is still used as the matching firm. If a nonissuer gets delisted prior to the delisting of the SEO firm or the 5th anniversary of the SEO, the second-closest matching firm on the original SEO date is substituted, on a point-forward basis. Returns are measured through December 31, 2012. For partial event-years that end on this date, the last partial year is deleted from the computations. In other words, for an SEO that issued on March 15, 2011, its first-year return is included, but not the second-year return.

The sample sizes for the style-matched returns are smaller than the size-matched returns because of missing book values for some of the issuing firms. Book value is the book value of equity.

**Panel A: Whole sample, 1970-2011**

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	6.2%	2.3%	9.4%	7.3%	11.2%	16.2%	12.3%	11.2%
Size-matched	6.7%	7.1%	14.3%	15.7%	14.3%	18.5%	14.3%	15.4%
Difference	-0.4%	-4.8%	-4.9%	-8.5%	-3.2%	-2.2%	-2.0%	-4.2%
Number	11,134	11,100	11,136	10,723	9,902	8,931	8,181	
SEO firms	6.1%	2.3%	9.2%	7.1%	11.4%	17.3%	12.1%	11.4%
Style-matched	6.2%	6.4%	12.9%	14.7%	14.8%	17.6%	14.1%	14.8%
Difference	-0.1%	-4.2%	-3.7%	-7.6%	-3.3%	-0.3%	-2.0%	-3.4%
Number	10,208	10,184	10,208	9,830	9,045	8,138	7,444	

**Panel B: Non-utility firms**

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	6.2%	1.7%	8.9%	6.3%	10.4%	16.2%	11.8%	10.7%
Size-matched	6.4%	6.9%	14.0%	15.9%	13.7%	17.7%	13.3%	14.9%
Difference	-0.2%	-5.2%	-5.1%	-9.6%	-3.2%	-1.5%	-1.5%	-4.2%
Number	9,514	9,483	9,516	9,127	8,365	7,445	6,730	
SEO firms	6.0%	1.6%	8.5%	6.0%	10.7%	17.4%	11.5%	10.8%
Style-matched	5.9%	5.9%	12.0%	14.1%	13.6%	17.0%	12.4%	13.8%
Difference	0.1%	-4.3%	-3.5%	-8.1%	-3.0%	0.4%	-1.0%	-3.1%
Number	8,640	8,619	8,640	8,286	7,558	6,702	6,042	

**Panel C: Utility firms**

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	6.4%	5.7%	12.7%	12.8%	15.2%	16.6%	14.6%	14.4%
Size-matched	8.3%	8.1%	16.5%	14.9%	18.0%	22.3%	19.0%	18.1%
Difference	-1.9%	-2.3%	-3.8%	-2.0%	-2.8%	-5.7%	-4.4%	-3.8%
Number	1,620	1,617	1,620	1,596	1,537	1,486	1,451	
SEO firms	6.5%	5.9%	12.9%	13.0%	15.3%	16.7%	14.6%	14.5%
Style-matched	7.8%	9.4%	18.0%	17.6%	20.6%	20.7%	21.2%	19.6%
Difference	-1.3%	-3.6%	-5.1%	-4.6%	-5.3%	-3.9%	-6.6%	-5.1%
Number	1,568	1,565	1,568	1,544	1,487	1,436	1,402	

**Table 3, by subperiods****Returns on Seasoned Equity Offers in the 5 Years after Issuing**

## Panel A: SEOs from 1970-1979

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	4.8%	4.7%	10.6%	3.7%	6.5%	18.2%	20.2%	11.7%
Size-matched	5.0%	7.9%	12.8%	10.7%	14.8%	25.9%	28.7%	18.4%
Difference	-0.2%	-3.2%	-2.2%	-7.0%	-8.3%	-7.7%	-8.5%	-6.8%
Number	1,301	1,302	1,302	1,292	1,272	1,244	1,217	
SEO firms	4.9%	3.5%	9.2%	5.0%	8.0%	18.9%	17.4%	11.6%
Style-matched	5.7%	8.9%	14.7%	10.7%	16.6%	23.2%	24.8%	17.9%
Difference	-0.8%	-5.4%	-5.5%	-5.6%	-8.6%	-4.3%	-7.4%	-6.3%
Number	974	974	974	972	966	956	944	

## Panel B: SEOs from 1980-1989

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	7.3%	1.8%	9.6%	8.3%	14.0%	8.0%	6.7%	9.3%
Size-matched	8.7%	6.0%	15.8%	18.0%	21.4%	12.2%	11.3%	15.7%
Difference	-1.4%	-4.2%	-6.2%	-9.6%	-7.4%	-4.2%	-4.6%	-6.4%
Number	2,697	2,690	2,698	2,660	2,565	2,436	2,291	
SEO firms	6.7%	2.4%	9.4%	7.3%	14.4%	11.0%	7.4%	9.9%
Style-matched	6.3%	5.1%	12.0%	15.1%	19.8%	13.5%	10.5%	14.1%
Difference	0.3%	-2.6%	-2.5%	-7.8%	-5.4%	-2.5%	-3.0%	-4.3%
Number	2,279	2,272	2,279	2,249	2,167	2,072	1,961	

## Panel C: SEOs from 1990-1998

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	8.8%	3.5%	12.6%	9.4%	13.7%	18.9%	17.0%	14.3%
Size-matched	6.6%	8.9%	16.4%	18.5%	12.6%	21.4%	13.8%	16.5%
Difference	2.2%	-5.4%	-3.9%	-9.1%	1.0%	-2.5%	3.2%	-2.3%
Number	3,337	3,327	3,337	3,279	3,073	2,833	2,579	
SEO firms	8.7%	3.3%	12.2%	9.0%	13.8%	18.7%	17.1%	14.1%
Style-matched	6.9%	9.2%	16.6%	17.2%	15.0%	19.7%	14.8%	16.6%
Difference	1.7%	-5.9%	-4.4%	-8.2%	-1.2%	-1.0%	2.3%	-2.6%
Number	3,201	3,194	3,201	3,150	2,951	2,719	2,471	

Panel D: SEOs from 1999-2000

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	5.4%	-6.6%	8.3%	-25.4%	-6.7%	57.5%	20.9%	7.5%
Size-matched	6.6%	5.3%	12.9%	11.7%	3.0%	34.9%	22.1%	16.4%
Difference	-1.2%	-11.9%	-4.6%	-37.0%	-9.8%	22.6%	-1.1%	-8.1%
Number	739	731	739	701	623	566	532	
SEO firms	6.1%	-6.0%	9.5%	-25.4%	-6.9%	57.7%	21.1%	7.7%
Style-matched	6.5%	1.9%	7.6%	10.7%	4.8%	28.0%	23.2%	14.5%
Difference	-0.3%	-7.9%	1.9%	-36.1%	-11.7%	29.7%	-2.1%	-6.1%
Number	721	717	721	688	611	556	522	

Panel E: SEOs from 2001-2011

	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	1 <sup>st</sup> yr	2 <sup>nd</sup> yr	3 <sup>rd</sup> yr	4 <sup>th</sup> yr	5 <sup>th</sup> yr	Geometric mean yrs 1-5
SEO firms	3.2%	2.6%	5.7%	13.6%	12.0%	9.2%	3.6%	8.8%
Size-matched	5.6%	6.3%	11.8%	13.7%	11.6%	12.2%	5.6%	11.0%
Difference	-2.4%	-3.7%	-6.2%	-0.1%	0.4%	-3.0%	-1.9%	-2.2%
Number	3,060	3,050	3,060	2,791	2,369	1,852	1,562	
SEO firms	3.3%	2.6%	5.8%	13.6%	12.0%	9.2%	3.6%	8.8%
Style-matched	5.4%	4.8%	10.4%	13.8%	11.8%	13.2%	7.9%	11.4%
Difference	-2.1%	-2.2%	-4.6%	-0.3%	0.2%	-4.0%	-4.3%	-2.6%
Number	3,033	3,027	3,033	2,771	2,350	1,835	1,546	