

The Significance and Certification of Shelf Registrations

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Abstract

Capital structure and capital acquisition have received intense scrutiny as publicly-traded firms have endured the financial crisis. Along those lines, we extend recent research and examine shelf offerings, as they may offer a unique manner with which firms can enhance their capital positions, while hedging short and intermediate-term movements in the equity markets. We find some firms rely on the efficiencies and flexibility afforded by shelf registrations (Securities and Exchange Commission Rule 415). We also document the increased utilization of the shelf procedure, which gained significant momentum over the period of this study. This pattern continued despite the lack of underwriter certification that attaches to traditional registered equity issues. Firms were likely attracted to the lower costs of shelf offerings and to the ability to issue securities as more favorable market environments developed during the two-year shelf “window” allowed during the period studied

Keywords: Shelf Registration, IPO, Rule 415, Underwriter Certification.

I. Introduction

As the first decade of the new century draws to a close, many companies possess record levels of cash, and the costs of capital for many firms – especially debt – are very low. However, changes in the costs of equity capital are not immediately clear. The implications of the ongoing financial crisis for the security-issuing firm are a continuing concern. A security issue may provide needed cash for working capital or to fund growth options and it impacts a firm’s capital structure and costs of capital. The particular type of security issue, however, is key to accurately anticipating the market’s response to the issue announcement.

Given the attention being paid to funds acquisition by publicly traded firms within the constraints of the current economic climate, we measure market responses to a special form of equity issue, the shelf offering. We consider shelf-offering announcements prior to the financial crisis, extend the continuing research into capital structure and funds acquisition, and measure the applicability of prior findings by authors examining the implications of the rules governing shelf registrations.

We find that some firms remain willing to suffer the sometimes-greater market-imposed expense of the shelf offering, relative to a “normal” equity issue. Market responses to any equity issue are typically negative, and statistically significant, Myers and Majluf (1984) and Miller and Rock (1985) providing some of the earliest evidence of this pattern. Many firms tolerate the potentially more adverse market response to a shelf-announcement, the tradeoff being the ability of the firm to time the actual equity issue during the SEC’s two-year Rule 415 “window.”

(windows of up to three years are implied following SEC actions in 2005.) In addition, we find the popularity of the shelf offering increasing during our study, from the beginning of 1996 to the end of 2005. This pattern developed despite the lack of underwriter certification that attaches to most traditional equity issues. Third, the attractiveness of the flexibility and lower direct-costs-of-issue of the shelf offering were especially noteworthy among manufacturing firms.

Finally, given the greater access to information by investors, principally through the internet and widely-circulating background reports on issuing firms, the need for the certification of an issue by a “known” investment bank appears to have subsided. This may have increased the willingness of issuing firms to try to better time their actual equity sales, based upon changing market conditions in the two-year issuing window. These findings have implications for the investor, the issuing firm, regulatory policymakers, and the investment banker.

In the next section, we consider some of the current and seminal background on capital structure, security issues in general, and shelf offerings in particular. In Section III, we discuss our premises concerning the use of shelf registrations under Rule 415, and describe our data collection. The declination in the importance of the Certification Hypothesis is affirmed in Section IV. In Section V, we describe our methodology. Results are reported in Section VI, and concluding remarks are provided in Section VII.

II. Background

Traditional theories of capital structure recognize the costly frictions suffered by the firm as it gathers capital from external sources. The pecking order theory (Myers, 1977, Myers and Majluf, 1984, Viswanath, 1993 and Bayless and Diltz, 1994) suggests a company first employs internal funds in meeting capital needs, followed by borrowing and, finally, with the issuance of equity; the firm is averse to issuing costly equity except when the value or return provided by a prospective investment is adequate. The static trade-off theory (Ross, 1977, with indirect support by Viswanath, 1993) of capital structure allows that a firm pursues the optimal “blend” of debt and equity, where the firm’s average costs of capital are minimized, funding new projects with this weighted blend as needed.

Extensions and amendments to these theories – for example the market timing theory discussed by Huang and Ritter (2009) - augment the pecking order and tradeoff doctrines. Each of these theories contemplates the varied, and often costly, frictions encountered with new capital issues. Huang and Ritter hold that the timing of a security issue will influence whether the issue is one of debt or equity; equity is issued when the costs of equity are low. Their study anticipates the preponderance of debt issues by the most creditworthy firms in 2009 and 2010, during a period of historically low costs of debt. Implied signals by the firm to the marketplace with a security issue announcement complicate the matter, as well. Equity issues suggest the firm’s stock is at best a fair value, and may be overpriced.

Indirect costs borne by the firm and its shareholders with an equity issue announcement typically include a negative stock market response; subsequent elevated costs of borrowing attach to an announcement of an unexpected debt issue. Direct costs of issuing debt or equity or some hybrid of debt and equity include legal, accounting and registration fees. Regulatory authorities recognized the potential for these direct costs accumulating for the firm, especially for one contemplating a series of issues. Given this, the Securities and Exchange Commission issued Rule 415, referred to as the “Shelf Rule,” in November of 1983. This new regulation offered a more flexible device to issue securities, allowing a firm to bypass conventional underwriting procedures and expenses. Rule 415 allows firms to register all securities they expect to sell over

the next two years. The firm can then issue these shares at any time during the two-year window without having to file additional registration statements with the SEC.

The chief advantage of this rule is the lowering of the fixed costs associated with having to file multiple registration statements. Bhagat, Marr and Thompson (1985) examined the direct costs of equity issues and concluded that lower underwriter fees are obtained in shelf offerings. Shelf registration resulted in the avoidance of the delays necessitated by the prior filings, provided a reduction in the expense attendant to the underwriting process and allowed the companies greater flexibility in determining when to issue shares. Moore, Peterson and Peterson (1986) found “no statistically significant difference” in market responses to shelf and traditional equity issue announcements, though their study examined shelf issues covering less than two years in the early 1980’s.

Despite these apparent advantages, shelf registration was a rarely used, and even declining, process during the 1980’s. Several articles documented this reduced utilization of shelf registration, including Denis (1991) who showed that from 1984 to 1985 only 2.17% of industrial/manufacturing equity offerings were shelf registrations, as compared to less than 2% from 1986 to 1988. These levels were down from 25% between 1982 and 1983.

It was during this time that the Certification Hypothesis was advanced, seeking to explain the lack of utilization of shelf registration given its less certified status compared to non-shelf offerings. Denis (1991) showed that the announcement of a shelf registration resulted in a larger negative impact on the issuing firm’s stock price than if a non-shelf procedure had been used. It was posited that managers sought to balance the additional cost against the lower direct issuing costs of the shelf procedure, particularly for those firms who may have more significant uncertainty about the true value of their shares. These managers would likely find the non-shelf procedure to be less costly.

Chang and Yu (2010) measure the importance of information and adverse selection in influencing capital structure policy; their findings help to “explain why many firms consistently hold no debt.” The provision of believable information by the firm to prospective investors, either equity purchasers or lenders, is costly. Brav (2009) highlights the loss of control with an equity issue by firms, and the dependence upon debt by private firms in the UK. Both Chang and Yu and Brav underscore the continuing discussion surrounding capital structure choice, and the implications of the type of security-issue selected for the firm seeking funding.

Whether using the pecking order theory, the static tradeoff theory, or more recent market timing or agency theories to describe capital acquisitions, the firm is thus confronted with varied costs. Extensions of these theories consider those costs, and the signals provided by the firm as it announces funds acquisitions.

III. The Increasing Incidence of Shelf Equity Offerings: Data Collection

Studies found a reduced incidence of shelf registrations during the 1980’s, with issuing firms expressing a strong preference for the non-shelf procedure. Given that, we examine Rule 415 to better understand the features of non-shelf offerings in later years. The declinations in the relative portion of non-shelf offerings have reversed, and they offer the opportunity for inquiry into why this has occurred.

Describing, and later testing, this increase in non-shelf offerings, we first show the aggregate numbers for utilization of shelf registration. The data show that the percentage of total offerings has increased dramatically from 1996 to 2005. To qualify for a shelf offering during the study period, firms had to meet four criteria:

a) the aggregate market value of shares held by investors had to be greater than \$150 million or greater than \$100 million if the annual trading volume in the firm's stock exceeded three million shares;

b) the firm must not have defaulted on any debt or rental payments over the preceding three years;

c) the firm must have complied with all SEC disclosure requirements in the prior three year period and

d) the firm's debt, if traded, had to be investment grade.

SEC rules adopted in December of 2005 allowed firms with market cap's over \$700 million ("well-known seasoned issuers" or WKSI's) to use shelf registrations with far fewer regulatory requirements, if the firm is a WKSI. (Current machinations in the political realm may change the status of shelf registrations, but no mention is made of them in proposals for expanded federal regulation of the financial services sector).

The data for the study was obtained from the Securities Database Corporation (SDC). The data consists of shelf registered and non-shelf registered issues of common stock. The sample is restricted to those firms eligible to use the procedure, meeting the four criteria above, and which have available data in the Center for Research in Security Prices (CRSP) files.

The initial data base consisted of 14,524 registrations; of these, 1,050 issues by REITs, firms with unavailable CRSP data or unclear announcement dates were excluded. The remaining 13,474 registrations provided the final data set.

{TABLE 1}

Table 1 presents descriptive information for the data used in the study. Based on previous studies which examined Industrial and Utilities as separate categories, we utilize SDC's application of the SDIC code and use a binary variable to identify manufacturing and non-manufacturing firms, as well as shelf and non-shelf registrations. During the period of this study shelf registrations consisted of 37.3% of all offerings. This is noteworthy considering the relative dearth of such offerings until the late 1980's. Also significant, Panel A of Table 1 shows that nearly 65% of the registrations were categorized as coming from manufacturing firms. Panel B lists the number of observations, mean and standard deviation for each variable used in the study. There is a modest dispersion of observations for the variables, depending on data availability, ranging from 6,042 observations for the variance of abnormal returns to 13,465 observations for proceeds. Nine firms of the 13,474 had unavailable proceeds information.

{TABLE 2}

Tables 2 and 3 show that in 1996 there were 65 shelf offerings, in contrast to 1,553 non-shelf offerings. This four-percent rate holds relatively constant for the next two years with 32 shelf registrations in 1999, against 981 non-shelf registrations. However, in 2000, the numbers changed, with a nearly five-fold increase to 143 shelf offerings, and 783 non-shelf registrations. The pattern continued; in 2001, there were 785 shelf registrations, with 1,026 in 2005.

{TABLE 3}

The data in Table 3 are categorized by industry type. While the shelf offerings by non-manufacturing have increased dramatically, those by manufacturing firms have grown even more, from 1.7% of all offerings in 1996 to 68.6% in 2005. Non-manufacturing firms experienced growth from 5.17% to 54.64%.

IV. The Decline of Certification

A. The Certification Hypothesis

The existence of a costly information asymmetry may confront investors whenever managers issue new equity. A rich literature (dating back to Akerlof, 1970, Myers and Majluf, 1984, and Miller and Rock, 1985) documents the declination in equity values with equity issues and the costs confronting management as they attempt to signal to the market both firm value *and* the appropriateness of their new equity issue. Managers possess more information than the purchaser of the firm's securities; they have a clear incentive to issue stock when they believe the firm's stock is overpriced and far less incentive to issue when they believe it is fairly priced or undervalued. The firm has an incentive to offer additional shares when they are overvalued by the market. This explains why, at the announcement of a new secondary equity offering, stock prices generally fall. The announcement itself can be taken as a signal of overvaluation.

The burden is upon managers to convince the market the firm's equity price is fair. Management seeks to achieve this goal by detailing to the market their plans for the additional capital. Acquisition plans or a lack of clarity in the funds purposes will likely be less well received.

Another way for managers to 'certify' the value of the firm is to hire an outside underwriter, who in effect stands in for the uninformed investor and "certifies" the value of the stock. The underwriter, or investment banker, places its reputation on the line on behalf of existing investors by acquiring the shares and reselling them to new investors. Should the underwriter misprice the issue, its reputation suffers, making future issues more difficult to place in the market. This, in the eyes of investors, provides modest incentive for the underwriter to correctly price the current issue.

This theory of underwriter reputation led to the certification hypothesis that was tested by Carter and Manaster (1990). They provided evidence that issuing firms raise higher proceeds with more reputable underwriters. This specification is intended to capture the added value that high-quality underwriters offer new or growing firms. Carter and Manaster find that more reputable underwriters are associated with smaller price declines in their issues than those of "less reputable" firms. They show that larger, more widely followed/traded, firms benefit less from underwriter certification. With a longer history and a greater number of analysts following the company, investors have greater confidence in the existence of a smaller information asymmetry for larger and older firms. This would lessen the large-firm need for underwriter certification, but increase it for smaller, lesser known firms.

As evidenced in Tables 2 and 3, we see the larger more established manufacturing firms increasing their reliance upon shelf registrations over the study period, providing evidence that certification and the attendant expenses incurred offer less benefit to them and their shareholders. A smaller likelihood exists for these larger firms to “fear” an adverse market response to repeated shelf issues, as these larger firms are, to some extent, “pre-certified.” This paper provides evidence to support this premise.

B. Shelf Registration and Underwriter Certification

Shelf registration may be a method whereby management can exploit its information advantage. Rule 415 allows management flexibility in selecting an underwriter and an issue date (within the two-year shelf “window.”) Once the shelf registration has been filed, underwriters submit bids for the right to sell the issue. If management is not satisfied with the bids or with market conditions, it can further delay the issue. The increased chance of not winning the bid encourages underwriters to try to perform their due diligence at the minimum necessary cost. This minimizes their ability to certify the offering. Since the certification process was streamlined by Rule 415 in the 1980’s - and even more streamlined after December of 2005 - issuers expect reductions in underwriter compensation. Firms with a lower public profile may find the shelf procedure to be less attractive. Those firms would be more willing to suffer costly traditional underwriter certifications, and forego the shelf “discount.” Investors are less willing to buy the shelf issue of a less-well-known firm.

V. Methodology

The certification hypothesis posits that shelf offerings should have a more negative effect on the share price. It also implies this cost would be greater for smaller, less traded firms. This further implies that larger manufacturing firms should increasingly take advantage of the lower cost shelf procedure, while the smaller non-manufacturing firms continue to utilize non-shelf procedures to reduce the cost of uncertainty in the market price. Table 4 gives cross sectional regression results that shed light on this effect.

{TABLE 4}

The hypothesis is tested by examining regressions of announcement period abnormal returns regressed on a series of variables:

- 1) the size of the offering – noted as Proceeds,
- 2) the cumulative abnormal return in the 100 days before the shelf registration, CAR; and
- 3) a proxy for the level of uncertainty regarding firm value at the time of issue, VAR, or the variance of returns over the 100 days prior to the shelf registration.

The first two variables were found by Asquith and Mullins (1986) to have explanatory power in gauging markets responses to secondary equity offering announcements. The proxy variable was tested by Denis (1991) to test the certification hypothesis. In addition, there are several interaction variables consisting of the binary shelf variable; SH is a dummy variable equal to 1 for shelf issues, and 0 otherwise. These are included to test for differences in the descriptive factors across registration procedures. The certification hypothesis suggests a more negative market response to announcements with greater levels of uncertainty, that level of uncertainty proxied by the variability in abnormal returns (VAR) metric.

The VAR proxy was used by Booth and Smith (1986) and Masulis and Korwar (1986) in their examinations of market responses to equity issue announcements. This variable measures activity in the firm's stock that is not associated with market factors. Should management possess additional information, it should be correlated with this firm specific component. The VAR should be greater with greater information asymmetries. The interactive variable SH*Proceeds measures the marginal impact of a shelf offering on the size of the offering. We expect a negative sign with this factor, as the shelf feature of the security should lose its "punch" as the issue gets larger. The interaction term SH*VAR measures the marginal impact of the shelf procedure on announcement effects; the VAR should be larger for any less "informationally" complete firm and this dummy should capture the contribution of the shelf offering to the variability.

Models (1) and (2) of Table 4 report the results for the manufacturing firms. Proceeds is insignificant in all regressions, implying that offering size, with the other controls, does not help explain the market's response to the announcement. Shelf is negatively signed and significant in manufacturing, and also negatively signed and significant (though less so) for non-manufacturing firms. The SH*Proceeds interactive factor is insignificant with manufacturing firms, but has the expected sign and significance with non-manufacturing firms.

In both models the shelf variable (SH) is significant, as is the cumulative abnormal return over the prior 100 days (CAR). The CAR factor is significant across the non-manufacturing models (3) and (4), as well. Management appears to be announcing new shelf offerings in periods of relative stock-price outperformance. The strength of the CAR variable, similar to findings by Lucas and McDonald (1990), may simply be that the greater the preannouncement run-up in price, the greater the announcement day decline for equity issuers.

The variable SH*CAR is negative and significant with manufacturing firms, but insignificant with non-manufacturing firms. VAR is significant only for non-manufacturing firms in Model (3). The interaction term SH*VAR is not significant for any regression – this suggests that the certification hypothesis is not a significant factor for either the manufacturing or non-manufacturing sectors. This might imply that smaller firms could be more confident that certification is becoming less necessary, and that there are other ways to overcome the adverse selection issue than with the costly employment of a certifying underwriter.

VI. The Tests of Registration Choice

In Table 5, a maximum likelihood logit model is used to test the significance of registration choice relative to the level of uncertainty regarding information held by management. The model also includes two other variables which may be related to the choice of procedure, the proceeds and the cumulative abnormal return in the 100 days preceding announcement. Firms with larger proceeds may be more inclined to use a shelf procedure, based on their generally larger size and the attendant cost reduction in underwriter fees. Firms with larger CAR's may wish to issue at opportune times and may reveal derived demand for certification.

{TABLE 5}

In Panel A, the model is estimated for manufacturing firms. Two models are used, the reduced VAR and the VAR, Proceeds, CAR model. For the first model, the estimated coefficient is negative and significant with a z-score of -8.42. This implies that for a one unit increase in VAR, the log odds of shelf registration decreases by 81.95. Firms with low uncertainty – as with low VAR's - are more likely to choose the shelf procedure. This implies that certification is not seen as valuable to the larger manufacturing firms. P-values for the chi-squares in all four models in Table 5 are less than one percent.

In Panel B, the VAR is still significant, with a z of -4.42 with the first model. Smaller non-manufacturing firms need not be greatly concerned with the certification problem. In the full regressions, the CAR was significant for non-manufacturing, but not for manufacturing. This is in contrast to the OLS regression where the CAR was significant in every model.

VII. Conclusion

This article presents evidence that the SEC's implementation of Rule 415 – Shelf Registration - is having a notable impact on the securities markets. Rule 415 has lowered expected underwriting costs, and offers flexibility to managers who wish more control over the timing of equity issues. Growing in use since its inception in the early 1980's, shelf registration utilization has gotten to the point where it is becoming the preferred method of registration for equity issuers.

This study shows that Rule 415 has been warmly received by publicly-traded companies who are eligible, though this acceptance came slowly. The implication is that as the shelf registration process has gained support, the certification hypothesis has lost some of its hold on the market. The reduced need for certification may be due to several factors, including but not limited to greater informational access by marginal investors via the internet, and/or greater confidence in management during the study period. There is evidence that reduced underwriting expenses now outweigh the costs associated with adverse selection and the historically negative announcement day effects on share price.

The overall findings suggest that shelf registrations were increasingly the issuance-method of choice for manufacturing firms and, to a lesser extent, non-manufacturing firms. With these findings, we extend the literature explaining market responses to news releases in general, and the announcement of security issues in particular. We provide evidence that firms with lower levels of information asymmetries can realize lower costs by taking advantage of Rule 415, not being required to “suffer” costly underwriting as is the case with lesser-known firms. (This may be particularly true following the SEC's further relaxation of the shelf registration requirements for “well-known seasoned issuers” in late 2005.)

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Table 1
Descriptive Statistics

This table presents some summary statistics of the variables included in the analysis of the certification and significance of shelf offerings. The sample is based on common stocks, listed on the NYSE, AMEX and NASDAQ, as provided by the SDC database for the period January 1, 1996 thru December 31, 2005. The initial analysis evaluates the impact of the CAR (cumulative abnormal return for the period -100 days prior to the day before registration), Proceeds (the total dollar amount raised by the issue), VAR (the variance of the previous 30 days abnormal returns which serves as proxy for the existence of asymmetric information between management and shareholders), Shelf (a dummy variable indicating whether the offering was a shelf registration or not) and interaction terms Shelf*VAR, Shelf*CAR, Shelf*Proceeds.

Panel A – Categorical Frequencies

<i>Type</i>	<i>Frequency</i>	<i>Percent</i>
Shelf Offerings	5,024	37.29%
Non-Shelf Offerings	8,450	62.71%
Manufacturing Firms	8,752	64.95%
Non-Manufacturing Firms	4,722	35.05%

Panel B – Variable Descriptions

<i>Variable</i>	<i>Observations</i>	<i>Mean</i>	<i>Std. Deviation</i>
CAR	6042	.0363304	.6523342
Proceeds (\$millions)	13,465	113.0759	291.9528
VAR	6,040	-.0026374	.0082483
Shelf*VAR	6,040	-.0018141	.0076693
Shelf*CAR	6,042	.0093437	.5342058
Shelf*Proceeds	12,950	.3504527	.4771294

Table 2
Frequency and Magnitudes

This table contrasts the frequency and magnitudes of shelf and non-shelf equity offerings as provided by the SDC database for the period January 1, 1996 to December 31, 2005, and detailed by year.

Year	Shelf Offerings		Non-shelf Offerings	
	Number	\$ (millions)	Number	\$ (millions)
1996	65	3,557.00	1,553	108,466.60
1997	82	10,802.40	1,185	96,901,.90
1998	42	6,262.70	795	96,134.10
1999	32	16,274.40	981	148,694.00
2000	143	21,168.40	783	156,958.00
2001	785	44,669.90	529	117,548.40
2002	812	17,118.30	567	105,623.70
2003	868	44,055.00	574	106,378.60
2004	1,172	13,996.80	790	144,376.00
2005	1,026	55,189.40	694	141,513.50

Table 3
Annual Sub-grouping

This table presents some number of equity offerings included in the sample per year, detailed by registration type and grouped into manufacturing and non-manufacturing categories for the period beginning January 1, 1996 through December 31, 2005

Year	Manufacturing Offerings			Non-manufacturing Offerings		
	Shelf	Non-shelf	% Shelf	Shelf	Non-shelf	% Shelf
1996	9	526	1.68%	56	1,027	5.17%
1997	19	402	4.51%	62	783	7.34%
1998	7	203	3.33%	35	591	5.59%
1999	8	213	3.62%	23	768	2.91%
2000	66	325	16.88%	76	458	14.23%
2001	315	153	67.31%	470	376	55.56%
2002	369	149	71.24%	443	418	51.45%
2003	443	166	72.74%	425	408	51.02%
2004	480	249	65.84%	692	541	56.12%
2005	426	195	68.60%	601	499	54.64%

Table 4
Regression

The estimates of cross-sectional regressions of a 5-day announcement period abnormal returns on measures of offering Proceeds (\$ millions from the issue, either primary or secondary, independent of registration), Shelf (SH) – a binary variable taking on the value of 1 if a shelf registration and 0 otherwise, and interaction terms (SH*Proceeds, SH*CAR, SH*VAR), pre-announcement abnormal performance (CAR) - the cumulative abnormal returns over a 100 day period ending one day prior to registration, a proxy variable for the level of uncertainty for the sample registrations (VAR) – the variance of the market returns over a 100 day period ending the day before the shelf registration announcement. T-statistics are in parentheses.

Variable	Manufacturing Firms		Non-manufacturing Firms	
	(1)	(2)	(3)	(4)
Intercept	.00712 (3.39)**	0.00774 (3.15)**	.00522 (1.52)	0.00174 (0.46)
Proceeds	3.00 -06 (0.69)	2.25 -06 (0.30)	-0.000014 (-1.54)	5.67 -06 (0.45)
SH	-0.01264 (-4.14)**	-0.013228 (-3.80)**	-0.01113 (-2.65)**	-0.005534 (-1.13)
SH*Proceeds		-3.43 -08 (0.00)		-0.000048 (-2.52)*
CAR	0.0268 (10.86)**	0.03417 (8.25)**	0.01807 (6.42)**	0.01936 (3.64)**
SH*CAR		-0.12551 (-2.42)*		-0.002146 (-0.34)
VAR	-0.1695 (-0.94)	0.133678 (0.24)	0.62753 (2.48)*	0.3774 (0.78)
SH*VAR		-0.33931 (-0.57)		0.41167 (0.72)
F-Statistic	34.44**	19.42**	14.53**	9.21**

- * Significant at the 10% level
- **Significant at the 1% level

Table 5
Logit Results

This table provides the estimated coefficients from a logit analysis of the significance of the type of registration to the amount of uncertainty (VAR), the amount of proceeds (Proceeds) and the cumulative abnormal return (CAR) in the 100 day period prior to registration.. The regressions are grouped by Manufacturing and Non-manufacturing categories for the period January 1, 1996 to December 31, 2005 Wald-z statistics are in parentheses

<i>Model</i>					<i>X²</i>	<i>p-Value</i>
A. Manufacturing						
	-0.46397 (-12.27)	-	81.94982 VAR (-8.42)		123.70	<0.001
	-0.30224 (-6.86)	-	77.3808 VAR (-8.01)	-	0.00133 Proceeds (-6.51)	-
					0.12868 CAR (-0.21)	<0.001
B. Non-Manufacturing						
	0.1724 (3.85)	-	32.072 VAR (-4.42)		26.14	<0.001
	0.53597 (9.70)	-	26.0472 VAR (-3.71)	-	0.00417 Proceeds (-9.71)	-
					0.14873 CAR (-2.38)	<0.001