

Internet Appendix for “Debt Specialization”*

Table IA.1
Sample Overview: Rated and Unrated Firms

This table presents means and medians aggregated across all years for the sample of rated and unrated firms respectively. Definitions of the variables are provided in Table AI. The last two columns of the table present test statistics of the t-test and the Wilcoxon test of the differences in firm characteristics between the two samples. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

	Rated Firms		Unrated Firms		Test of Differences across Samples	
	(1) Mean	(2) Median	(3) Mean	(4) Median	(5) t-test	(6) Wilcoxon test
Size	9075.7	2434.6	522.2	215.6	-21.516***	-89.568***
M/B	1.312	1.088	1.621	1.202	13.736***	9.546***
Profitability	0.132	0.128	0.057	0.103	-29.806***	-24.241***
Dividend Payer	0.513	1.000	0.236	0.000	-36.140***	-35.995***
Cash Holdings	0.095	0.059	0.185	0.100	34.736***	-22.503***
Tangibility	0.324	0.259	0.266	0.187	-15.279***	-18.169***
Asset Maturity	6.112	3.342	5.979	2.484	-0.168	-18.844***
*Market Leverage	0.319	0.275	0.210	0.148	-31.850***	-36.526***
CF Volatility	0.012	0.008	0.022	0.012	24.488***	34.487***
# Observations	6,147		9,968			

* Citation format: Colla, Paolo, Filippo Ippolito, and Kai Li, 2012, Internet Appendix to “Debt Specialization,” *Journal of Finance* [vol #], [pages], [http://www.afajof.org/IA/\[year\].asp](http://www.afajof.org/IA/[year].asp). Please note: Wiley-Blackwell is not responsible for the content or functionality of any supporting information supplied by the authors. Any queries (other than missing material) should be directed to the authors of the article.

Table IA.2
Conditional Debt Structure

This table provides evidence on conditional debt structure. We first impose the condition that the usage of a particular debt type exceeds 10% (50%) of total debt. We then compute mean and median (in square brackets) ratios of each debt type to total debt for the subset of observations that satisfy this condition. Definitions of the variables are provided in Table AI. Panels A and B (C and D) employ the 10% (50%) cut off. Panels A and C (B and D) employ the rated (unrated) firm subsample.

Panel A: Rated firms

	CP	DC	TL	SBN	SUB	CL	Other
Condition							
CP>10%	0.272 [0.201]	0.028 [0.000]	0.022 [0.000]	0.609 [0.675]	0.008 [0.000]	0.011 [0.000]	0.049 [0.012]
DC>10%	0.008 [0.000]	0.347 [0.263]	0.096 [0.000]	0.396 [0.424]	0.117 [0.000]	0.016 [0.000]	0.020 [0.000]
TL>10%	0.004 [0.000]	0.064 [0.000]	0.468 [0.405]	0.287 [0.205]	0.147 [0.000]	0.015 [0.000]	0.014 [0.000]
SBN>10%	0.026 [0.000]	0.074 [0.000]	0.084 [0.000]	0.728 [0.792]	0.047 [0.000]	0.014 [0.000]	0.028 [0.000]
SUB>10%	0.001 [0.000]	0.090 [0.000]	0.178 [0.036]	0.167 [0.010]	0.539 [0.492]	0.013 [0.000]	0.012 [0.000]
CL>10%	0.009 [0.000]	0.073 [0.000]	0.118 [0.000]	0.420 [0.503]	0.089 [0.000]	0.268 [0.172]	0.023 [0.000]
Other>10%	0.045 [0.000]	0.058 [0.000]	0.056 [0.000]	0.497 [0.569]	0.053 [0.000]	0.015 [0.000]	0.276 [0.196]

Panel B: Unrated firms

Condition	CP	DC	TL	SBN	SUB	CL	Other
CP>10%	0.382 [0.283]	0.181 [0.093]	0.100 [0.000]	0.327 [0.214]	0.009 [0.000]	0.001 [0.000]	0.001 [0.000]
DC>10%	0.001 [0.000]	0.632 [0.653]	0.143 [0.000]	0.147 [0.000]	0.030 [0.000]	0.033 [0.000]	0.013 [0.000]
TL>10%	0.001 [0.000]	0.168 [0.000]	0.642 [0.673]	0.108 [0.000]	0.033 [0.000]	0.035 [0.000]	0.013 [0.000]
SBN>10%	0.001 [0.000]	0.164 [0.000]	0.100 [0.000]	0.658 [0.710]	0.027 [0.000]	0.036 [0.000]	0.013 [0.000]
SUB>10%	0.000 [0.000]	0.116 [0.000]	0.103 [0.000]	0.103 [0.000]	0.647 [0.673]	0.022 [0.000]	0.009 [0.000]
CL>10%	0.000 [0.000]	0.160 [0.000]	0.141 [0.000]	0.151 [0.000]	0.025 [0.000]	0.506 [0.359]	0.018 [0.000]
Other>10%	0.000 [0.000]	0.168 [0.000]	0.123 [0.000]	0.163 [0.000]	0.027 [0.000]	0.053 [0.000]	0.466 [0.353]

Panel C: Rated firms

Condition	CP	DC	TL	SBN	SUB	CL	Other
CP>50%	0.676 [0.595]	0.036 [0.000]	0.004 [0.000]	0.216 [0.279]	0.002 [0.000]	0.006 [0.000]	0.061 [0.000]
DC>50%	0.002 [0.000]	0.737 [0.692]	0.038 [0.000]	0.136 [0.020]	0.062 [0.000]	0.013 [0.000]	0.012 [0.000]
TL>50%	0.000 [0.000]	0.038 [0.000]	0.777 [0.769]	0.085 [0.000]	0.083 [0.000]	0.012 [0.000]	0.006 [0.000]
SBN>50%	0.023 [0.000]	0.049 [0.000]	0.044 [0.000]	0.833 [0.865]	0.015 [0.000]	0.013 [0.000]	0.024 [0.000]
SUB>50%	0.000 [0.000]	0.061 [0.000]	0.087 [0.000]	0.049 [0.000]	0.782 [0.778]	0.013 [0.000]	0.008 [0.000]
CL>50%	0.000 [0.000]	0.040 [0.000]	0.014 [0.000]	0.100 [0.000]	0.013 [0.000]	0.821 [0.864]	0.012 [0.000]
Other>50%	0.011 [0.000]	0.024 [0.000]	0.011 [0.000]	0.134 [0.014]	0.002 [0.000]	0.018 [0.000]	0.800 [0.833]

Panel D: Unrated firms

Condition	CP	DC	TL	SBN	SUB	CL	Other
CP>50%	0.906 [1.000]	0.093 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.001 [0.000]
DC>50%	0.000 [0.000]	0.846 [0.908]	0.054 [0.000]	0.058 [0.000]	0.010 [0.000]	0.024 [0.000]	0.007 [0.000]
TL>50%	0.000 [0.000]	0.075 [0.000]	0.847 [0.913]	0.037 [0.000]	0.010 [0.000]	0.024 [0.000]	0.007 [0.000]
SBN>50%	0.001 [0.000]	0.063 [0.000]	0.035 [0.000]	0.860 [0.939]	0.010 [0.000]	0.022 [0.000]	0.009 [0.000]
SUB>50%	0.000 [0.000]	0.039 [0.000]	0.043 [0.000]	0.032 [0.000]	0.867 [0.959]	0.015 [0.000]	0.005 [0.000]
CL>50%	0.000 [0.000]	0.029 [0.000]	0.026 [0.000]	0.040 [0.000]	0.005 [0.000]	0.891 [1.000]	0.008 [0.000]
Other>50%	0.000 [0.000]	0.041 [0.000]	0.037 [0.000]	0.036 [0.000]	0.005 [0.000]	0.026 [0.000]	0.855 [0.948]

Table IA.3
Which Firms Specialize?

This table presents descriptive statistics for the relation between debt specialization (measured by *Excl90*) and firm characteristics. The first column gives the correlation for each of these variables with *Excl90*. One-way sorting by *Excl90* is carried out year by year and then aggregated across years. Columns (2)-(3) present the mean values of firm characteristics for firms with *Excl90* = 0 and *Excl90* = 1. The last column presents the t-test of the differences in debt specialization between firms with *Excl90* = 0 and firms with *Excl90* = 1. Definitions of the variables are provided in Table AI. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

	Correlation	Excl90 = 0	Excl90 = 1	Test of Differences between Excl90 = 0 and Excl90 = 1
	(1)	(2) Mean	(3) Mean	(4) t-test
Ln(Size)	-0.127***	6.538	6.056	16.323***
Ln(Sales)	-0.149***	6.616	5.990	18.950***
Ln(Firm Age)	-0.072***	2.613	2.474	9.136***
M/B	0.103***	1.348	1.688	-12.769***
Profitability	-0.087***	0.101	0.067	10.679***
Dividend Payer	-0.053***	0.365	0.314	6.749***
Cash Holdings	0.305***	0.098	0.213	-39.011***
Tangibility	-0.121***	0.314	0.257	15.525***
Market Leverage	-0.265***	0.304	0.189	35.640***
Book Leverage	-0.230***	0.306	0.218	30.141***
CF Volatility	0.097***	0.015	0.021	-11.895***
Asset Maturity	0.010	5.548	6.591	-1.240
Capex	-0.021**	0.058	0.055	2.595***
R&D Expenses	0.143***	0.049	0.096	-13.995***
Advertising	0.092***	0.247	0.292	-11.145***
Product Uniqueness	0.042***	0.245	0.282	-5.352***
B-Index	0.114***	1.626	1.796	-9.223***
S&P 1500	-0.011	0.405	0.394	1.416
Unrated	0.144***	0.555	0.695	-18.541***

Table IA.4
The Correlation Matrix

This table presents the correlation matrix of firm characteristics included in the regressions of Table 8 (*p*-values are in parentheses).

	Size	M/B	Profitability	Dividend Payer	Tangibility	Cash Flow Volatility	R&D Expenses	Unrated
M/B	-0.107 (0.000)							
Profitability	0.396 (0.000)	-0.114 (0.000)						
Dividend Payer	0.458 (0.000)	-0.088 (0.000)	0.312 (0.000)					
Tangibility	0.124 (0.000)	-0.128 (0.000)	0.221 (0.000)	0.154 (0.000)				
Cash Flow Volatility	-0.412 (0.000)	0.183 (0.000)	-0.473 (0.000)	-0.253 (0.000)	-0.120 (0.000)			
R&D Expenses	-0.306 (0.000)	0.368 (0.000)	-0.700 (0.000)	-0.258 (0.000)	-0.268 (0.000)	0.458 (0.000)		
Unrated	-0.711 (0.000)	0.085 (0.000)	-0.275 (0.000)	-0.346 (0.000)	-0.129 (0.000)	0.260 (0.000)	0.238 (0.000)	
Book leverage	0.128 (0.000)	-0.075 (0.000)	0.013 (0.241)	-0.015 (0.178)	0.198 (0.000)	-0.034 (0.003)	-0.076 (0.000)	-0.273 (0.000)