Appendices to Accompany

Public Offerings of State-Owned and Privately-Owned Enterprises:

An International Comparison

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Appendix A

I. Privatizations in Canada, France, Hungary, Japan, Malaysia, Poland, Thailand and the United Kingdom: An Overview

A. Privatization in Canada

Government wields pervasive economic power in Canada, which has been called a "government-centred society"[1]. As of 1992, the Canadian federal government controlled 202 companies and was the nation's second largest owner of corporate assets, behind the Bronfman family[2]. Most of Canada's state-owned companies, referred to as Crown corporations, were created during, or just after World War II.

Recent privatization efforts in Canada began dramatically in 1979. The British Columbia provincial government divested British Columbia Resources Inc. (BCRIC) by giving each BC resident five shares free, plus the option to buy up to 5,000 additional shares at $6 each.[3] Stanbury (1989) reports that approximately 170,000 people who received free shares also subscribed for additional shares. Since then, however, Canada's federal and provincial governments have not pursued privatization programs aggressively. Overall, Canada's privatization program has been quite modest. It has not effected a significant restructuring of the Canadian economy.

The Canadian public has never strongly supported privatization. Indeed, public opinion polls most often indicate that a majority of Canadians oppose the divestiture of government business interests. Despite this, the Conservative federal government led by Prime Minister Joe Clark announced plans in 1979 to privatize Petro-Canada and at least five other Crown corporations. These federal privatization plans were shelved, though, by the Liberal Party (with Pierre Trudeau as Prime Minister) which obtained control of the Canadian Parliament in 1980. Policy reversals such as this happened several times at both the federal and provincial levels of government. As a consequence, effective privatization efforts did not resume until the Conservatives regained power in 1984.

Since 1985, the Canadian federal government has sold full or partial interests in 24 companies. Provincial governments have divested their interests in over 30 companies since BCRIC in 1979. Privatization in Canada most often has proceeded by outright sale of state-owned enterprises to individual, privately-owned companies. Notable examples include the sales of de Havilland to Boeing, of Canadair to Bombardier, and of Teleglobe Canada to Memotec. Full or partial privatization through widely distributed public share offerings has been carried out for only seven federal and nine provincial companies. Half of these companies are in the natural resources industry. In the public offerings, shares are sold in a series of tranches. Often priority is given to employees and to local individual investors through early access or preferential share allocations. In two cases, the Telus and AEC privatization offers, share oversubscriptions were allocated by limiting the maximum number of shares an individual could acquire. These are the only cases where details about allocation procedure are available to us.

Justification for Canada's privatization program has been vague. In 1984, Canada's Minister of Finance stated that the principal rationale for privatization was that government ownership of certain companies no longer served any important public purpose.[4] Since then other, more specific goals of privatization have been professed, including more efficient management of assets, more competitive and fairer markets, smaller government, and broadened share ownership. Recently , Finance Minister Mazankowski reiterated the 1984 policy rationale, saying, "In the coming fiscal year, the government will continue divesting itself of investments no longer required as instruments of public policy."[5]

B. Privatization in France

French privatizations during the mid-1980's were a reaction to the sweeping program of *nationalization* pursued by the French government during the early 1980's. Francois Mitterrand was elected President of France in May 1981 and the Socialist Party gained control of the French Assembly after the June 1981 elections. Pierre Mauroy became Prime Minister and his government proceeded to nationalize major private companies and all private banks by June 1982. These nationalizations absorbed 25% of the capitalization of the Paris Bourse! With these nationalizations, French public sector firms grew to account for 21% of sales, 23% of employment, 28% of value-added, 30% of exports, and 53% of the fixed assets of all French companies.[6]

The results of Mauroy's nationalizations were widely viewed as disastrous. Losses of state-owned companies increased from $5.3 billion in 1981 to $8.3 billion in 1983. The aggregate net profit margin for public sector companies declined from -4% in 1981 to -8% in 1984. Unemployment reached 3 million by 1985, a rate of approximately 13%. Popular support for the Socialists eroded and a conservative coalition won a majority in the Assembly elections of 1986. Jacques Chirac was installed as Prime Minister. Chirac's primary economic policy objective was to reverse the recent nationalizations of major industrial companies and banks.

In July and August 1986 the French Assembly passed laws targeting specific state-owned companies for privatization and regulating the privatization process.[7] Subsequently, privatization progressed very rapidly. Thirteen companies were divested by the government over a nine month period before the stock market crash of October 1987 and a subsequent change of government brought privatization efforts in France to a temporary halt. In 1993 the Conservative Party regained control of the Assembly and the French privatization program resumed in the fall of 1993. Since that time, the government of Prime Minister Balladur has sold its controlling stock holdings in Credit Local de France, Banque Nationale de Paris (BNP), Rhone-Poulenc SA, Elf Acquitaine, and Union des Assurances de Paris (UAP).

France made no attempt to privatize public utility monopolies in telephone, electricity and gas, transportation, or water supply. Instead, all privatized French companies were operating in competitive markets. With few exceptions, French privatizations have been fixed price sales offering 100% of shares. This contrasts with the French practice in private offerings, which most often employ tender offers.[8]

The French approach to privatization has some interesting features. The law requires that each company sold must first be appraised by an independent Privatization Commission comprised of seven experts in law, economics, and finance. The actual offering price for a company was set by the Minister of the Economy, but this price could be no less than the valuation of the Privatization Commission. Shares could be sold (and were sold), however, at discounts of up to 50% of the regular offering price to encourage stock ownership by company employees. Moreover, employees enjoyed preferred share allocations guaranteeing that their subscriptions would be fully met, up to a total of 10% of firm capital. Loyalty bonuses were also offered to encourage long-term investment. French citizens were entitled to one free share for each ten shares held a minimum of 18 months, subject to some limitations.

Prior to the public share sale, the government often arranged for a portion of the shares, usually between 10% and 30%, to be purchased by a set of "core" shareholders. These shareholders were most often companies in which the government held a stake. Oversubscriptions were handled in a variety of ways: shifting allocations among investor groups (including reducing the share allocated to core investors), increasing the number of shares offered, and limiting the number of shares individuals could purchase.

The French privatization program was motivated, at least in part, by the desire to reduce government control of the economy and enhance economic efficiency. Chirac intended to cut the French government's share of the non-agricultural economy by about one third, from roughly 24% to 16%, but only accomplished half of the planned reduction.[9] Even so, efforts to broaden share ownership were highly successful. The number of French citizens owning shares quadrupled as an immediate result of Chirac's privatization program. More recent privatizations under Balladur have further reduced the size of the state-owned sector of the French economy.

C. Privatization in Hungary

Hungary began to establish the legal framework for privatization in the mid to late-1980's. In March, 1990 Hungary created the State Property Agency (SPA). The SPA owned all state assets and was responsible for the privatization process. During September 1990, the SPA announced the first 20 companies targeted for public sale. The sales revenues of these companies represented approximately 5.5% of Hungary's gross domestic product (GDP).[10] At the same time, the SPA was selling companies by private placements. In addition, spontaneous privatizations, asset sales initiated by company employees, were occurring.[11]

Hungarian authorities promoted participation in privatization transactions by individual investors, employees and foreigners. Individuals were encouraged to buy shares by the provision of cheap credit. Two special institutions were set up to grant preferential credit to individual buyers. For example, investors in the hotel Danubius were asked to put 10% down, pay 40% after 6 months, and finance the balance through cheap credit.[12] As of the early 1990s, employees could buy up to 25% of their companies with concessionairy financing.[13] Foreign investment was strongly encouraged: it accounted for 85% of the SPA's proceeds in 1991 and 70% in 1992.[14] The 1988 Law on Investment by Foreigners gave foreigners the right to own up to 100% of Hungarian enterprises and established favorable rules for repatriation of capital and profit.[15]

Hungary has not yet met the SPA's goal, stated in 1991, to privatize approximately 100 enterprises. This appears to be due to a variety of factors including political disagreements about the best methods and institutional constraints on both the supply and demand side. As of December 31, 1993, only 28 companies were listed on the Budapest Stock Exchange with a market capitalization of US $812 million, or about 2% of Hungary's GDP.[16]

The Budapest Stock Exchange (BSE) was the first stock market to re-open in Eastern Europe (June 1990). This exchange replaced the Hungarian Securities Market, which had been trading corporate bonds since early 1988. Trading on the BSE takes place daily, with no limits on price movements.[17] Hungarian shares are also quoted on the Vienna Stock exchange at an implicit exchange rate that is very close to the official rate.[18] A few private IPOs have occurred.[19]

Hungary's public, fixed-price privatizations were all service and manufacturing concerns, including everything from a travel agency to a salami manufacturer. Most of these sales were oversubscribed. While no detailed description of the allocation process is available, press reports indicate shares were allocated in proportion to the initial subscriptions.

D. Privatization in Japan

Japan's privatization efforts stem from the oil crises in the early 1970's. The inflation and industrial restructuring brought on by the steep rise in oil prices led to Japan's first post-war negative growth in 1974. Lower tax receipts and higher expenditures for social programs and public works caused a fiscal budget deficit in 1975 that was, for the first time, financed with bonds. By 1979, approximately one-third of the fiscal budget was financed with bonds.[20]

The government's response to the on-going budget deficit, a consumption tax, was met with stiff resistance from the public. In early 1981, the Provisional Commission on Administrative Reform (PCAR) was established to advise Prime Minister Zenko Suzuki how to achieve fiscal reform without raising taxes. Tashio Doko, the honorary chairman of the Federation of Economic Organizations (Keidanren), was selected as PCAR Chairman. His July 1982 PCAR Basic Report outlined numerous recommendations for administrative and fiscal reform, including privatization of the government's telephone (Nippon Telegraph and Telephone Public Corporation), railroad (Japan National Railways) and tobacco and salt (Japan Monopoly Corporation) interests.

The PCAR Report set into motion a privatization process that is still under way. In general, the process has consisted of major corporate restructuring and extensive regulatory reform to improve operations and to increase market competition.

The 1982 PCAR report recommending privatization of Nippon Telegraph and Telephone Public Corporation (NTTPC) was accepted by the Liberal Democratic Party (LDP) in August, 1983. One year later, the Diet passed three bills necessary to carry out the NTTPC privatization. These bills maintained the Ministry of Posts and

Telecommunication’s (MPT) supervisory role over NTTPC, while opening local, long distance, and cellular services to competition. In April of 1985, NTTPC was transformed into Nippon Telegraph and Telephone (NTT), a joint stock company. Later that year, a private advisory group to the Ministry of Finance and MPT recommended divestment of one-half of NTT’s shares in four equal, annual sales beginning in 1986. As of early 1995, approximately one-third of NTT’s shares had been divested: 12.5% in both 1986 and 1987, and 9.6% in 1988. Relatively poor performance of NTT shares, the world-wide stock market crash in 1987, and falling prices on the Japanese stock market have delayed attainment of the 50% divestment goal.

Japan National Railway’s (JNR) path to privatization has involved significant corporate restructuring. Total staff was cut by one-third in the early 1980s. Most senior managers and union leaders were dismissed.[21] In April 1987, JNR was broken up into six regional railroad companies and one freight company. Five years later, in 1992, JR East was selected as the first regional railroad company to be sold. Events surrounding its privatization have received much attention. On its first trading day, JR East share price rose almost 60% above the fixed offer price. The Nikkei 225 index fell 1.4% as buyers sold other shares to fund JR East purchases. One broker was quoted, “This stock is a vampire... This is like listing Count Dracula.”[22] On its second day, trading in JR East was suspended as the Nikkei 225 fell another 1.4%. After one month of trading, the market adjusted return to JR East investors was 25.8%.

The Japanese government used the same method for pricing shares in the first tranche for both NTT and JR East. First, a small number of shares (1.3% of total equity of NTT and 15% of JR East equity) was sold in a competitive auction where successful bidders paid their bid price. Second, a fixed share price was set as the weighted average of successful bids in the competitive auction. This fixed price was used in a public offering for the bulk of the shares (10.6% of total NTT equity and 35% of JR East equity). Due to oversubscriptions for available shares (nine times for NTT and 29 times for JR East), shares were allocated by restricting the number any individual could buy and by lottery.

Finally, some shares were held aside for market stabilization purposes on the first trading day.[23]

This same method was employed in the mid-1994 privatization of Japan Tobacco Inc. However, the fixed share price of 1.4 million Yen proved too high. Only about half of the shares available in the public offering were taken up. The price of Japan Tobacco shares fell 26.8% on the first trading day.

E. Privatization in Malaysia

From the start of its privatization program in 1983 until mid-1994, the Malaysian government privatized 85 government entities.[24] The privatization program included deregulation (television, banking), contracting out of services (cargo handling, port management, and hospital laundry), and transferring development projects to the private sector (road construction), as well as the partial sale of state companies through public stock offerings (15 of the 85 entities mentioned above).

This multifaceted approach to privatization was, in part, driven by the broad set of goals motivating the process. These goals were to reduce government involvement in the economy, increase the efficiency of government enterprises, and improve the government sector's finances.[25] Moreover, the Malaysian government had an additional role for the privatization process. The New Economic Policy, formulated in the early 1970s, established the redistribution of the nation's wealth to ethnic Malays (Bumiputras) as an explicit national goal.

Attempts to redistribute wealth have affected the allocation of both contracts and shares in the privatization process. Some have argued that privatization simply has shifted ownership from the government to UMNO, the United Malays National Organization.[26] Critics also complain that the government has yet to fully divest control or ownership in any of its companies. The average government share retained in the twelve public share issues covered in this study is 63.35%. In some cases, the government retains one "special right redeemable preference share" that has unique rights with respect to Board appointments and share repurchases.[27]

The public sale of shares in Malaysian government companies is usually preceded by restructuring. For example, prior to its public share offer, Tradewinds purchased a sugar refinery and a large stake in an insurance company and sold off several major assets. After restructuring, only a portion of shares, usually between 15% and 45%, is sold to the public. Specific tranches are reserved for foreign investors, employees, and ethnic Malays.[28] Details on the allocation process for oversubscriptions are not available, however, a press report indicates that the allocation procedure for the MISC sale fixed the number of shares that could be purchased, based on the size of the initial bid, and then awarded shares by lottery.[29]

F. Privatization in Poland

The privatization processes in Poland and Hungary have several similarities. Both countries initiated legislation in the mid to late-1980s that established the legal framework for private ownership. Both followed the legislative reform with ambitious privatization programs that simultaneously encompassed several different methods. Poland selected the first 20 firms for public sale in early 1990. By year end, the target list had more than doubled. In addition, the government was taking a sectoral approach, packaging together groups of companies in a particular industry for sale to private investors, and allowing employee buyouts.[30] In 1991, Poland announced a system where the public would receive vouchers to invest in mutual funds. This program moved forward during the summer of 1995 with the allocation of 413 state-owned enterprises into 15 "national investment funds." Shares in the funds were distributed to citizens paying nominal fees in late 1995.

Poland also encouraged participation by individual investors, employees and, in some cases, foreigners. Individuals were able to purchase state-issued discount bonds that could in turn be exchanged at par for privatization shares at a discount of 20% to the nominal offer price. Employees were able to buy up to 20% of their company's shares at concessionairy prices as low as one half the regular offering price.[31] Foreign participation in the public sales ranged from Pepsi's 40% purchase of the candy maker Wedel just prior to the public offering, to restricted participation in both the small and large investor tranches.

Similar to the Hungarian experience, political disagreements and institutional constraints have prevented Poland from achieving its initial privatization goals. Despite the 1990 target of over 40 public sales, only 22 companies were listed on the Warsaw Stock Exchange as of December 31, 1993. These companies had a market capitalization of 2,706 million U.S. dollars, or about 3% of Poland's GDP.[32]

Trading on the Warsaw Stock Exchange began in April of 1991, even though the official opening was not until June 2, 1991. Trading is based on the French model where offers to buy and sell are matched to fix a price without any active market making by brokers.[33] Price changes were limited initially to 10% each session. The market was opened for only one day a week in 1991, two days in 1992, three days in 1993, and five days in 1994.

Poland's privatizations via public, fixed-price share sales included three banks, three service and 13 manufacturing companies. These sales often were conducted on a first-come first-serve basis. Press reports note that many of these offers sold out on the first day. (This method means that no reliable measures of oversubscription are available for these share issues.) Some later sales appear to allocate shares across subscribers. In 1994, the Polish government announced a change whereby they would sell companies by tender, setting a minimum price and asking investors to bid the maximum price they were willing to pay.

G. Privatization in Thailand

Privatization in Thailand began with the Sixth National Economic and Social Development Plan in 1987. Contrary to the situation in many other countries, Thailand's public sector entities were not considered a burden on public finances. In 1989, only five of the 63 state entities lost money.[34] In 1993, profits of state enterprises provided about 6% of government revenue.[35]

Thailand's privatization program arises, in part, from efforts to increase government spending for infrastructure investments. Since 1985, Thailand has imposed legal limits on public external borrowing. Initially set at $1 billion per year, the public sector borrowing limits had expanded to $3.2 billion by 1994. These limits restrict the government's ability to finance infrastructure investments: in the early 1990s, the estimated five year cost for investment in transportation, power, communications and other utilities was $35 billion.[36]

The desire to enhance economic efficiency was another force driving privatization in Thailand. Handley (1991) estimated that the state sector employed 12% of the non-agricultural labor force and accounted for 11% of gross domestic investment, but only produced 5.4% of GDP. This concern about efficiency was directed at a few specific industries, including airlines, buses, and railways.

Thailand's privatization program has incorporated the full range of policies. The government has granted concessions for infrastructure development (including telephone network, rail mass transit, and highway), allowed management of public services by private companies (including ports, hotels, and concession stands in public venues), deregulated several sectors (including buses and trucking), and conducted the outright sale of state enterprises.

The public sale of Thai state enterprises has included a bank, the national airlines, two petroleum-related companies, and the national electricity monopoly (EGCO in 1994). All sales have been fixed-price share sales, but none have been complete divestitures. The Thai government retains 50% to 85% of the shares in these companies. In most cases, some shares were allocated to employees and foreign investors. When oversubscribed, share allocation was done by fixing the number of shares each individual could buy and randomly selecting purchasers from among those who submitted applications.

H. Privatization in the United Kingdom

In the May 1979 Parliamentary elections, the Conservative Party obtained a majority and Margaret Thatcher became Prime Minister. Thatcher and the Conservatives were politically and ideologically committed to reducing the scope of government in economic affairs. The Thatcher administration adopted a general policy of privatizing state-owned firms and pursued this policy systematically.

Despite Thatcher's embrace of privatization, the pace at which privatization proceeded during the first four years of her tenure as Prime Minister was modest. The value of assets privatized did not exceed 500 million pounds per year during this period.[37] After the Conservatives again won in the elections of June 1983, privatization efforts increased dramatically. Gross proceeds from the first public offering in November 1984 of British Telecom shares *alone* were 3,916 million pounds.[38]

From 1979 until 1984, the firms sold by the government operated in competitive industries. Such firms included British Aerospace, Britoil, Trustee Savings Bank, and Rolls-Royce. During this period, sale by tender offer and privatization in stages were common.

Starting in 1984, the pattern changed. Large, monopoly public utility firms were privatized. British Telecom was the first of these, followed by British Gas in December 1986. During 1990 and 1991, the electric utility industry was privatized.[39] Coinciding with the government sell-off of utilities was the creation of utility regulatory bodies (e.g., the Office of Telecommunications, and the Office of Gas Supply) to control prices. This was a shift from state ownership and direct government control of utilities toward the U.S. model of price-regulated, government-franchised, but privately-owned monopoly utility firms. After 1984, privatizations through tender offers were rare and fixed price offers for sale predominated. Typically, all of a firm's shares were offered to the public in the initial sale thus privatizing the firm at once rather than in stages through multiple, partial offers. The government chose to distribute shares widely through advertising and share allocation rules favoring small investors. Employees were given some free shares, plus bonus shares for all shares purchased. In many cases, the government retained partial control via a golden share that confers the right to veto certain transactions such as takeovers by foreign corporations.

There is some dispute about the objectives the U.K. government sought to attain in pursuing privatization. Temple (1989) gives four objectives: revenue, competition and efficiency in enterprise, reduction of government interference in business, and the promotion of more widespread share ownership. Vickers and Yarrow (1988, p. 157) add that government also sought to ease problems of public sector employee pay determination, to encourage employee share ownership, and to gain political advantage. Walters (1989), though, stresses that the over-riding objectives were to reduce politicization of the economy and to increase U.K. net wealth.

Appendix B
Firms Privatized via Fixed Share Price Initial Public Offers[1]

Company	Offer Date[2]	Equity Share Divested[3]	Proceeds[4] (1994 US$ millions)	Employee Tranche[5] Y/N	Employee Tranche[5] % of Co.	Foreign Tranche[6] Y/N	Foreign Tranche[6] % of Co.	Days[7]	Golden Share[8]
CANADA[9]									
Alberta Energy Corp	November, 1975	50.0%	200.9	N	0.0	Y	---	84	N
Brit. Col. Resources Inv. Co. (BCRIC)	March, 1979	100.0	847.1	N	0.0	N	0.0	210	N
Saskoil	December, 1985	42.0	105.9	N	0.0	N	0.0	78	N
Cambior	July, 1986	68.2	147.3	N	0.0	Y	22.7	59	N
Fisheries Prods. Int’l	April, 1987	89.2	151.3	Y	2.2	N	0.0	21	N
Air Canada	September, 1988	43.0	238.0	N	0.0	N	0.0	16	N
Westbridge Computer	December, 1988	100.0	14.5[10]	N	0.0	---	---	42	N
Potash Corp.	October, 1989	69.0	235.9	N	0.0	Y	25.0	1	N
Telus	October, 1990	57.0	839.2	N	0.0	N	0.0	23	N
CAMECO	July, 1991	20.0	115.0	N	0.0	Y	4.0	19	N
Petro-Canada	June, 1991	19.5	494.9	Y	1.2	Y	4.3	13	N
Nova Scotia Power	July, 1992	100.0	756.7	Y	0.6	Y	25.0	37	N
Pacific Western Airlines (PWA)	December, 1983	85.0	46.6	---	---	---	---	---	N
CANADA Average		62.8	322.6	---	0.3	---	8.1	50	---
FRANCE[11]									
Saint Gobain	October, 1986	~80.0	2,872.8	Y	10.0	Y	20.0	42	---
Paribas	January, 1987	100.0	3,843.3	Y	10.0	Y	16.0	28	N
Sogenal	March, 1987	44.0[12]	331.4	Y	4.7	N	0.0	28	---
Credit Com’l de France (CCF)	April, 1987	94.0	955.7	Y	10.0	Y	20.0	27	---
Alcatel-Alsthom (CGE)	May, 1987	100.0	1,737.1	Y	10.0	Y	20.0	27	---
Societe Generale	June, 1987	100.0	4,541.0	Y	10.0	Y	16.0	27	---
Television Francaise 1 (TF1)	June, 1987	100.0	899.8[13]	Y	13.4	---	---	28	Y
Financiere de Suez	October, 1987	40.3	4,801.7[14]	Y	7.5	Y	20.0	38	N
Banque Nat’l de Paris (BNP)	October, 1993	72.9	4,870.7	Y	7.4	Y	17.8	14	---
Renault	November, 1994	28.9	1,946.9	Y	2.8	Y	---	15	---
FRANCE Average		77.0	2,680.0	---	8.6	---	16.2	27	---

Appendix B (continued)

Company	Offer Date[2]	Equity Share Divested[3]	Proceeds[4] (1994 US$ millions)	Employee Tranche[5] Y/N	Employee Tranche[5] % of Co.	Foreign Tranche[6] Y/N	Foreign Tranche[6] % of Co.	Days[7]	Golden Share[8]
HUNGARY[15]									
Ibusz	June, 1990	~ 34.0%	38.6	Y	5.0	Y	30.0	16	---
Muszi	November, 1990	~ 24.0	2.6	---	---	Y	5.0	40	---
Nitroil	January, 1991	18.2	1.2	N	0.0	Y	14.7	18	N
Bonbon-Hemingway	June, 1991	49.8	2.9	Y	---	Y	28	35	---
Styl	June, 1991	31.9	32.4	N	0.0	Y	---	22	---
Garagent	June, 1991	~26.0	1.4	Y	0.7	Y	---	196	---
Zalakeramia	July, 1991	28.0	6.9	N	0.0	Y	---	24	---
Pick	November, 1992	~ 80.0	3.3	Y	11.0	Y	30.0	31	Y
Csemege-J. Meinl	December, 1992	5.0	2.1	N	0.0	N	0.0	201	---
Danubius	December, 1992	30.0	25.6	Y	5.0	Y	---	23	---
HUNGARY Average		32.7	11.7	---	2.7	---	18.0	60	---
JAPAN[16]									
Nippon Telegraph & Telephone (NTT)	November, 1986	12.5%	20,786.2	---	---	N	0.0	34	---
JR East	September, 1993	64.0	6,922.5[17]	Y	0.7	Y	---	57	---
Japan Tobacco	September, 1994	19.7	5,851.4[18]	Y	0.2	Y	---	56	---
JAPAN Average		32.1	11,186.7	---	0.5	---	0.0	---	---
MALAYSIA[19]									
Cement Ind. of Malaysia (CIMA)	June, 1984	18.7%	4.6	---	---	N	0.0	76	---
Malaysian Airline System (MAS)	October, 1985	30.0	106.8	Y	5.0	N	0.0	94	Y
M. Int'l Shipping	December, 1986	2.4	330.6	Y	0.6	Y	---	108	Y
Tradewinds	January, 1988	40.9	8.3[20]	Y	2.9	N	0.0	72	---
Cement M. Sarawak	December, 1988	15.6	2.4	Y	1.4	N	0.0	43	---
Ederan Otomobil	June, 1990	21.0	65.1	Y	2.0	N	0.0	43	---
Pernas Int'l Hotel	August, 1990	44.0	8.8	Y	4.6	N	0.0	87	---
Syarikat Telekom	October, 1990	23.9	977.2	Y	3.6	Y	6.0	62	Y
Kedah Cement[21]	November, 1991	21.7	23.4[22]	Y	0.8	---	---	82	---
Perusahaan Otomobil	January, 1992	20.1	325.8[23]	---	---	---	---	79	---
Tenaga Nasional	March, 1992	22.8	1,373.1	Y	2.8	Y	2.0	89	Y
Petronas Dagangan	January, 1994	17.5[24]	133.5	Y	3.5	Y	7.5	56	---
MALAYSIA Average		23.9	280.0	---	2.7	---	1.7	74	---

Appendix B (continued)

Company	Offer Date[2]	Equity Share Divested[3]	Proceeds[4] (1994 US$ millions)	Employee Tranche[5] Y/N	Employee Tranche[5] % of Co.	Foreign Tranche[6] Y/N	Foreign Tranche[6] % of Co.	Days[7]	Golden Share[8]
POLAND[25]									
Exbud	November, 1990	100.0%	5.9	Y	37.5	Y	---	139	---
Kable	November, 1990	90.0	6.7	Y	20.0	Y	---	139	---
Kroshno	November, 1990	90.0	3.4	Y	20.0	Y	---	139	---
Prochnik	November, 1990	100.0	7.0	Y	20.0	Y	---	139	---
Tonsil	November, 1990	90.0	7.0	Y	20.0	Y	---	139	---
Wolczanka	June, 1991	100.0	4.7	Y	35.0	Y	---	37	---
Zywiec	July, 1991	100.0	10.6	Y	22.0	Y	---	88	---
Wedel	October, 1991	80.0	8.1	Y	20.0	Y	---	36	---
Swarzedz	May, 1991	96.0	9.2	Y	16.0	Y	---	37	---
Okocim	December, 1991	~ 80.0	12.4	Y	18.0	Y	---	72	---
Elektrim	December, 1991	~ 83.0	9.9	Y	22.0	Y	---	106	---
Mostalexp	March, 1992	100.0	6.8	Y	35.0	Y	---	70	---
Bank Rozwoju Exportu (BRE)	July, 1992	47.5	8.2	Y	10.0	Y	---	86	---
Polifarb	February, 1993	100.0	13.5	Y	20.0	Y	---	100	---
Wielkopolski Bank Kredytowy (WBK)	April, 1993	70.0	39.3	Y	14.3	Y	---	61	---
Sokolow	June, 1993	100.0	3.8	Y	20.0	Y	---	80	---
Vistula	June, 1993	100.0	4.8	Y	35.0	Y	---	120	---
Bank Slaski	November, 1993	70.0	57.8	Y	10.0	Y	---	89	---
Rafako	January, 1994	100.0	20.7	Y	75.0	Y	---	48	---
POLAND Average		89.3	12.6	---	24.7	---	---	90	---
THAILAND[26]									
Thai Airways	March, 1992	20	239.2	Y	0.3	Y	1.1	155	---
PTT Exploration & Prod. (PTTEP)	March, 1993	15	54.2	---	---	Y	5.3	99	---
Bangchak Petroleum	June, 1994	20	126.0	Y	0.6	Y	5.0	55	---
EGCO	November, 1994	50	183.3	Y	5.1	Y	14.2	80	---
THAILAND Average		26.3	150.7	---	2.0	---	6.4	97	---

Appendix B (continued)

Company	Offer Date[2]	Equity Share Divested[3]	Proceeds[4] (1994 US$ millions)	Employee Tranche[5] Y/N	Employee Tranche[5] % of Co.	Foreign Tranche[6] Y/N	Foreign Tranche[6] % of Co.	Days[7]	Golden Share[8]
UNITED KINGDOM[27]									
British Aerospace	February, 1981	50.0	559.7	Y	1.7	---	---	15	Y
Cable & Wireless	October, 1981	49.4	704.7	Y	5.0	---	---	14	N
Amersham	February, 1982	100.0	181.1	Y	5.0	---	---	13	Y
Assoc. Brit. Ports	February, 1983	51.5	51.2	Y	2.6	---	--	13	N
Jaguar	August, 1984	100.0	551.5	Y	15	---	---	15	Y
British Telecom	November, 1984	50.2	6,433.5	Y	5.0	Y	6.9	18	Y
Trustee Savings Bank (TSB)	September, 1986	100.0	2,591.9	Y	---	Y	---	28	N
British Gas	November, 1986	100.0	11,259.4	Y	3.0	Y	20.0	17	Y
British Airways	January, 1987	100.0	1,878.1	Y	10.0	Y	20.0	15	N
Rolls-Royce	April, 1987	100.0	2,930.0	Y	8.0	Y	15.0	22	Y
British Airports (BAA)	July, 1987	100.0[28]	1,911.8	Y	5.0	N	0.0	20	Y
British Steel	November, 1988	100.0	5,621.3	Y	10.0	Y	33.0	13	Y
26 Utilities	1989-1991	100.0	30,520.5	---	---	---	---	~20	Y
U.K. Average		92.6	1,715.7	---	4.5	---	19.2	19	---

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1 Table does not include subsequent share offers or firms privatized via private placement or tender offers.
2 Month of share offering to the public. If the offering date is not available, this is the month of first trade date.
3 Total government ownership share divested at that time. Includes shares sold to domestic, foreign, retail and institutional investors and to employees.
4 Unless otherwise stated, proceeds equals gross proceeds from the sale, converted to 1994 US Dollars millions.
5 Employee Tranche indicates the maximum share of the company's share equity available for employees during this share sale.
6 Foreign Tranche indicates the maximum share of the company's share equity available for foreign investors during this share sale.
7 Days equals the number of days from when the fixed share price is set to the first trade date.
8 Special or golden share indicates the government retained a share with preferential rights.
9 Source: Stanbury (1989), Nankani (1988), public press, Canadian Federal Government Department of Finance. For Federal privatizations, proceeds equals the net receipts to the government. For provincial privatizations, proceeds equals gross revenues. No prices are available for the federal government's divestment of a minority interest in Varity Corporation in December, 1991.
10 Proceeds estimated as number of shares sold times the fixed share price.
11 Source: Perotti and Guney (1993), and public press. No share price data are available for the BTP and BIMP fixed price share offerings in April, 1987.
12 Government's retained shares include the 52.6% share owned by Societe Generale, which was privatized in June, 1987.
13 Proceeds include approximately FF 3 billion from sale of first 50% to a private consortium and an estimated FF 1.26 billion from public share sale of remaining 50%.
14 Proceeds estimated as number of shares sold times the fixed share price.
15 Source: Public press. Unless a specific figure is mentioned in the public press, proceeds equals the number of shares sold times the fixed share price.

Appendix B Footnotes (Continued)

16 Source: Takano (1992), Fukui (1992), and public press.
17 Proceeds do not include sale of market stabilization shares.
18 Proceeds estimated as number of shares sold in the preliminary auction and in the fixed price share sale, times the fixed price of 1.438m Yen.
19 Source: Perotti and Guney (1993), and public press.
20 Proceeds estimated as total number of shares sold times the fixed share price.
21 Privatization was preceded by a complicated restructuring where Kedah was merged with a smaller private cement company (Mimco). Prior to the restructuring the national government investment arm, Hicom, owned 53.3% of Kedah. After the restructuring and public share sale, Hicom owned 31.6%.
22 Proceeds do not include 12.5m bond with detachable warrants at M$1.10 each sold at the same time.
23 Proceeds equal net proceeds. In addition to the 20.1% divested by the government, the offering included 10% of the shares originally held by Mitsubishi group.
24 7.5% of the shares were also sold by tender. Proceeds include approximately RM 168m from the tender portion and an estimated RM 185m from the fixed share price portion.
25 Source: Public press. Unless a specific figure is mentioned in the public press, proceeds equals the number of shares sold times the fixed share price.
26 Source: Perotti and Guney (1993), and public press.
27 Source: Vickers and Yarrow (1988), Perotti and Guney (1993). British Petroleum privatization in June, 1977 is not included due to lack of share price data.
28 In July, 1987 75% of BAA was privatized via a fixed price share sale with proceeds of £ 919 million, while 25% was privatized via a tender offer with proceeds of £ 362 million.

Appendix C
Initial Returns for Privatizations

Unadjusted and market adjusted initial returns for initial share offers in privatizations of state-owned enterprises. Returns are measured over intervals of 1, 7, and 30 calendar days following initial trading of the shares[1]

Company	First trading date[2]	Offer price	Unadjusted Returns[3] 1 Day	Unadjusted Returns[3] 7 Days	Unadjusted Returns[3] 30 Days	Market Adjusted Returns[3] 1 Day	Market Adjusted Returns[3] 7 Days	Market Adjusted Returns[3] 30 Days
CANADA								
AEC	01-26-76	10.00 C$	-1.2 %	-6.4 %	0.0 %	-10.8 %	-17.0 %	-14.7 %
BCRIC[4]	08-07-79	6.00	1.7	4.1	31.9	-11.1	-10.3	10.6
PWA	01-20-84	10.75	11.0	14.1	5.7	11.4	17.3	14.2
Saskoil	01-14-86	9.00	-15.0	-23.3	-56.2	-20.7	-28.6	-60.5
Cambior[5]	08-14-86	10.00	11.8	16.1	32.8	12.0	16.8	33.9
Fisheries Prods.	04-15-87	12.50	21.5	27.0	29.3	23.9	28.7	30.3
Air Canada	10-13-88	8.00	1.6	0.0	-13.4	-1.6	-4.3	-12.3
Westbridge[6]	12-22-88	9.00	-5.7	-7.2	-16.6	-5.8	-7.6	-22.9
Potash Corp.	11-02-89	18.00	-1.4	-7.2	-17.4	-1.2	-6.7	-17.3
Telus	10-04-90	12.00	0.0	-1.0	3.1	2.8	5.3	8.4
Petro-Canada	07-02-91	13.00	-2.9	-4.9	-14.5	-1.4	-3.8	-14.3
CAMECO	07-17-91	12.50	5.8	6.8	12.3	4.3	5.5	10.9
N S Power	08-12-92	10.00	4.9	6.1	11.8	6.3	7.2	11.3
FRANCE								
St. Gobain	12-24-86	310.00 FF	17.4 %	14.0 %	18.2 %	13.0 %	11.9 %	9.1 %
Paribas	02-12-87	405.00	17.0	19.0	28.6	17.0	19.7	23.0
Sogenal[7]	04-06-87	125.00	30.7	N/A	N/A	27.7	N/A	N/A
CCF	05-21-87	107.00	15.6	21.0	27.6	23.5	25.8	39.1
CGE	06-03-87	290.00	10.8	12.3	11.4	19.5	22.7	18.2
Societe Generale	07-09-87	407.00	6.0	6.2	5.0	3.6	4.4	4.1
TFI	07-24-87	165.00	7.6	N/A	N/A	7.1	N/A	N/A
Suez	11-09-87	317.00	-19.4	-10.6	-17.2	13.7	17.4	23.3
BNP	10-18-93	240.00	16.8	19.1	18.4	15.8	14.9	16.5
Renault	11-17-94	165.00	11.4	9.3	8.0	9.0	6.9	7.1

Appendix C (continued)

Company	First trading date[2]	Offer price	Unadjusted Returns[3]			Market Adjusted Returns[3]		
			1 Day	7 Days	30 Days	1 Day	7 Days	30 Days
HUNGARY								
Ibusz	06-21-90	4900.00 HUF	39.6 %	N/A%	N/A%	41.1 %	N/A%	N/A%
Muszi	12-04-90	18000.00	0.0	N/A	N/A	4.0	N/A	N/A
Nitroil	02-06-91	15000.00	9.5	12.5	8.9	7.4	6.6	-5.3
Bonbon-Hemingway	06-21-91	2500.00	7.7	N/A	N/A	5.2	N/A	N/A
Styl	06-21-91	2850.00	13.1	13.1	7.1	13.2	16.1	9.7
Zalakeramia[8]	07-26-91	1518.00	2.7	3.1	2.1	1.5	2.0	0.0
Garagent	12-19-91	15000.00	7.1	8.3	9.5	18.5	18.5	33.6
Pick	12-21-92	1200.00	6.5	0.8	0.0	4.6	-2.9	-5.5
Danubius[9]	12-23-92	1000.00	0.0	0.0	-2.0	-1.9	-2.7	-6.7
Csemege-J. Meinl[10]	6-10-93	9920.00	62.3	47.8	10.3	47.6	32.6	-9.3
JAPAN								
NTT[11]	02-09-87	1,197.00 ¥000s	29.0 %	38.6 %	89.5 %	18.7 %	26.1 %	63.0 %
JR East	10-26-93	380.00	45.7	26.4	11.0	47.7	29.6	25.8
Japan Tobacco	10-27-94	1,438.00	-26.8	-28.6	-40.4	-22.2	-24.0	-30.8
MALAYSIA								
CIMA[12]	06-26-84	1.0 Ringgit	64.7%	N/A	N/A	81.1%	N/A	N/A
MAS[13]	12-16-85	1.8	30.8	20.1%	25.0%	45.6	42.8%	47.3%
M. Int’l	02-23-87	2.4	73.4	74.4	78.3	49.5	51.3	57.8
Shipping Tradewinds	03-23-88	1.1	50.9	42.4	50.9	42.3	35.8	36.7
Cement M. Sara.	02-02-89	1.3	51.2	54.9	48.9	41.9	42.8	39.8
Ederan Oto.[14]	07-26-90	4.3	63.9	62.7	42.9	59.5	57.7	37.3
Pernas Int’l	09-25-90	1.3	57.9	68.2	75.3	76.4	87.4	88.1
Hotel Syarikat Tele.	11-07-90	5.0	19.9	18.2	31.5	33.9	32.5	39.7
Kedah Cement	01-31-92	2.0	28.9	32.6	36.8	26.8	27.2	28.5
Perusahaan Oto.	03-26-92	5.0	27.8	26.2	23.9	19.7	20.8	19.0
Tenaga Nasional	05-28-92	4.5	66.5	60.6	64.8	68.0	64.5	66.2
Petronas Dagan.	03-08-94	2.8	90.9	91.6	75.4	99.5	101.2	94.8

Appendix C (continued)

Company	First trading date[2]	Offer price	Unadjusted Returns[3] 1 Day	7 Days	30 Days	Market Adjusted Returns[3] 1 Day	7 Days	30 Days
POLAND								
Exbud[15]	04-16-91	112000.00 ZL	28.5 %	38.1 %	57.0 %	14.7 %	24.7 %	43.3 %
Kable	04-16-91	70000.00	13.4	13.4	7.6	-0.5	-0.1	-6.2
Krosno[16]	04-16-91	65000.00	-8.8	-19.4	-32.4	-22.7	-32.8	-46.1
Prochnik[17]	04-16-91	50000.00	11.3	2.0	-18.6	-2.5	-11.5	-32.4
Tonsil[18]	04-16-91	80000.00	6.1	-4.5	-4.5	-7.8	-17.9	-18.2
Wolczanka[19]	07-16-91	50000.00	-22.3	-12.8	-21.1	-18.8	-9.3	-12.4
Zywiec[20]	09-24-91	70000.00	22.9	27.3	64.9	22.9	27.7	66.1
Wedel[21]	11-26-91	130000.00	32.5	42.1	32.5	35.1	47.5	35.7
Swarzedz[22]	06-25-91	50000.00	-5.1	-15.1	-15.1	-6.6	-14.6	-15.3
Okocim	02-13-92	90000.00	25.4	27.1	20.1	17.9	18.5	11.4
Elektrim	03-26-92	70000.00	30.5	21.2	25.1	20.4	10.8	13.2
Mostalexp	05-28-92	180000.00	0.0	0.0	-54.9	-2.9	-3.6	-53.6
BRE	10-06-92	155000.00	27.0	13.3	30.4	42.0	25.0	38.4
Polifarb	05-17-93	90000.00	79.9	108.4	112.4	77.0	104.8	107.0
WBK	06-22-93	115000.00	111.3	108.4	106.9	108.7	104.7	100.8
Sokolow[23]	08-10-93	70000.00	114.5	142.8	158.1	103.1	129.4	146.2
Vistula	09-30-93	140000.00	200.1	199.6	210.2	187.2	184.4	191.2
Slaski[24]	01-25-94	500000.00	260.3	250.1	231.9	252.4	239.7	225.7
Rafako[25]	03-07-94	1200000.00	22.3	58.8	17.5	23.4	59.1	19.6
THAILAND								
Thai Airways	07-23-92	60.00 Baht	4.9%	-7.8%	-14.3%	14.4%	5.4%	-3.1%
PTTEP	06-10-93	33.00	36.4	34.3	62.3	41.9	34.0	58.4
Bangchak Petr.[26]	08-02-94	31.00	44.8	54.6	84.3	40.4	49.7	68.1
EGCO	01-16-95	22.00	100.3	82.1	109.1	111.1	97.7	114.1

Appendix C (continued)

Company	First trading date[2]	Offer price	Unadjusted Returns[3] 1 Day	Unadjusted Returns[3] 7 Days	Unadjusted Returns[3] 30 Days	Market Adjusted Returns[3] 1 Day	Market Adjusted Returns[3] 7 Days	Market Adjusted Returns[3] 30 Days
UNITED KINGDOM								
Brit.Aerospace	02-20-81	150.00 pence	12.5 %	17.7 %	17.1 %	11.7 %	13.8 %	13.4 %
Cable&Wireless	11-06-81	168.00	15.9	16.4	17.4	9.1	6.9	6.1
Amersham	02-25-82	142.00	28.1	30.2	33.8	30.1	31.7	34.4
Assoc.Brit.Ports	02-16-83	112.00	20.9	23.0	24.4	19.3	23.8	20.5
B. Telecom	12-03-84	130.00	28.0	30.0	35.3	26.8	26.1	29.4
Jaguar	08-10-84	165.00	8.1	7.0	7.0	-1.0	-0.8	-2.8
TSB	10-10-86	100.00	30.4	29.6	25.5	30.7	29.1	21.9
B. Gas	12-08-86	135.00	9.0	9.9	10.9	8.7	8.7	4.0
B.Airways	02-11-87	125.00	30.2	30.8	37.0	25.8	23.7	27.8
Rolls-Royce	05-20-87	170.00	31.1	29.4	18.7	23.6	23.0	5.9
BAA	07-28-87	245.00	17.2	13.7	12.3	16.7	15.5	16.1
B. Steel	12-05-88	125.00	1.8	-0.4	0.8	6.2	5.3	3.2
Anglian Water	12-12-89	240.00	18.4	18.2	22.7	11.3	11.8	13.8
NW Water	12-12-89	240.00	13.6	14.3	20.0	6.5	7.9	11.1
Northu Water	12-12-89	240.00	21.3	21.3	27.8	14.2	14.9	19.0
SW Water	12-12-89	240.00	17.9	20.6	26.6	10.8	14.2	17.7
Southern Water	12-12-89	240.00	15.8	16.8	19.6	8.7	10.4	10.8
Thames Water	12-12-89	240.00	14.0	16.7	20.8	6.9	10.3	12.0
Welsh Water	12-12-89	240.00	15.8	16.1	22.0	8.7	9.7	13.2
Wessex Water	12-12-89	240.00	20.3	20.3	23.3	13.2	13.9	14.5
Yorkshire Water	12-12-89	240.00	18.6	20.6	22.3	11.5	14.2	13.5
Severn Trent	12-12-89	240.00	12.2	13.3	15.8	5.1	6.8	6.9
East Mid Electric	12-11-90	240.00	19.1	18.2	17.5	16.8	16.2	18.1
Eastern Electric	12-11-90	240.00	18.2	16.3	13.8	15.9	14.3	14.3
London Electric	12-11-90	240.00	16.1	17.5	16.8	13.8	15.5	17.4
Manweb	12-11-90	240.00	24.3	26.6	24.5	22.0	24.5	25.0
Midlands Electric	12-11-90	240.00	16.8	16.8	15.4	14.5	14.8	16.0
Norweb	12-11-90	240.00	19.6	19.3	17.9	17.3	17.3	18.4
Northern Electric	12-11-90	240.00	16.3	16.8	17.5	14.0	14.8	18.1
Seebord	12-11-90	240.00	16.1	18.6	14.3	13.8	16.6	14.9
S. Wales Electric	12-11-90	240.00	23.6	24.6	21.5	21.3	22.6	22.0

Appendix C (continued)

			Unadjusted Returns[3]			Market Adjusted Returns[3]		
Company	First trading date[2]	Offer price	1 Day	7 Days	30 Days	1 Day	7 Days	30 Days
UNITED KINGDON (Continued)								
South West Electric	12-11-90	240.00	18.9 %	18.9 %	15.6 %	16.6 %	16.9 %	16.1 %
Southern Electric	12-11-90	240.00	18.9	18.1	16.0	16.6	16.0	16.5
Yorkshire Electric	12-11-90	240.00	22.2	25.0	22.3	19.8	22.9	22.8
National Power	03-12-91	175.00	19.4	19.2	18.0	12.7	12.2	8.5
Power Gen	03-12-91	175.00	19.2	19.7	18.2	12.4	12.7	8.7
Scott. Hydro Electric	06-18-91	240.00	8.8	5.5	4.5	7.8	6.7	2.7
Scottish Power	06-18-91	240.00	6.3	-50.1	1.2	5.3	-48.8	-0.5

Source: Datastream International, Stanbury (1989), Perotti and Guney(1993), Vickers and Yarrow (1988), Takano (1992), Fukui (1992), and public press.

1 Only includes transactions with public shares sold for first time.

2 Date of first trade on stock exchange. This date may be later than first possible trade date if the exchange was unable to set a price due to mismatch of buy and sell orders. Note, several Polish returns use prices from days where price limits were imposed.

3 Unadjusted return equals [log(stock closing price) - log(stock offer price)]. Market adjusted return equals [unadjusted return - [log(market index at closing date) - log(market index at pricing date))]. Market index from Datastream.

4 The first trade date price is taken from the Vancouver stock exchange, where BCRIC's shares began trading one day before the Toronto Exchange.

5 Actual date the share price was set is not available. Number of days from the time the price was set to the initial trade date is estimated from press reports.

6 Actual date the share price was set is not available. Number of days from the time the price was set to the initial trade date is estimated from press reports.

7 First day stock price is derived from Perotti and Guney (1993) and Jenkinson and Mayer (1988).

8 Actual dates the share price was set and the stock began trading are estimated from press reports. First day price is from press reports.

9 Actual date the share price was set is unknown. It is assumed to be one day prior to the offer period.

10 Shares were sold for compensation coupons with a "swap ratio" of 1:1. The face value of the coupons at the time of the offer was approximately 12,400 ft. However, press reports note that the compensation coupons were trading at 80%, resulting in an offer price of approximately 9,920 ft. (Tozsde Kurir, 12/10/92).

11 The one day return is calculated from the 2/16/87 closing price. The stock was "unquoted" during its first week due to an imbalance of buy and sell orders (buy far exceeded sell).

12 First trade date price, not available on Datastream, from Perotti and Guney (1993). Market-adjusted returns calculated with the Kuala Lumpur Composite Index.

13 Market-adjusted returns calculated with the Kuala Lumpur Composite Index. First trade date price, not available on Datastream, is from press reports.

14 Offer price, initially announced in early 1990 as M4.50, was confirmed as M4.30 in June, 1990.

Appendix C Footnotes (Continued)

15 Stock price one week and one month after trading was restricted from moving up as much as market forces dictated.
16 Stock price one week after trading was restricted from moving down as much as market forces dictated.
17 Stock price one month after trading was restricted from moving down as much as market forces dictated.
18 Stock price one week and one month after trading was restricted from moving down as much as market forces dictated.
19 Exact date the price was set is not available. It is assumed to be one day prior to the offer date.
20 Exact date the price was set is not available. It is assumed to be one day prior to the offer date. Initial press reports list the offer price as zl 100,000. However, on the first and all subsequent trade dates, the offer price is reported as zl 70,000. We use the zl 70,000 price and estimate the price announcement date as one day prior to the offer period.
21 Exact date the price was set is not available. It is assumed to be one day prior to the offer date.
22 Exact date the price was set is not available. It is assumed to be one day prior to the offer date.
23 Stock price one month after trading was restricted from moving down as much as market forces dictated.
24 Stock price one week after trading was restricted from moving down as much as market forces dictated. Stock price one month after trading was restricted from moving up as much as market forces dictated.
25 Stock price one week and one month after trading was restricted from moving up as much as market forces dictated.
26 Actual date the price was set is not available. It is assumed to be the first date the Prospectus was available.

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Endnotes to Appendix A

[1] Howard and Stanbury (1984).

[2] Beauchesne (1992).

[3] Ohashi (1980).

[4] Stanbury (1989).

[5] Kelly (1993).

[6] Jacquillat (1987).

[7] These were Law No. 86-793 of July 2, 1986 and Law No. 86-912 of August 6, 1986, respectively. See Marquardt (1986).

[8] See, for example, Jacquillat (1987), Jenkinson and Mayer (1988), and McDonald and Jacquillat (1974).

[9] Bizaguet and Sirel (1988).

[10] Meth-Cohn(1990).

[11] Nuti(1992).

[12] *Euromoney*, March, 1993.

[13] Nuti(1992).

[14] *Financial Times*, January 7, 1993.

[15] Nuti(1992).

[16] *Emerging Stock Markets Factbook*

[17] *Central European Business Guide*, 1994.

[18] Nuti (1992).

[19]These include Hungagent, established in 1968 as a representative for Western companies trading machinery and materials in light industries; Kontrax Telekom Rt. and Kontrax Irodatechnika Rt., two subsidiaries of Kontrax Trade Plc., one of Hungary's biggest private companies; Fotex, a 50-50 US-Hungarian joint venture in photographic services; and Zwack Unicum Rt., a distiller owned by foreign companies, including 25% by International Distillers, and by local councils (4%).

[20] Fukui (1992).

[21] Fukui (1992).

[22] *New York Times*, October 27, 1993.

[23] These shares equaled 0.6% of the NTT equity and 14% of JR East equity. It is unclear how much JR East equity the government originally intended to use for market stabilization. Reports in the press suggest they sold more equity than intended in an attempt to slow the share price rise.

[24] *Economist Intelligence Unit*, 1994.

[25] Tsuruoka (1990).

[26] When the British left Malaysia, they established political parties to represent each race. UMNO is the Malay party (Scott, (1991)).

[27] *ASEAN Economic Bulletin*, 1989.

[28] Foreign participation is limited to a maximum of 25% of share capital (*Economist Intelligence Unit*, 1994).

[29] *Business Times*, 1987.

[30] *Reuters*, November 1, 1993.

[31]This law was being reviewed in early 1993 with a proposed amendment for a simpler system where workers would get 10% of the shares at half price (*Reuters*, April 1, 1993).

[32] *Emerging Stock Markets Factbook*

[33] *Financial Times*, April 17, 1991.

[34] Handley (1991).

[35] *International Executive Reports*, 1995.

[36] See Handley (1991) and *International Executive Reports*, 1995.

[37] Vickers and Yarrow (1988) p. 155.

[38] Jenkinson and Mayer (1988).

[39] Vickers and Yarrow (1991).