

Patterns of Financing

The pattern of financing by U.S. non-financial companies is illustrated in Figure 15.1 in the assigned textbook.

Internal financing is by far the most important source of capital for U.S. firms. See Figure 15.2 in the assigned text.

Additional observations include the following:

- spending exceeds funds from internal financing for most companies and the deficit is funded by borrowing or issuing new equity (external financing).
- new equity is rarely used.
- during the 1980's and in recent years, new equity was negative.