Applying a variant of Ohlson’s (1995) valuation model, we develop and test the incremental value relevance of asset components disclosed pre-and post Statement of Financial Accounting Standard No. 131. Prior studies (e.g., Ohlson 1995; Feltham and Ohlson 1995; Biddle et al. 2001) show that equity valuation requires accounting information (in part) because accounting provides important signals that guide capital investment underlying shareholders’ wealth. In this study, we show that international diversification is a wealth-increasing corporate decision. Consistent with our prediction, result suggests that foreign assets disclosed subsequent to SFAS 131 exhibit strong association with share price, indicating that SFAS 131 is value relevant to market participants. We also find, as predicted that foreign assets exhibit stronger cross-sectional association with price than U.S. assets, suggesting that investors’ valuation of assets depends on the operating environment of the firm. Further, the explanatory power of foreign assets varies predictably from that of U.S. assets, pre-and post SFAS 131. In firm-size comparison, we report that large firms experience significantly greater price responses than small firms. This finding is consistent with the differential risk hypothesis in Collins and Kothari (1989) and Easton and Zmijewski (1998), but inconsistent with the differential information hypothesis in Atiase (1985).