

Tables

Table 1: Sample Incidence of Corporate Control Events

Year	Number of companies	Friendly takeovers	Failed friendly bids	Hostile takeovers	Failed hostile bids	Bid targets overall	Bankruptcies
1988	579	26	0	13	5	44	2
1989	550	26	1	10	6	43	10
1990	526	21	3	7	3	34	11
1991	508	19	0	2	3	24	8
1992	495	7	0	3	3	13	6
1993	483	6	1	0	0	7	1
1994	462	6	0	2	2	10	3
1995	438	12	0	6	1	19	1
1996	59	6	0	1	0	7	0
<i>Totals</i>		<i>129</i>	<i>5</i>	<i>44</i>	<i>23</i>	<i>201</i>	<i>42</i>

Notes:

1. Observations on accounting years are allocated to the current calendar year if the accounting year ends in July-December, and to the preceding calendar year if the accounting year ends in January-June. See also the Data Appendix for a description of the 'year' variable.
2. At time of sampling, only 59 companies had company accounts reported by Datastream for 1996.

Table 2: Univariate Descriptive Statistics

Sample means (with standard deviations in parentheses)

	Alive nontargets	Friendly acquireds	Lapsed friendly targets	Hostile acquireds	Lapsed hostile targets	Bankruptcies	All bid targets
Observations	3813	129	5	44	21	40	199
Employment	6635 (17295)	2482 (5366)	3698 (2758)	9312 (20435)	19852 (48410)	1379 (2158)	5856 (19420)
Years since listing	37.3 (27.4)	24.5 (24.0)	36.8 (37.8)	34.7 (21.3)	47.1 (26.8)	19.8 (23.5)	29.4 (25.1)
Return-on-Sales	.041 (.068)	.032 (.059)	.008 (.052)	.032 (.032)	.033 (.057)	-.014 (.098)	.032 (.053)
Tobin's Q	3.31 (5.6)	2.98 (3.6)	1.51 (.8)	2.14 (1.5)	1.79 (1.0)	3.16 (7.5)	2.63 (3.1)
Dividends-to-sales	.0208 (.01926)	.0188 (.02062)	.0114 (.01138)	.0201 (.01260)	.0195 (.01328)	.0082 (.01205)	.0190 (.01821)
Leverage	.27 (.66)	.38 (1.3)	.29 (.17)	.21 (.17)	.29 (.23)	.32 (.40)	.33 (1.1)
Income gearing	-.16 (16.2)	.17 (.68)	.53 (.44)	-.72 (5.9)	.47 (.75)	.35 (.73)	.02 (2.8)

Table 3: Rumour Incidence

Note: Table 3 refers to data from 1989-96.

Table 3.1: Rumours and exit

Control Event	Number of Rumours			
	Observations	Median	Mean	Std. Dev.
Alive nontargets	3372	0	.18	1.3
Friendly acquires	103	0	.47	2.7
Lapsed friendly targets	5	0	0	0
Hostile acquires	31	0	2.23	4.8
Lapsed hostile targets	17	0	1.18	3.0
Bankruptcies	38	0	.08	.27
All bid targets	156	0	.88	3.3

Table 3.2: Rumours and company size

Rumours per year	Employment			
	Observations	Median	Mean	Std. Dev.
0	3823	1012	5548	15634
1	125	6335	16619	27687
2	51	4600	16072	26407
3	26	4564	19813	34140
>=4	75	17178	34566	36995

Table 3.3: Rumours and exit, for small and large firms

Small firms have below-median employment; Large firms have above-median employment. Median company employment in 1989-96 was 1112.

Table 3.3(a): Rumours and exit, for small firms

Control Event	Rumours			
	Observations	Median	Mean	Std. Dev.
Alive nontargets	1714	0	.03	.38
Friendly acquires	57	0	.09	.47
Lapsed friendly targets	2	0	0	0
Hostile acquires	11	0	0	0
Lapsed hostile targets	4	0	0	0
Bankruptcies	25	0	.08	.28
All bid targets	74	0	.07	.41

Table 3.3(b): Rumours and exit, for large firms

Control Event	Rumours			
	Observations	Median	Mean	Std. Dev.
Alive nontargets	1658	0	.33	1.8
Friendly acquires	46	0	.93	3.9
Lapsed friendly targets	3	0	0	0
Hostile acquires	20	1	3.5	5.6
Lapsed hostile targets	13	0	1.5	3.3
Bankruptcies	13	0	.07	.27
All bid targets	82		1.6	4.4

Table 4: Exit likelihood model: Takeover versus Bankruptcy

Multinomial logit regression.

Sample period is 1989-96. Number of observations = 4100.

Log Likelihood = -697.38. Likelihood Ratio Index=0.1431

Coefficients. $\chi^2(34) = 232.94$; P-Value= 0.0000.

Variable	Acquired Companies			Liquidations		
	Coefficient	Standard error	P-Value	Coefficient	Standard error	P-Value
Log Real Capital Stock	-.1064	.0655	0.10	-.0970	.1244	0.44
Return-on-Sales	-1.8343	1.2406	0.14	-5.3720	1.1289	0.002
Q	-.1249	.0464	0.005	-.1016	.0716	0.16
Sectoral Q	.0403	.0723	0.58	.0823	.1346	0.54
Leverage	.2541	.1676	0.12	.2449	.2306	0.30
Sectoral Leverage	.0111	.6495	0.98	.0194	1.0417	0.98
Income Gearing	.0015	.0058	0.84	.0829	.0742	0.28
Sectoral Income Gearing	-.0053	.0079	0.49	.0495	.2894	0.86
Takeover Rumours	1.7142	.5078	0.001	3.7951	1.6580	0.03
Rumour-Size Interaction	-.1351	.0674	0.05	-.5304	.2933	0.07
Age 1-5 Years Dummy	3.3536	.3665	0.000	4.3642	.4992	0.000
Age 6-9 Years Dummy	1.1909	.2450	0.00	1.6739	.4290	0.003

Marginal effects. $\chi^2(34) = 151.37$; P-Value= 0.0000.

Variable	Acquired Companies			Liquidations		
	Marginal effect	Standard error	P-Value	Marginal effect	Standard error	P-Value
Log Real Capital Stock	-.0023	.0014	0.10	-.0004	.0005	0.44
Return-on-Sales	-.0409	.0281	0.14	-.0227	.0073	0.002
Q	-.0028	.00099	0.005	-.00042	.00030	0.16
Sectoral Q	.0009	.0016	0.58	.0003	.0005	0.54
Leverage	.0057	.0037	0.12	.0010	.0009	0.30
Sectoral Leverage	.00025	.0146	0.98	.00008	.0044	0.98
Income Gearing	.000026	.00013	0.84	.00035	.00032	0.28
Sectoral Income Gearing	-.00012	.00018	0.49	.00021	.0012	0.86
Takeover Rumours	.0384	.0117	0.001	.0159	.0071	0.03
Rumour-Size Interaction	-.0030	.0015	0.05	-.0022	.0012	0.07
Age 1-5 Years Dummy	.0754	.0100	0.000	.0182	.0050	0.000
Age 6-9 Years Dummy	.0267	.0055	0.00	.0070	.0023	0.003

Notes:

1. Time dummies are included.
2. Industry dummies are insignificant and thus excluded.

3. Regressors scaled so that means lie on the unit interval. Marginal effects evaluated at means of variables.

Table 5: Takeover likelihood model: Failed versus successful

Multinomial logit regression.

Sample period is 1989-96. Number of observations = 4100.

Log Likelihood = -652.77. Likelihood Ratio Index = 0.1036

Coefficients. $\chi^2(34) = 150.82$; P-Value = 0.0000.

Variable	Acquired Companies			Targets of Lapsed Bids		
	Coefficient	Standard error	P-Value	Coefficient	Standard error	P-Value
Log Real Capital Stock	-.1334	.0647	0.04	.2934	.1423	0.06
Return-on-Sales	-1.4426	1.2346	0.24	-2.5333	2.9701	0.41
Q	-.1158	.0465	0.01	-.4761	.2271	0.005
Sectoral Q	.0409	.0728	0.57	.2182	.1645	0.22
Leverage	.2347	.1676	0.15	.6832	.5128	0.16
Sectoral Leverage	.0720	.6493	0.91	-.7644	1.489	0.60
Income Gearing	.0020	.0061	0.77	.1684	.1088	0.15
Sectoral Income Gearing	-.0100	.0082	0.21	.0137	.1111	0.89
Takeover Rumours	1.4478	.4979	0.005	2.1225	1.1420	0.09
Rumour-Size Interaction	-.1017	.0657	0.12	-.2035	.1396	0.16
Age 1-5 Years Dummy	2.7517	.3412	0.000	1.9916	1.1843	0.13

Marginal effects. $\chi^2(34) = 132.94$; P-Value = 0.0000.

Variable	Acquired Companies			Targets of Lapsed Bids		
	Marginal effect	Standard error	P-Value	Marginal effect	Standard error	P-Value
Log Real Capital Stock	-.0031	.0014	0.04	.00058	.00031	0.06
Return-on-Sales	-.0333	.0286	0.24	-.0049	.0060	0.41
Q	-.0026	.0010	0.01	-.00093	.00033	0.005
Sectoral Q	.0009	.0016	0.57	.00042	.00035	0.22
Leverage	.0054	.0038	0.15	.0013	.00095	0.16
Sectoral Leverage	.0017	.0150	0.91	-.0015	.0029	0.60
Income Gearing	.00004	.0001	0.77	.00033	.00023	0.15
Sectoral Income Gearing	-.0002	.0001	0.21	.00002	.0002	0.89
Takeover Rumours	.0334	.0117	0.005	.0041	.0024	0.09
Rumour-Size Interaction	-.0023	.0015	0.12	-.00039	.00028	0.16
Age 1-5 Years Dummy	.0637	.0093	0.000	.0037	.0025	0.13

Notes:

1. Time dummies are included.
2. Industry dummies are insignificant and thus excluded.
3. Regressors scaled so that means lie on the unit interval. Marginal effects evaluated at means of variables.
4. Model is poorly determined in the presence of Age 6-9 Years Dummy, so this variable is excluded.

Table 6: Takeover likelihood model: Friendly versus Hostile

Multinomial logit regression.

Sample period is 1989-96. Number of observations = 4100.

Log Likelihood = -577.6. Likelihood Ratio Index = 0.1283

Coefficients. χ^2 (34) = 170.09; P-Value= 0.0000.

Variable	Friendly Acquirees			Hostile Acquirees		
	Coefficient	Standard error	P-Value	Coefficient	Standard error	P-Value
Log Real Capital Stock	-.1509	.0759	0.04	.0907	.1285	0.46
Return-on-Sales	-1.3288	1.4109	0.34	-1.2090	2.6559	0.66
Q	-.1096	.0473	0.01	-.2882	.1557	0.03
Sectoral Q	.0624	.0793	0.42	-.0871	.1654	0.59
Leverage	.3016	.1597	0.05	-.7766	.9460	0.40
Sectoral Leverage	-.2647	.7494	0.72	1.0993	1.2956	0.40
Income Gearing	.0062	.0514	0.90	.0024	.0056	0.67
Sectoral Income Gearing	.0250	.0541	0.64	-.0176	.0087	0.05
Takeover Rumours	1.7670	.6930	0.01	2.1491	.8090	0.02
Rumour-Size Interaction	-.1718	.0972	0.08	-.1560	.0964	0.12
Age 1-5 Years Dummy	3.1745	.3634	0.00	2.1886	.8567	0.03
Age 6-9 Years Dummy	1.4350	.2586	0.00	-.8168	1.0486	0.41

Marginal effects. χ^2 (34) = 123.4; P-Value= 0.0000.

Variable	Friendly Acquirees			Hostile Acquirees		
	Marginal effect	Standard error	P-Value	Marginal effect	Standard error	P-Value
Log Real Capital Stock	-.0025	.0012	0.04	.0003	.0004	0.46
Return-on-Sales	-.0221	.0236	0.34	-.0038	.0087	0.66
Q	-.0018	.00076	0.01	-.00092	.00043	0.03
Sectoral Q	.0010	.0013	0.42	-.00028	.0005	0.59
Leverage	.0050	.0026	0.05	-.0025	.0030	0.40
Sectoral Leverage	-.0044	.0125	0.72	.0035	.0042	0.40
Income Gearing	.0001	.0008	0.90	.000007	.00001	0.67
Sectoral Income Gearing	.0004	.0008	0.64	-.000058	.000029	0.05
Takeover Rumours	.0294	.0117	0.01	.0068	.0029	0.02
Rumour-Size Interaction	-.0028	.0016	0.08	-.00049	.00032	0.12
Age 1-5 Years Dummy	.0529	.0078	0.00	.0068	.0032	0.03
Age 6-9 Years Dummy	.0240	.0045	0.00	-.0027	.0033	0.41

Notes:

1. Time dummies are included.
2. Industry dummies are insignificant and thus excluded.

3. Regressors scaled so that means lie on the unit interval. Marginal effects evaluated at means of variables.