Internet Appendix for "The Real Effects of Financial Markets: The Impact of Prices on Takeovers"

Tables IA1, 3, 4 and 6 are fully described in the main paper. Table IA2 revisits the relationship between $Discount$ and various measures of the returns to an acquisition ($AcquirerRET$, $Premium$ and $TotalRET$), studied in Section 4.1, but now controlling for other potential determinants of returns. To construct our list of control variables, we start with those shown by prior literature as affecting the premium (Schwert (1996), Betton and Eckbo (2000), Hsieh and Walkling (2005), Betton, Eckbo, and Thorburn (2009a), Betton, Eckbo, and Thorburn (2009b)). However, a number of these variables (e.g. the target's subsequent use of defensive tactics, or the deal's eventual success) are not known at the time of announcement. We therefore remove such variables and take a superset of ex-ante known controls used by prior research. The resulting superset contains: toehold, tender offer dummy, friendly/hostile dummy, collar dummy, percentage of stock financing, number of bidders, poison pill dummy, LBO dummy, and target size. We also add the industry concentration variable $HHISIC3$ (used in the main paper as a fundamental variable X) as it proxies for potential competition for the target. As in the main paper, we measure size using the sales rank, to avoid using a market valuation measure which would be highly correlated with the $Discount$ variable.

Panel A details the results of a univariate regression without controls; $Discount$ is significant in all three regressions ($AcquirerRET$, $Premium$ and $TotalRET$) and for all four measures of $Discount$. Panel B shows that, with controls, the relationship between $Discount$ and both $Premium$ and $TotalRET$ remains positive and significant. The coefficient in the $AcquirerRET$ regression remains positive, but is significant only in the $EV/Ebitda$ specification.

Table IA5 investigates the robustness of our results to the removal of merger waves. Panel A removes the aggregate merger waves of 1988-1989 and 1998-1999; these are the peak years in Figure 1. In Panel B, we remove industry merger waves, which are observations in a given industry-year where takeover activity is at or above the 90th percentile of the full sample or higher, which corresponds to a takeover rate of 10.5%. The results are little changed.

Table IA1. Determinants of Discount and Takeover without Feedback, Adding Governance

This table reports the results from estimating equations (4) and (5) separately. The dependent variable in Panel A is *Discount* and that in Panel B is *Takeover*. The specification is identical to Table 2 except with the *Governance* variable (as measured by the Gompers, Ishii and Metrick (2003) *Gindex* or the Bebchuk, Cohen and Ferrell (2009) *Eindex*) added as an additional regressor, separating out the poison pill dummy (*PoisonPill*). Year fixed effects are used in all specifications, but unreported. All standard errors are adjusted for heteroskedasticity and correlation double-clustered at the year and the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels.

Panel A: Determinants of Takeover

Discount	Governance = Gindex				Governance = Eindex			
	Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm
Discount	0.0211***	0.0064***	0.0043	0.0004	0.0279***	0.0107***	0.0083**	0.0051
	[7.52]	[2.81]	[1.57]	[0.15]	[7.80]	[3.70]	[2.24]	[1.59]
SalesRank	0.0019	-0.0003	0.0051	0.0064	0.0035	-0.0001	0.0039	0.0063
	[0.25]	[-0.04]	[0.60]	[0.76]	[0.35]	[-0.01]	[0.34]	[0.56]
R&D	-0.0044**	-0.0041**	0.0126	0.0102	-0.0046**	-0.0043**	0.0136	0.0142
	[-2.47]	[-2.36]	[0.86]	[0.70]	[-2.29]	[-2.20]	[0.74]	[0.79]
ATO	-0.0022	-0.0030**	-0.0040**	-0.0038**	-0.0031	-0.0041**	-0.0053**	-0.0047**
	[-1.46]	[-2.01]	[-2.55]	[-2.44]	[-1.56]	[-2.01]	[-2.40]	[-2.14]
MktShr	-0.0127	-0.0160*	-0.0152*	-0.0154*	-0.0225*	-0.0265**	-0.0283**	-0.0284**
	[-1.43]	[-1.76]	[-1.64]	[-1.67]	[-1.77]	[-2.03]	[-2.13]	[-2.12]
Growth	-0.0026	-0.0040	-0.0078*	-0.0081**	-0.0028	-0.0045	-0.0111*	-0.0113*
	[-1.04]	[-1.52]	[-1.90]	[-1.97]	[-0.83]	[-1.26]	[-1.79]	[-1.83]
BetaAsset	-0.0094***	-0.0152***	-0.0129***	-0.0131***	-0.0105**	-0.0186***	-0.0150***	-0.0159***
	[-2.97]	[-4.71]	[-3.84]	[-3.90]	[-2.55]	[-4.44]	[-3.40]	[-3.59]
Leverage	0.0041	0.0043	0.0073*	0.0073*	0.0055	0.0052	0.0109*	0.0103*
	[1.02]	[1.06]	[1.68]	[1.68]	[1.03]	[0.96]	[1.87]	[1.76]
Payout	0.0018*	0.0021**	0.0018*	0.0017*	0.0025**	0.0030**	0.0023*	0.0023*
	[1.76]	[2.02]	[1.70]	[1.65]	[2.02]	[2.29]	[1.72]	[1.70]
HHIFirm	0.0137***	0.0134***	0.0102**	0.0103**	0.0136***	0.0139***	0.0096*	0.0099*
	[3.45]	[3.31]	[2.52]	[2.53]	[2.58]	[2.59]	[1.76]	[1.81]
Inst	0.0096*	0.0096*	0.0085	0.0088	0.0119*	0.0116	0.0106	0.0110
	[1.80]	[1.77]	[1.52]	[1.59]	[1.70]	[1.62]	[1.41]	[1.46]
HHISIC3	0.0018	0.0006	0.0004	-0.0003	0.0072	0.0038	0.0052	0.0033
	[0.19]	[0.06]	[0.04]	[-0.03]	[0.56]	[0.29]	[0.38]	[0.24]
Amihud	0.0047	0.0055*	0.0068*	0.0070**	0.0098***	0.0105***	0.0130***	0.0133***
	[1.49]	[1.80]	[1.95]	[2.03]	[2.59]	[2.81]	[3.05]	[3.12]
Governance	0.0009**	0.0008*	0.0005	0.0005	-0.0006	-0.0006	-0.0006	-0.0006
	[2.03]	[1.93]	[1.16]	[1.16]	[-0.49]	[-0.50]	[-0.48]	[-0.50]
PoisonPill	0.0013	0.0018	0.0026	0.0028	0.0026	0.0030	0.0024	0.0025
	[0.58]	[0.79]	[1.10]	[1.17]	[0.82]	[0.92]	[0.70]	[0.74]
All-sample frequency	3.87%	3.87%	3.75%	3.75%	4.48%	4.48%	4.39%	4.39%
# Observations	36,491	36,491	33,793	33,793	24,131	24,131	22,133	22,133
Pseudo R^2	0.044	0.039	0.040	0.040	0.043	0.036	0.038	0.038

Panel B: Determinants of Discount

Discount	Governance = Gindex				Governance = Eindex			
	Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm
Governance	0.0007	0.0039*	0.0001	0.0049**	0.0073	0.0206***	0.0063	0.0193***
	[0.29]	[1.68]	[0.06]	[2.30]	[1.06]	[3.15]	[1.15]	[3.25]
PoisonPill	0.0500***	0.0653***	0.0444***	0.0387***	0.0336*	0.0321**	0.0274**	0.0059
	[3.84]	[4.93]	[3.79]	[3.30]	[1.89]	[1.97]	[2.00]	[0.42]
SalesRank	-0.0238	0.0697	0.3525***	0.0930	-0.1191**	-0.0665	0.3051***	-0.0029
	[-0.41]	[1.09]	[6.30]	[1.30]	[-2.06]	[-1.14]	[4.94]	[-0.04]
R&D	0.0153**	-0.0006	-0.5932***	-1.2589***	0.0072	-0.0059	-0.7106***	-1.2661***
	[2.34]	[-0.08]	[-3.36]	[-8.57]	[1.16]	[-0.74]	[-3.85]	[-7.62]
ATO	-0.0734***	-0.0510***	0.0322***	-0.0582***	-0.0701***	-0.0507***	0.0304***	-0.0631***
	[-7.20]	[-5.49]	[3.49]	[-5.71]	[-5.99]	[-4.39]	[3.01]	[-5.35]
MktShr	-0.1815***	-0.1623***	-0.0676*	-0.0723**	-0.2106***	-0.2391***	-0.0610	-0.0807**
	[-3.66]	[-3.13]	[-1.80]	[-2.01]	[-3.30]	[-3.62]	[-1.37]	[-1.99]
Growth	-0.0690***	-0.0352***	-0.0656***	-0.0588***	-0.0692***	-0.0403***	-0.0787***	-0.0736***
	[-6.51]	[-3.22]	[-3.54]	[-2.96]	[-5.51]	[-2.80]	[-3.47]	[-3.05]
BetaAsset	-0.2097***	0.1425***	-0.0429**	0.0760***	-0.2176***	0.1327***	-0.0576***	0.0692***
	[-11.14]	[7.61]	[-2.46]	[3.52]	[-9.54]	[5.42]	[-2.82]	[2.63]
Leverage	0.0991***	0.2322***	0.0107	0.0943***	0.1099***	0.2654***	0.0291	0.1555***
	[2.90]	[6.34]	[0.40]	[2.78]	[2.64]	[5.97]	[0.93]	[4.30]
Payout	0.0139***	-0.0039	-0.0201***	-0.0221***	0.0146**	-0.0020	-0.0113**	-0.0127*
	[3.20]	[-0.67]	[-3.78]	[-3.68]	[2.50]	[-0.25]	[-2.02]	[-1.92]
HHIFirm	-0.0990***	-0.1616***	0.0068	-0.0410**	-0.0753***	-0.1597***	0.0148	-0.0356*
	[-4.56]	[-7.74]	[0.39]	[-2.17]	[-3.20]	[-6.64]	[0.80]	[-1.85]
Inst	-0.0362	-0.0570	0.0732***	-0.0049	-0.0340	-0.0119	0.0645**	0.0293
	[-1.10]	[-1.23]	[3.19]	[-0.10]	[-0.86]	[-0.28]	[2.43]	[0.99]
HHISIC3	-0.0542	0.0115	-0.1225**	0.0114	-0.0904	0.0837	-0.1943***	0.0202
	[-1.03]	[0.22]	[-2.53]	[0.28]	[-1.30]	[1.31]	[-3.70]	[0.42]
Amihud	0.1203***	0.1418***	0.0725***	0.0591**	0.0989***	0.0991***	0.0588**	0.0251
	[5.43]	[5.30]	[3.56]	[2.40]	[3.41]	[3.24]	[2.46]	[0.88]
MFFlow	-0.0133	-0.0301***	-0.0105	-0.0244***	-0.0228**	-0.0393***	-0.0161	-0.0291***
	[-1.37]	[-2.66]	[-1.22]	[-2.68]	[-2.23]	[-3.16]	[-1.62]	[-2.78]
Constant	0.6072***	0.1248*	0.0270	0.1626*	0.6649***	0.1636***	0.0914*	0.1824**
	[10.13]	[1.69]	[0.50]	[1.82]	[9.95]	[2.65]	[1.65]	[2.39]
# Observations	36,491	36,491	33,793	33,793	24,131	24,131	22,133	22,133
R^2	0.125	0.112	0.072	0.138	0.124	0.097	0.084	0.129

Table IA2. Relationship between Discount and Returns to Acquirer and Target

This table examines the relation between *Discount* and returns to targets (columns (1) to (4)), returns to the acquirer (columns (5) - (8)), and the total returns of targets and acquirers (columns (9) - (12)). Panel A reports results from univariate regressions and Panel B reports those from multivariate regressions. Control variables are as defined as in the Internet Appendix. All regressions include year dummies. Standard errors are robust to heteroskedasticity. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels.

Panel A: Univariate Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Target Premium				Acquirer Return				Total Return		
Discount	Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Discount	0.0817***	0.0605***	0.0669***	0.0670***	0.0056*	0.0076***	0.0068**	0.0114***	0.0946***	0.0755***	0.0753***	0.0846***
	[6.05]	[5.12]	[5.91]	[6.11]	[1.66]	[2.61]	[2.23]	[3.93]	[5.07]	[4.60]	[4.57]	[5.25]
# Observations	7,955	7,958	6,484	6,486	4,117	4,118	3,283	3,284	3,971	3,972	3,213	3,214
R^2	0.041	0.039	0.046	0.046	0.021	0.022	0.024	0.028	0.037	0.035	0.038	0.040

Panel B: Multivariate Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Target	Premium			Acquirer	Return			Total	Return	
Discount	Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm
Discount	0.0805***	0.0568***	0.0634***	0.0627***	0.0013	0.0042	0.0053*	0.0085***	0.0767***	0.0595***	0.0702***	0.0717***
	[5.95]	[4.79]	[5.68]	[5.75]	[0.40]	[1.46]	[1.80]	[3.03]	[4.14]	[3.63]	[4.34]	[4.54]
Toehold	-0.0020***	-0.0020***	-0.0020***	-0.0020***	0.0002*	0.0002*	0.0002	0.0002	-0.0023***	-0.0024***	-0.0016**	-0.0016**
	[-5.21]	[-5.15]	[-5.13]	[-5.05]	[1.73]	[1.71]	[1.10]	[1.11]	[-3.21]	[-3.21]	[-2.00]	[-2.03]
TenderOffer	0.1919***	0.1908***	0.1716***	0.1719***	0.0016	0.0014	0.0010	0.0010	0.1333***	0.1323***	0.1283***	0.1288***
	[16.99]	[16.85]	[15.31]	[15.32]	[0.60]	[0.51]	[0.37]	[0.35]	[8.05]	[7.97]	[7.83]	[7.86]
Hostile	-0.0378***	-0.0381***	-0.0368***	-0.0370***	0.0031	0.0029	0.0055	0.0053	-0.0859***	-0.0868***	-0.0808***	-0.0806***
	[-2.92]	[-2.94]	[-2.83]	[-2.84]	[0.73]	[0.70]	[1.27]	[1.23]	[-3.98]	[-4.02]	[-3.77]	[-3.77]
Collar	0.0973***	0.0966***	0.0737***	0.0726***	0.0049	0.0048	0.0080	0.0076	0.0870***	0.0864***	0.0780***	0.0767***
	[3.69]	[3.68]	[2.88]	[2.83]	[0.89]	[0.88]	[1.40]	[1.33]	[3.08]	[3.07]	[2.83]	[2.77]
%Stock	0.0001	0.0001	0.0001	0.0001	-0.0003***	-0.0003***	-0.0003***	-0.0003***	-0.0008***	-0.0009***	-0.0008***	-0.0008***
	[1.01]	[0.69]	[0.58]	[0.70]	[-9.92]	[-9.88]	[-9.96]	[-9.88]	[-4.62]	[-4.79]	[-4.38]	[-4.26]
#Bidders	0.0083	0.0090	0.0261***	0.0253***	-0.0015	-0.0015	-0.0048	-0.0049	0.0070	0.0074	0.0165	0.0152
	[0.88]	[0.97]	[2.78]	[2.69]	[-0.45]	[-0.44]	[-1.58]	[-1.60]	[0.41]	[0.44]	[0.94]	[0.86]
HHISIC3	0.0290	0.0246	0.0370	0.0331	0.0167*	0.0168*	0.0189**	0.0186*	-0.0041	-0.0073	0.0076	0.0044
	[1.04]	[0.88]	[1.25]	[1.12]	[1.89]	[1.90]	[1.97]	[1.94]	[-0.09]	[-0.15]	[0.15]	[0.09]
PoisonPill	-0.0363	-0.0398*	-0.0370	-0.0384*	-0.0151**	-0.0149*	-0.0150*	-0.0150*	-0.0077	-0.0098	-0.0257	-0.0265
	[-1.53]	[-1.68]	[-1.62]	[-1.68]	[-1.97]	[-1.95]	[-1.93]	[-1.94]	[-0.22]	[-0.28]	[-0.75]	[-0.77]
LBO	-0.0160	-0.0160	-0.0265**	-0.0261**	0.0339**	0.0339**	0.0334**	0.0331**	0.0611	0.0587	0.0637	0.0630
	[-1.45]	[-1.44]	[-2.33]	[-2.30]	[2.34]	[2.33]	[2.21]	[2.20]	[1.22]	[1.18]	[1.30]	[1.29]
SalesRank	0.0134	0.0194	-0.0281	-0.0028	-0.0169***	-0.0162***	-0.0144**	-0.0118**	-0.0469*	-0.0416	-0.0867***	-0.0586*
	[0.72]	[1.03]	[-1.36]	[-0.13]	[-3.42]	[-3.27]	[-2.58]	[-2.13]	[-1.73]	[-1.52]	[-2.85]	[-1.93]
Observations	7,955	7,958	6,484	6,486	4,117	4,118	3,283	3,284	3,971	3,972	3,213	3,214
R-squared	0.080	0.078	0.088	0.088	0.057	0.058	0.069	0.071	0.069	0.068	0.076	0.077

Table IA3: Correlations of Discount Estimates with varying Quantile Restrictions

This table reports the correlations between the Discount estimates using different quantile restrictions. $\alpha = \{0.3, 0.2, 0.1\}$ indicates that the *Discount* estimates are obtained through quantile regression with the assumption *Quantile$_{1-\alpha}(\varepsilon)=0$*.

Industry-Specific Frontier

Quantile restrictions:	Valuation measure = Q			Valuation measure = EV/Ebitda		
	$\alpha = 0.3$	$\alpha = 0.2$	$\alpha = 0.1$	$\alpha = 0.3$	$\alpha = 0.2$	$\alpha = 0.1$
Q($\alpha = 0.3$)	1.00					
Q($\alpha = 0.2$)	0.98	1.00				
Q($\alpha = 0.1$)	0.93	0.97	1.00			
EV/Ebitda($\alpha = 0.3$)	0.32	0.33	0.31	1.00		
EV/Ebitda($\alpha = 0.2$)	0.30	0.31	0.31	0.98	1.00	
EV/Ebitda($\alpha = 0.1$)	0.26	0.28	0.29	0.89	0.95	1.00

Firm-Specific Frontier

Quantile restrictions:	Valuation measure = Q			Valuation measure = EV/Ebitda		
	$\alpha = 0.3$	$\alpha = 0.2$	$\alpha = 0.1$	$\alpha = 0.3$	$\alpha = 0.2$	$\alpha = 0.1$
Q($\alpha = 0.3$)	1.00					
Q($\alpha = 0.2$)	1.00	1.00				
Q($\alpha = 0.1$)	0.98	0.99	1.00			
EV/Ebitda($\alpha = 0.3$)	0.28	0.27	0.26	1.00		
EV/Ebitda($\alpha = 0.2$)	0.29	0.29	0.28	0.99	1.00	
EV/Ebitda($\alpha = 0.1$)	0.30	0.30	0.31	0.94	0.97	1.00

Table IA4: Removing Firms Close To Cut-Offs

This table repeats the analysis of Table 3 (estimating the effect of *Discount* on *Takeover* with feedback) excluding firms within 2.5% of the tercile cutoffs. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels.

Discount	Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm
Discount	1.4622***	1.0907***	1.7241***	1.3743***
	[4.29]	[3.64]	[5.64]	[4.26]
SalesRank	-0.3327**	-0.0198	-0.6256***	0.0988
	[-2.42]	[-0.26]	[-5.15]	[1.36]
R&D	-0.0051	0.0183	1.4351***	2.0692***
	[-0.62]	[1.44]	[6.19]	[4.82]
ATO	0.1080***	0.0831***	-0.0572***	0.0582***
	[4.58]	[3.93]	[-3.15]	[3.52]
MktShr	0.0937	-0.0625	-0.0421	-0.1565
	[0.70]	[-0.55]	[-0.42]	[-1.61]
Growth	0.0743***	0.0288**	0.1237***	0.0926***
	[3.83]	[2.39]	[4.82]	[3.57]
BetaAsset	0.2521***	-0.1466***	0.0303	-0.1367***
	[2.71]	[-5.86]	[0.72]	[-5.08]
Leverage	0.1196***	0.0190	0.1936***	0.1186***
	[3.06]	[0.62]	[5.35]	[3.08]
Payout	-0.0203	-0.0004	0.0462***	0.0330***
	[-1.53]	[-0.03]	[3.99]	[2.73]
HHIFirm	0.2490***	0.3174***	0.1356***	0.2510***
	[5.99]	[6.38]	[3.06]	[5.73]
Inst	0.1632***	0.1578***	-0.0295	0.0857
	[2.93]	[2.70]	[-0.57]	[1.59]
HHISIC3	0.0828	0.0010	0.1326*	0.0631
	[1.01]	[0.01]	[1.67]	[0.81]
Amihud	-0.1295***	-0.1007***	-0.0540***	-0.0452***
	[-4.19]	[-3.61]	[-4.15]	[-3.29]
Constant	-2.0997***	-1.8529***	-1.1801***	-1.8566***
	[-34.50]	[-29.43]	[-4.75]	[-24.83]
All-sample frequency	6.01%	6.01%	6.16%	6.16%
Observations	54,684	54,688	40,905	40,907
Pseudo R-squared	0.021	0.016	0.019	0.018
Exogeneity tests				
Wald statistic	7.09	7.47	7.96	8.40
p-value	0.01	0.01	0.00	0.00

Table IA5. Effect of Discount on Takeover with Feedback, Removing Merger Waves

This table repeats the analysis in Table 3, except that merger waves are removed. Columns (1) to (4) remove data during the aggregate merger waves of 1988-89 and 1998-99. Columns (5) to (8) remove data during industry merger waves, which are all industry-year pairings where takeover activity was above the 90th percentile for the full sample, which corresponds to a takeover annual frequency of 10.5%. Year dummies are used in all specifications. All standard errors are adjusted for heteroskedasticity and correlation clustered at the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Discount	Discount(Q)		Discount(EV/Ebitda)		Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm	Industry	Firm	Industry	Firm
Discount	1.4741***	1.0397**	1.6883***	1.0567**	1.2474***	0.8756***	1.4104***	1.1088***
	[2.78]	[2.27]	[2.99]	[2.01]	[3.40]	[2.72]	[3.61]	[3.11]
SalesRank	-0.3057*	-0.0175	-0.6394***	0.0232	-0.1518	0.0961	-0.4451***	0.1290**
	[-1.65]	[-0.20]	[-3.02]	[0.38]	[-1.17]	[1.35]	[-2.86]	[2.03]
R&D	-0.0109	0.0115	1.1591***	1.4107*	-0.0090	0.0080	1.2510***	1.7567***
	[-1.07]	[0.63]	[2.70]	[1.92]	[-1.02]	[0.56]	[4.57]	[3.63]
ATO	0.1042***	0.0719**	-0.0647***	0.0417*	0.0627**	0.0339	-0.0884***	0.0092
	[2.86]	[2.39]	[-2.60]	[1.81]	[2.24]	[1.44]	[-4.78]	[0.49]
MktShr	0.0798	-0.1129	-0.1096	-0.2361***	-1.4351***	-1.7403***	-1.3286***	-1.5675***
	[0.44]	[-0.92]	[-0.84]	[-2.59]	[-4.73]	[-6.81]	[-4.07]	[-6.20]
Growth	0.0660**	0.0130	0.1100**	0.0574	0.0602***	0.0176	0.0864**	0.0616**
	[2.06]	[0.81]	[2.41]	[1.48]	[2.66]	[1.31]	[2.52]	[1.98]
BetaAsset	0.2007	-0.2114***	-0.0008	-0.1602***	0.2177**	-0.1113***	0.0273	-0.0932***
	[1.43]	[-7.08]	[-0.01]	[-6.64]	[2.47]	[-4.22]	[0.72]	[-3.89]
Leverage	0.1076**	0.0040	0.1888***	0.1206***	0.0402	-0.0483*	0.1285***	0.0597*
	[2.31]	[0.15]	[5.73]	[3.68]	[1.10]	[-1.80]	[3.40]	[1.79]
Payout	-0.0327**	-0.0121	0.0384**	0.0194	-0.0238*	-0.0078	0.0354***	0.0247**
	[-2.29]	[-1.16]	[2.31]	[1.33]	[-1.84]	[-0.70]	[2.82]	[2.12]
HHIFirm	0.3093***	0.3833***	0.1522**	0.2638***	0.2287***	0.2756***	0.1138***	0.2030***
	[8.93]	[6.77]	[2.34]	[6.84]	[6.19]	[5.29]	[2.89]	[4.88]
Inst	0.1816***	0.1843**	-0.0009	0.1206**	0.1941***	0.1797***	0.0378	0.1691***
	[2.89]	[2.50]	[-0.02]	[2.20]	[3.88]	[3.15]	[0.77]	[3.32]

HHISIC3	0.0149	-0.0545	0.1032	-0.0257	-0.6037***	-0.6795***	-0.4093***	-0.5442***
	[0.18]	[-0.83]	[0.99]	[-0.33]	[-5.60]	[-8.07]	[-2.80]	[-5.16]
Amihud	-0.1360***	-0.1054***	-0.0667***	-0.0546***	-0.0951***	-0.0727**	-0.0358**	-0.0285**
	[-3.15]	[-2.71]	[-5.06]	[-3.36]	[-2.91]	[-2.46]	[-2.54]	[-2.06]
Constant	-2.1307***	-1.8597***	-1.2061***	-1.8309***	-2.0981***	-1.8381***	-1.4093***	-1.9476***
	[-36.73]	[-36.91]	[-3.20]	[-23.36]	[-31.69]	[-31.93]	[-7.99]	[-26.38]
All-sample frequency	5.73%	5.73%	5.79%	5.79%	4.73%	4.73%	4.73%	4.73%
# Observations	83,391	83,396	66,079	66,081	89,481	89,486	69,867	69,870
Pseudo R^2	0.021	0.016	0.019	0.018	0.033	0.028	0.033	0.032
Exogeneity tests								
Wald statistic	3.05	3.00	2.60	2.47	5.19	4.67	5.58	5.76
p-value	0.08	0.08	0.11	0.12	0.02	0.03	0.02	0.02

Table IA6. Effect of Discount on Takeover with Feedback, Completed Deals Only

This table repeats the analysis in Table 3, except that *Takeover* is now a dummy variable that equals 1 if a firm receives a takeover attempt that is ultimately completed. All standard errors are adjusted for heteroskedasticity and correlation clustered at the firm level. Year dummies are included in all specifications. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels.

	(1)	(2)	(3)	(4)
Discount	Discount(Q)		Discount(EV/Ebitda)	
Frontier	Industry	Firm	Industry	Firm
Discount	1.2292***	0.8833***	1.3406***	0.9498***
	[3.53]	[3.08]	[3.21]	[2.73]
SalesRank	-0.2398**	0.0035	-0.4871***	0.0466
	[-2.09]	[0.06]	[-3.26]	[0.75]
R&D	-0.0132	0.0053	1.0665***	1.4045***
	[-1.46]	[0.40]	[3.42]	[2.89]
ATO	0.0801***	0.0543***	-0.0644***	0.0259
	[3.22]	[2.66]	[-3.18]	[1.56]
MktShr	0.0440	-0.1155	-0.1465	-0.2271***
	[0.35]	[-1.20]	[-1.58]	[-2.82]
Growth	0.0580***	0.0161	0.0838**	0.0540*
	[2.75]	[1.37]	[2.48]	[1.90]
BetaAsset	0.1857**	-0.1513***	-0.0058	-0.1268***
	[2.12]	[-6.32]	[-0.13]	[-5.65]
Leverage	0.0885***	0.0035	0.1828***	0.1204***
	[2.84]	[0.14]	[5.52]	[3.98]
Payout	-0.0247**	-0.0093	0.0307**	0.0176
	[-2.21]	[-1.00]	[2.37]	[1.60]
HHIFirm	0.2710***	0.3240***	0.1558***	0.2313***
	[8.25]	[7.23]	[4.09]	[6.24]
Inst	0.2515***	0.2352***	0.0714	0.1664***
	[5.69]	[4.64]	[1.43]	[3.84]
HHISIC3	-0.0314	-0.0911	0.0800	-0.0226
	[-0.49]	[-1.62]	[0.97]	[-0.34]
Amihud	-0.1180***	-0.0940***	-0.0561***	-0.0494***
	[-4.01]	[-3.67]	[-4.62]	[-3.95]
Constant	-2.1925***	-1.9227***	-1.4706***	-1.9062***
	[-35.94]	[-38.25]	[-8.31]	[-26.32]
All-sample frequency	5.73%	5.73%	5.79%	5.79%
# Observations	99,680	99,685	78,723	78,726
Pseudo R^2	0.021	0.016	0.019	0.018
Exogeneity tests				
Wald statistic	5.59	5.92	4.91	4.98
p-value	0.018	0.015	0.005	0.0257