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Valuing the Process of Corporate Restructuring

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Valuing the Process of Corporate Restructuring

Abstract

We study the process of corporate restructuring for a sample of 298 firms during the 1989-98 period that announce that they are considering restructuring alternatives. We find that restructuring is a lengthy process, with the majority of the restructuring period occurring prior to any definitive proposals for corporate change. Only 70 percent of the firms that initially propose restructuring later make a definitive proposal to sell either all or part of the firm, with other firms taking themselves out of play or declaring bankruptcy. Hence, the market reaction to the initial restructuring announcement underestimates the full wealth effects of completed restructurings. The estimate of the full value of restructuring across the sample firms averages 7.5 percent, with the greatest gains of 30 percent accruing to firms that are acquired. The average gain for the full restructuring period for firms divesting a unit is 5 percent, which is roughly double that estimated for the initial announcement in prior studies of corporate divestitures.

Valuing the Process of Corporate Restructuring

1. Introduction

In this paper, we provide new estimates of the value of corporate restructuring. Our main contribution is to value the complete process of corporate restructuring on an ex-ante basis, rather than on an ex-post basis as is done in most event studies. We study 298 firms from the 1989-1998 period that announce that they are considering restructuring alternatives. We then track the nature and effect of subsequent restructuring decisions. Our experimental design enables a more accurate estimate of the wealth gains from restructuring. Our procedure also better captures the process of corporate restructuring by including failed restructuring attempts; indeed, as we report below, 30 percent of the firms that initially contemplate restructuring fail to follow-up with a definitive restructuring action.

Our sampling procedure and estimation method differ from the standard analysis of corporate restructuring decisions. In the typical event study, a data set of completed transactions of a particular type (e.g., spinoff, carveout, <u>or</u> acquisition) is gathered from sources such as SEC documents, financial publications such as *Mergers and Acquisitions*, or vendors such as Securities Data Corporation. Media sources such as the *Wall Street Journal* and Lexis/Nexis are then used to determine the initial public announcement date of the particular event. The wealth effects of the particular restructuring event are then estimated by computing abnormal returns around the initial announcement date.[1]

[1] See Appendix A for selected event studies of corporate restructuring. For a survey of past work and for recent evidence from the 1990s, see Andrade, Mitchell & Stafford (2001) and Mulherin & Boone (2000).

As noted by Fama (1991), the pinpointing of event studies on narrow windows around the initial announcement has many methodological benefits. In particular, the standard event-study procedure attenuates the joint-hypothesis problem, as the results from narrow windows are much less sensitive to a particular asset-pricing model. (See, also, Mitchell & Stafford (2000).)

Although offering methodological purity, the typical event study does not provide a complete picture of corporate restructuring. For one, many formal restructuring decisions are partially anticipated (Malatesta & Thompson (1985)). Moreover, because not all proposed restructurings come to fruition, the initial price reaction to the announcement underestimates the wealth effects of completed corporate actions. More generally, the emphasis on the initial announcement date underplays the complexities of the corporate restructuring process.

The incomplete nature of the typical event study has been noted in a few empirical studies of particular restructuring events. In their study of spinoffs, Copeland, Lemgruber & Mayers (1987) find that a non-trivial fraction of proposed spinoffs are not completed. For their sample, they document that the abnormal return at the announcement date underestimates the full wealth effects for the completed spinoffs and that the news of the cancelled spinoffs causes a downward wealth revision (although the small sample size affects the statistical significance of the estimates). In their study of successful and unsuccessful asset sales, Hite, Owers & Rogers (1987) find that unsuccessful asset sales give up their initial wealth gains. Both of these studies, however, only focus on a particular restructuring event and thereby do not capture the full richness of the corporate restructuring process.

Determining the full valuation of corporate restructuring is quite important for distinguishing theories in corporate finance. A prime example is provided in Bradley, Desai & Kim (1983). They address why targets in unsuccessful acquisitions experience abnormal wealth gains. Their finding that the wealth gains are contingent on a subsequent successful acquisition is supportive of a synergy explanation rather than an information rationale.

In this paper, we analyze the full value of corporate restructuring. Our underlying premise is that corporate restructuring is a lengthy process whereby companies sequentially (1) make a general decision to restructure, (2) adopt a particular restructuring strategy, and (3) decide whether to complete the chosen strategy. Rather than focus analysis on completed restructurings of a particular type, we instead begin with a set of firms that announce that they are considering restructuring. We provide evidence on the length of time entailed by each component of the restructuring sequence. We confirm that restructuring is a lengthy process. Indeed, we find that the majority of the restructuring period occurs prior to the announcement of any formal restructuring decision.

We then estimate the wealth effects of each stage of the restructuring process, allowing us to better gauge the valuation effects of corporate restructuring. Our experimental design remains true to the standard event study procedure by performing estimates around narrow periods surrounding key restructuring dates. Because our sample includes a variety of restructuring outcomes, we can better distinguish the source of wealth gains from restructuring.

Our research is in the spirit of the conditional event study literature (see, e.g., Eckbo, Maksimovic & Williams (1990)) which notes that the market reaction to any announcement only captures the surprise content of the announcement. By studying both broad and specific proposals to restructure, our estimation method more fully captures the total value of the restructuring process. Moreover, our experimental design follows the approach suggested by Prabhala (1997) by comparing firms that actually undergo restructuring with those that choose not to restructure.

Our multi-stage analysis of restructuring decisions is also pertinent to policy debates regarding the source of price movements prior to formal restructuring announcements. As discussed by Jarrell & Poulsen (1989) and Schwert (1996), a concern of securities regulators is that the price run-up prior to restructuring proposals such as mergers may reflect insider trading. Our analysis suggests, by contrast, that much of the price appreciation prior to a formal restructuring proposal stems from initial, tentative statements that a firm is considering restructuring.

The following section describes the creation of the sample. Section 3 reports information on the length of the restructuring period for the sample firms. Section 4 reports the estimates of the wealth effects at the various stages of the restructuring process. The final section offers a summary and concluding comments that include directions for future research.

2. Sample Description

Our interest is to study a sample of firms that announced that they are considering restructuring and then to determine the nature and extent to which actual restructuring occurs. The analysis includes firms that consider the sale of the entire corporation as well as firms that consider the possible restructuring of a specific division. Our study consists of firms making initial announcements in the ten-year period from 1989 to 1998. The ending year of 1998 enables some time for restructuring to occur after the initial announcement.

To form our sample, we employ keyword searches on Lexis/Nexis and manual searches of the *Wall Street Journal Index*. On Lexis/Nexis, we focus on firms that announced that they were evaluating "strategic options" or "strategic alternatives." In the *Wall Street Journal Index*, we search the "Divestiture" section for firms that announced that they were considering restructuring. After our initial search, we eliminate privately-held entities and non-U.S. firms by requiring that the firm's common stock be listed in the Daily Stock Price Record at the time of the initial announcement.

These searches produced a sample of 298 firms from the 1989-1998 period. Within this full sample, 132 (44 percent) of the firms were listed on the NYSE at the time of the initial announcement, 140 (47 percent) were listed on NASDAQ, and 26 (9 percent) were listed on the AMEX.

Table 1 describes the content of the initial announcements of the 298 sample firms. The initial announcements can be grouped into four mutually exclusive categories. Thirty-three of the firms (11 percent) announced that they were considering restructuring after a prior control or governance activity such as an uncompleted merger or a proxy contest. Ninety-seven firms (33 percent) announced that the potential restructuring included the possible sale of the entire corporation. Seventy-five firms (25 percent) made a broad statement that they were considering a general restructuring. Finally, ninety-three firms (31 percent) announced that they were evaluating the restructuring of a particular division. Appendix B provides a specific example of each of these four categories of initial restructuring announcements.

Table 2 reports the distribution of the initial announcements across the 1989-1998 period. Given the 298 sample firms in the ten-year period, there are roughly 30 observations per year. The annual number of observations ranges from 20 in 1989 to 52 in 1998.

For each of the sample firms, we track whether they actually do restructure in the period following the initial announcement. We determine whether they (a) reach an intermediate stage of a formal agreement to sell all or part of the firm and (b) complete the planned restructuring.

Table 3 reports the distribution of the sample based on whether the firms reach an intermediate agreement to sell all or part of the firm. Eighty-nine firms (29.9 percent) that initially announce a potential restructuring do not make an intermediate announcement of a restructuring agreement. Ninety-seven of the firms (32.6 percent) make an intermediate announcement that they have received a formal acquisition offer. One hundred twelve firms (37.6 percent) announce that they have reached an agreement to sell a specific division. In total, 70 percent of the sample firms that initially announce that they are considering restructuring later announce an actual restructuring proposal. Appendix B provides a specific example of each of these three categories of intermediate restructuring announcements.

Table 4 reports the distribution of the sample based on the completion of restructuring. Thirty-four (11.4 percent) of the sample firms that initially announce that they are considering restructuring make no subsequent announcement pertinent to the restructuring. Thirty-six firms (12.1 percent) announce the completion of the potential restructuring by announcing that they are no longer for sale. Fifteen firms (5 percent) announce an unsuccessful restructuring, defined as cancelled agreements to sell all or part of the firm: twelve entail withdrawn takeovers and three entail withdrawn divestitures. Eighty-five firms (28.5 percent) are acquired. One hundred nine firms (36.6 percent) engage in a divestiture.[2] Finally, nineteen firms (6.4 percent) file for Chapter 11 bankruptcy. Appendix B provides a specific example of each of these six categories of completion announcement.[3]

As a final general characterization of the sample, Table 5 reports the interaction of the Initial Announcement category with the Event Completion category. Panel A reports the number of observations in each cross category. Virtually all of the cells are non-zero, indicating substantial breadth in the intersection between the Initial Announcement category and the Event Completion category.

Panel B of Table 5 reports the interaction of the two categories based on the Initial Announcement. The data indicate that the nature of the Initial Announcement maps into takeover likelihood. More than half of the firms that propose restructuring after prior control or governance activity are later acquired. Similarly, roughly 50 percent of the firms that indicate that restructuring could include the possible sale of the entire corporation are subsequently acquired. By contrast, a smaller fraction, 29 percent, of the firms that make a more general restructuring statement are subsequently taken over;

[2] The 109 divestitures include 10 spinoffs, 6 equity carveouts, 73 assets sales, and 20 divestiture programs, defined as sales of multiple divisions.
[3] Note that, by construction, the 209 firms that make an intermediate announcement map into the 209 firms that are in an unsuccessful acquisition (15), are acquired (85), or engage in a divestiture (109).

indeed, roughly one quarter of the firms that merely make a broad restructuring proposal never report any subsequent actions regarding restructuring.

As shown in the last row of Panel B of Table 5, the firms that initially propose the restructuring of a specific division have a different pattern of outcomes than the other three Initial Announcement categories. The better part, 88 percent, of this Specific Division group actually divest the subject division. This rate of divestiture is similar to prior studies of specific types of divestitures. Copeland, Lemgruber & Mayers (1987) report that 65 of 73 firms (89 percent) that announce a spinoff actually complete the divestiture. Similarly, Schipper & Smith (1986) report that 68 of 76 equity carveouts (89.5 percent) that are initially announced are later completed.

The interaction of the two categories based on Event Completion, reported in Panel C of Table 5, also provides predictable relations. For example, half of the firms with no completion announcement had initially made a fairly broad statement on the intent to restructure. Similarly, 53 percent of the firms that are acquired had initially stated that the proposed restructuring included the possible sale of the entire corporation. Finally, 75 percent of the firms that divest a unit had initially focused the restructuring effort on a specific division.

As a whole, this initial characterization of the sample reveals that the proposal of a corporate restructuring can lead to a variety of outcomes. These outcomes range from being acquired, to severing a division, to declaring bankruptcy, to doing nothing at all. To provide additional detail on the process of restructuring of the sample firms, the following section reports information on the length of the restructuring period.

3. Length of the Restructuring Period

Table 6 reports data on the length of time that it takes for the sample firms to restructure. Information is presented for three intervals: (1) initial announcement to intermediate announcement, (2) intermediate announcement to event completion, and (3) the full restructuring period from initial announcement to event completion. For each interval, the mean and median number of calendar days are reported, as well as the number of observations for the given interval. Note that the number of observations for particular intervals is less than the full sample of 298 firms, because 89 firms do not make an intermediate announcement and 34 firms do not have an event completion announcement.

Data for the full sample is presented in Panel A of Table 6. The average restructuring takes 343 calendar days, or roughly one year. The median restructuring period is 281 days, which is smaller than the mean due to some exceptionally lengthy restructuring events.

For the 209 firms with an intermediate announcement, the data indicate that the period between the initial announcement and the intermediate announcement comprises the majority of the restructuring period. On average, firms announce a potential restructuring roughly 200 days before a specific restructuring action is proposed. The period between the intermediate restructuring announcement and event completion averages another 150 days.

The pattern of the restructuring intervals is similar across the various categories of restructuring announcements. Panel B of Table 6 reports the data for the four types of initial announcements. For each category, restructuring takes more than 300 calendar days. Moreover, the interval between the initial and intermediate announcements is longer than the interval between the intermediate announcement and event completion.

Panel C of Table 6 reports the length of the restructuring period for the five categories of the event outcome. The shortest period is for the 36 firms that conclude the event by stating they are no longer for sale. The longest period is for the 15 firms that are the target of an unsuccessful acquisition.

In general, the data indicate that restructuring is a lengthy process. Moreover, the process begins well before the firms announce a specific restructuring proposal. The following section reports estimates of the magnitude and the timing of the wealth changes associated with the restructuring process.

4. The Wealth Effects of Corporate Restructuring

In this section we estimate the value of the corporate restructuring process. We focus on the wealth changes for the sample firms at the three key stages of restructuring: the initial restructuring announcement, the intermediate announcement, and the event completion. Our analysis addresses the following three questions:

1. Do any or all of the three events convey information?
2. What is the magnitude of the initial versus the intermediate announcement?
3. What is the value change for the entire restructuring process?

The first query explores the manner in which statements by management convey information to the market. Do initial, and sometimes broad, announcements by management credibly reveal information? One reason that mere pronouncements by management may convey information is that false statements are subject to legal action.[4] Moreover, the initial restructuring announcements are often made under advisement by investment banks whose reputation is affected by their clients' performance. Finally, an announcement of a potential restructuring is likely to draw greater scrutiny of a firm; if the firm fails to take constructive action, the market could enforce a signaling equilibrium by penalizing shareholders via a price decline and management via executive turnover.

The second question considers one measure of the degree to which the standard event-study procedure underestimates the wealth effects of corporate restructuring. Because not all initial restructuring announcements are followed by actual corporate actions, the initial announcement is not likely to capture the full wealth effect of the restructuring. Our analysis gauges the magnitude of the underestimation.

The third question more broadly values the restructuring process. This valuation provides another estimate of the wealth enhancement of completed restructurings. Moreover, a treatment of the entire process also clarifies how the market responds to withdrawn or failed restructuring attempts. In particular, do firms that unsuccessfully restructure give up any initial wealth gains? Indeed, might firms that are unable to restructure end up worse off than their pre-restructuring value?

At each of the three restructuring stages, we employ event-study techniques to gauge the wealth effects of restructuring. For each announcement, we estimate abnormal returns for three windows: (-1,+1), (-5,+5), and (-20,+20), where day 0 is the date of a particular announcement as determined from Lexis/Nexis and the Wall Street Journal. The narrow window pinpoints the specific wealth effect of the announcement. The longer

[4] For an analysis of the effect of the legal regime on communication, see Forsythe, Lundholm and Rietz (1999).

windows account for the fact that any one announcement is often only part of a heightened stream of information about the restructuring firms.

As our estimates of the wealth effects of restructuring, we report buy-and-hold returns. These estimates are calculated as:

$BHAR_i = \prod_{t=1}^{\tau}(1+R_{i,t}) - \prod_{t=1}^{\tau}(1+R_{benchmark,t})$ and the mean buy-and-hold return is

$\overline{BHAR} = \frac{\sum_{i=1}^{N} BHAR_i}{N}$ and N is the number of firms in the sample. In our analysis, we use the CRSP value-weighted index as the market benchmark.

In unreported results, we also estimate net-of-market, cumulative abnormal returns. These returns are calculated as:

$$AR_{i,t} = R_{i,t} - R_{m,t}$$

where $R_{i,t}$ is the return on Firm i at time t and $R_{m,t}$ is the contemporaneous return on the CRSP value-weighted index. The cumulative abnormal returns for each firm is calculated as: $CAR_{it} = \sum_{t=1}^{\tau} AR_{it}$.

Then the mean $\overline{CAR} = \frac{\sum_{i=1}^{N} CAR_{it}}{N}$ where N is the number of firms in the sample.

We choose to report the buy-and-hold returns because of the upward bias in CARs caused by bid-ask spread bounce and because the simple summing of daily returns can produce cases of non-realistic returns of less then -100 percent for a given event interval.[5] In results available upon request, we find virtually no difference at all for

[5] As a simple example, a price series of 20, 10, 5, and 4 over a four-day period generates a summed return of -120 percent.

estimates for the full sample. There are some slight qualitative differences in some cases where the sample is stratified, since some of the sub-samples have less than 20 observations. However, consistent with Fama's (1991) observations about event studies, the choice of estimation method does not alter the inferences from our reported results.

A. Wealth Effects at Individual Announcement Dates

A.1. Wealth Effects at the Initial Restructuring Announcement

Table 7 reports the wealth changes at the initial announcement of corporate restructuring. The results are reported for both the full sample of 298 firms, as well as for sub-samples based on the initial announcement categories.

As reported in Panel A of Table 7, the initial restructuring announcement is, on average, associated with an increase in shareholder wealth. For the (-1,+1) window, the average firm appreciates 6.4 percent, net of market movements. The wealth changes in the longer windows are comparable, indicating that the reported announcement date pinpoints the initial market reaction to the proposed restructuring.

The evidence in Panel B of Table 7 suggests that takeover anticipation is a prime source of the positive reaction to the initial restructuring announcement. The largest gains of 12 percent accrue to the sub-sample of 97 firms whose restructuring announcement includes the statement that the firm is considering a possible sale of the entire corporation. Firms previously engaged in corporate control activity also experience above-average abnormal returns. Recall from Table 5 that roughly half of the firms in these two categories are later acquired.

By contrast, firms considering the restructuring of a specific division have a smaller stock price reaction at the initial announcement. The estimated abnormal return in the (-1,+1) window is 3 percent, which is comparable in magnitude to results from prior event studies of corporate divestitures. The sub-sample of firms that merely propose a general restructuring have the smallest abnormal returns; moreover, the estimated returns for this sub-sample are less than two standard deviations from zero.

As a summary of the results, Figure 1 reports the cumulative abnormal return for each of the four categories in the (-60,+60) period around the initial announcement. The figure confirms the positive returns at announcement for each category.

In general, the results in Table 7 and Figure 1 indicate that the market responds favorably to proposed restructurings. The content of the announcement appears to matter, in part because the nature of the announcement maps into takeover anticipations. The next section compares the initial, often broad, restructuring announcements to subsequent intermediate announcements that represent more definitive restructuring actions.

A.2. Wealth Effects at the Intermediate Restructuring Announcement

Table 8 reports the wealth effects at the intermediate restructuring announcement date. Data are available for 208 firms that announce that they are the object of a formal acquisition offer or that have a definitive proposal to sell a division. (One of the 209 firms with an intermediate announcement is unavailable because the firm delists prior to the intermediate announcement.)

Panel A of Table 8 reports the results for the full sample of 208 firms. As indicated for the (-1,+1) window, the average firm appreciates 5 percent at the intermediate announcement. The longer windows have slightly larger appreciation, possibly due to additional information being released in days surrounding the intermediate announcement.

As reported in Panel B of Table 8, the bulk of the wealth appreciation at the intermediate announcement is driven by the firms that are the object of an acquisition. In the three days surrounding the intermediate announcement, the abnormal return is roughly 10 percent. For the longer window, (-20,+20), the wealth appreciation is nearly 15 percent.

The results for the intermediate announcement date are summarized in Figure 2. Consistent with prior research (e.g., Schwert (1996)), the firms subject to a formal acquisition offer accrue a run-up prior to the announcement and a further appreciation at announcement. The firms announcing a divestiture experience similar patterns, although of a smaller order of magnitude.

A.3. Wealth Effects at Event Completion

As a final measure of the wealth effects on the specific announcement dates, Table 9 reports the abnormal returns surrounding the date of event completion. Data are available for 257 firms. (Of the full sample of 298 firms, 34 do not have an event completion announcement, 1 delists prior to the intermediate announcement, and 6 delist prior to announcing bankruptcy.)

Panel A of Table 9 indicates that there is an average negative price reaction at event completion. For the (-1,+1) window, firm value falls by 3.77 percent, with larger declines for the longer event windows.

Panel B of Table 9 indicates that the negative returns at event completion are associated with firms that do not successfully restructure. These firms include those that state they are no longer for sale, that are the object of a failed takeover, and that declare Chapter 11 bankruptcy. For these categories of firms, the end of the restructuring process conveys negative information. In results not reported in the table, but available upon request, we find that the bulk of the price decline for these categories occurs in the period leading up to event completion. For the (-20,+1) period around event completion, the mean buy-and-hold abnormal return is -17.2 percent for the No Longer for Sale category, -24.8 percent for the Unsuccessful Acquisition category, and -52.7 percent for the Bankruptcy category.

The firms that undertake a restructuring action, either by being acquired or by divesting a unit, have virtually no observable wealth changes at event completion. This is due mostly to sample design. The completion date for successful restructurings is defined as the end of the process, and thereby reveals little or no new information.

A.4. Summary of the Individual Event Analysis

The analysis of the three different restructuring announcements indicates that information is conveyed at each stage of the restructuring process. The information flow and the associated market valuation follow a straightforward process. Both the initial and intermediate stages of restructuring are viewed favorably by the market, with the greatest wealth appreciation borne by the firms that become objects of an acquisition. Firms that take themselves out of play or that end the restructuring by declaring bankruptcy suffer wealth reversals. The next section begins the analysis of the interplay between the different stages of restructuring by estimating the combined wealth effects of the initial and intermediate restructuring decisions.

B. *Combined Wealth Effects for the Initial and Intermediate Announcements*

This section reports estimates of the combined wealth effects of the initial and intermediate restructuring announcements. The wealth effects are estimated by summing by firm the buy-and-hold abnormal returns for the two dates. Because not all firms complete a restructuring, the combined returns provide a better estimate of the wealth effects of completed corporate restructurings. Data are available for 208 firms that make both an initial and intermediate restructuring announcement.

Panel A of Table 10 reports the results for the full sample of 208 firms. For the narrow (-1,+1) window, the average firm appreciates by roughly 13 percent for the two dates. The abnormal returns are somewhat larger for the longer event windows. The wealth appreciation reported for the combined events is roughly double that for the initial announcement, reflecting the results in Table 7 and Table 8 that both the initial and intermediate announcements convey information.

Panel B of Table 10 reports the combined wealth effects by initial announcement categories. The ordinal ranking of the results by category to a great extent reflect the findings in Table 5 on acquisition likelihood. The greatest wealth effects accrue to the firms that had prior activity or that announced that they are in play. The lowest combined returns are for firms that focus restructuring on a specific division and do not put the entire firm on the block.

Panel C of Table 10 reports the combined returns by intermediate category. This stratification also indicates that acquisition offers drive much of the combined wealth appreciation. However, the combined wealth effects for firms divesting units is also non-trivial. The sum of the abnormal returns in the three-day period around the two announcements is roughly 5 percent.

C. The Full Value of Corporate Restructuring

As an estimate of the full value of corporate restructuring, Table 11 reports the combined wealth effects for the three segments of the corporate restructuring process: initial announcement, intermediate announcement, and event completion. The wealth effects are estimated by summing by firm the buy-and-hold abnormal returns for the three dates. For firms in the "no longer for sale" and "bankruptcy" categories, the estimates reflect only two dates: the initial announcement and event completion. Note that data are unavailable for the 6 firms that delist prior to announcing bankruptcy.

Panel A of Table 11 reports the estimates of the full value of restructuring for the full sample. The results indicate that, on average, restructuring increases shareholder wealth. For both the (-1,+1) and (-5,+5) windows, the abnormal returns average between 7 and 8 percent. Note that the (-20,+20) value is smaller, in part due to large negatives for the bankruptcy sub-sample discussed below.

Panel B of Table 11 reports the results by event completion category. Firms with successful restructurings garner positive and significant wealth changes. Firms that are acquired have the largest wealth appreciation, on the order of 30 percent. Firms that divest units also experience positive, yet smaller, wealth gains.

As also reported in panel B, firms that unsuccessfully restructure do not experience improvements in shareholder wealth. Firms that announce that they are no longer for sale have negative values for the entire restructuring period, although the values are less than two standard deviations from zero. Firms that are the object of an unsuccessful acquisition also give up any gains experienced initially in the restructuring process.

On an ex-post basis, the biggest losers in the restructuring process are the firms that end the process by declaring bankruptcy. Across all three event windows, the bankruptcy sub-sample has negative and significant abnormal returns. For the (-20,+20) window, the mean loss in wealth is 78.13 percent. Note that because the results in Table 11 sum across the Initial, Intermediate and Completion events, the median loss in wealth for the Bakruptcy category is actually less than -100 percent.

5. Conclusion

In this paper we study the process of corporate restructuring. We construct a sample of 298 firms from the 1989-98 period that initially announce that they are considering restructuring alternatives. We then track the intermediate and completion stages of the restructuring process for the sample firms.

We find that restructuring is a lengthy process. The average firm takes roughly one year to complete restructuring actions. The majority of this period occurs prior to any definitive restructuring actions such as the sale of all or part of the firm. We also find that the initial restructuring proposals are followed by a variety of outcomes ranging from being acquired, to declaring bankruptcy, to taking no observable actions.

We value the restructuring process by estimating the wealth effects at each stage of the restructuring process. The initial restructuring announcement, on average, is associated with positive stock price appreciation, reflecting in part takeover anticipation.

Subsequent announcements on definitive restructuring actions such the sale of all or part of the firm have further positive effects on shareholder wealth. Hence, the initial restructuring announcement underestimates the wealth effects of completed restructurings.

Our research method enables us to estimate the full value of restructuring across the entire restructuring period and to compare the valuation effects across event outcomes. The estimate of the full value of restructuring across the sample firms averages 7.5 percent, with the greatest gains going to firms that are acquired. The average gain for the full restructuring period for firms divesting a unit is 5 percent, which is roughly double that reported in prior studies of the initial announcement date. Firms that take themselves out of play give up any initial wealth gains. Firms that end the restructuring process by declaring bankruptcy suffer a large, significant decline in wealth.

Our analysis suggests several interesting avenues for future research. The time period for our analysis, 1989-1998, has been a decade of generally favorable economic conditions. As data become available, it would be productive to extend the sample to the more recent years that have entailed a downward direction in market performance. Given results in work such as Mitchell & Pulvino (2001), one might expect an incidence of uncompleted restructuring that exceeds the 30 percent rate in our sample.

A related extension would be to study the extent to which the form of the restructuring decision varies over time. Jain (1985) suggests that the choice between, say, an asset sale or a spinoff, is affected by market conditions. The extension of our experimental design to recent years would enable a direct test of this conjecture.

Finally, our multi-stage sample of restructuring could be used to address the interaction between corporate restructuring and corporate governance. For example, what is the causal relation between restructuring and management turnover? Does a CEO who implements restructuring maintain job stability, or, instead, does a change in the CEO provide the actual impetus for any forthcoming corporate change? The answers to these important questions can be more clearly discerned by a sampling and estimation procedure that better captures the complexity of the corporate restructuring process.

Appendix A. Selected Event Studies of Corporate Restructuring. This appendix summarizes selected event study analysis of particular restructuring events. Panel A describes studies that focus on completed restructuring events. Panel B describes studies that consider both completed and cancelled restructurings.

Panel A. Selected Event Studies of Completed Corporate Restructurings

Study	Event	Announcement Date	Announcement CAR (%)	Full Event CAR (%) [window]
Miles & Rosenfeld (1983)	Spinoff	Initial announcement of proposed spinoff in *WSJ*	3.34	not reported
Hite & Owers (1983)	Spinoff	First WSJ story of possible spinoff	3.30	7.00 [-50,completion]
Krishnaswami, Subrmaniam (1999)	Spinoff	Earliest press announcement of the spinoff	3.28	not reported
Schipper & Smith (1986)	Carveout	Earliest announcement in WSJ (either intention to carveout or SEC filing)	1.83	not reported
Vijh (2000)	Carveout	Earliest of WSJ publication or SEC filing date	1.94	not reported
Klein (1986)	Asset Sale	Date of publication of announcement of asset sale	1.12	not reported

Panel B. Selected Event Studies that Include Cancelled Restructurings

Study	Event	Announcement Date	Announcement CAR (%)	Full Event CAR (%) [window]
Copeland, et al (1987)	Spinoff	First announcement in WSJ	2.49	5.02 [multiple dates]
Hite, Owers & Rogers (1987)	Asset Sale	Initial announcement in WSJ		
		Completed Asset Sales	1.66	2.78 [-1,complete]
		Asset Sales Later Terminated	1.41	-7.17 [-1,complete]
Bradley, Desai, Kim (1983	Targets	Announcement month		
		Successful	39.06	60.18 [months -1,+24]
		Unsuccessful	23.94	1.93 [months -1,+24]

Appendix B. Examples of the Initial Announcements, Intermediate Events, and Event Completion. This appendix provides examples for each category of Initial Announcement, Intermediate Event, and Event Completion. Details for each example come from Lexis/Nexis, the *Wall Street Journal*, and other financial media.

Initial Announcement

1. Prior Activity

Napa Valley Bancorp. On April 1, 1991, Napa announced that it had asked outside investment counsel to review and analyze various options for maximizing shareholder value. The action came after Napa's board had rejected an acquisition offer by Westamerica Bancorporation. Subsequently, on March 16, 1992, Westamerica made another unsolicited bid for Napa. After negotiation, the merger was effected on April 15, 1993.

2. Possible Sale

Belding Heminway Company. On February 14, 1992, Belding announced that it would explore alternatives to maximize shareholder value, including a possible merger or sale of the company. On January 5, 1993, Belding announced that it had received an acquisition proposal from Noel Group, Inc. The acquisition was completed on July 21, 1993.

3. General Restructuring

CompuChem Corp. On April 22, 1991, CompuChem announced that it had engaged Kidder Peabody to advise on strategic alternatives to improve shareholder value. On November 25, 1991, CompuChem signed a definitive merger agreement with Roche Biomedical Laboratories. The merger was approved on February 11, 1992.

4. Specific Division

Clark Equipment Co. On November 4, 1991, Clark announced that it had retained First Boston Corp. to assist in exploring strategic options for its forklift business, Clark Material Handling Co. On May 28, 1992, Clark announced that it had reached a definitive agreement to sell the business to Terex Corp. The sale of the division was completed on August 3, 1992.

Intermediate Announcement

1. No Intermediate Announcement

Gerrity Oil & Gas Corp. On October 13, 1993, Gerrity announced that it had retained Goldman Sachs to explore strategic alternatives, including the sale of assets through a royalty trust or a possible sale of the company. No specific action occurred, and on January 6, 1994, the company terminated the process of seeking potential buyers.

2. Acquisition Offer

Sterling Chemicals. On January 29, 1996, Sterling announced that it was exploring strategic alternatives to enhance stockholder value, including the possible sale of the company. On April 23, 1996, Sterling received offers from Hunstman Corp and from a leveraged buyout firm. Sterling agreed to the leveraged buyout, which was completed on August 22, 1996.

3. To Divest Unit

Pentair Inc. On September 6, 1994, Pentair announced that it had retained CS First Boston to explore strategic alternatives for its paper businesses. On February, 22, 1995, the announced an agreement to sell its Cross Pointe division, consistent with its plans in September 1994. On June 30, 1995, Pentair completed the sale of its remaining paper assets.

Event Completion

1. No Completion Announcement

HemaCare Corp. On October 20, 1993, HemaCare announced the retention of Kemper Securities to pursue strategic alternatives for the company. No substantive actions were undertaken following this announcement.

2. No Longer for Sale

Tambrands Inc. On June 21, 1993, the Wall Street Journal reported that Tambrands was exploring a possible sale of the company. Although there were rumors of possible bidders, no acquisition offer arose. On September 20, 1993, Tambrands announced that it would instead remain as an independent entity.

3. Unsuccessful Acquisition

Lillian Vernon Corp. On March 10, 1995, Lillian Vernon announced that it was exploring strategic alternatives, including a sale of the company. On June 14, 1995, the company announced a definitive agreement to be acquired by Freeman Spogli & Co. However, on September 19, 1995, the deal was terminated.

4. Acquired

MicroProse Inc. On May 19, 1998, MicroProse announced that its Board of Directors had authorized management to investigate strategic alternatives for the company. On August 12, 1998, MicroProse announced a definitive agreement to be acquired by Hasbro. The tender offer was completed on September 15, 1998.

5. Divested Unit

Northern States Power Co. On March 20, 1990, Northern States announced that it was considering selling its Minot Telephone Co. Subsidiary, and that it had hired Kidder Peabody to assist in the possible sale. On June 1, 1990, Northern States announced the signing of a definitive agreement to sell Minot to Rochester Telephone Corp. The sale was completed on January 31, 1991.

6. Bankruptcy

Planet Hollywood International Inc. On July 21, 1998, Planet Hollywood announced that it had retained Goldman Sachs and Bear Stearns to evaluate and seek strategic alternatives. The company continued to experience loses and filed for Chapter 11 on August 17, 1999.

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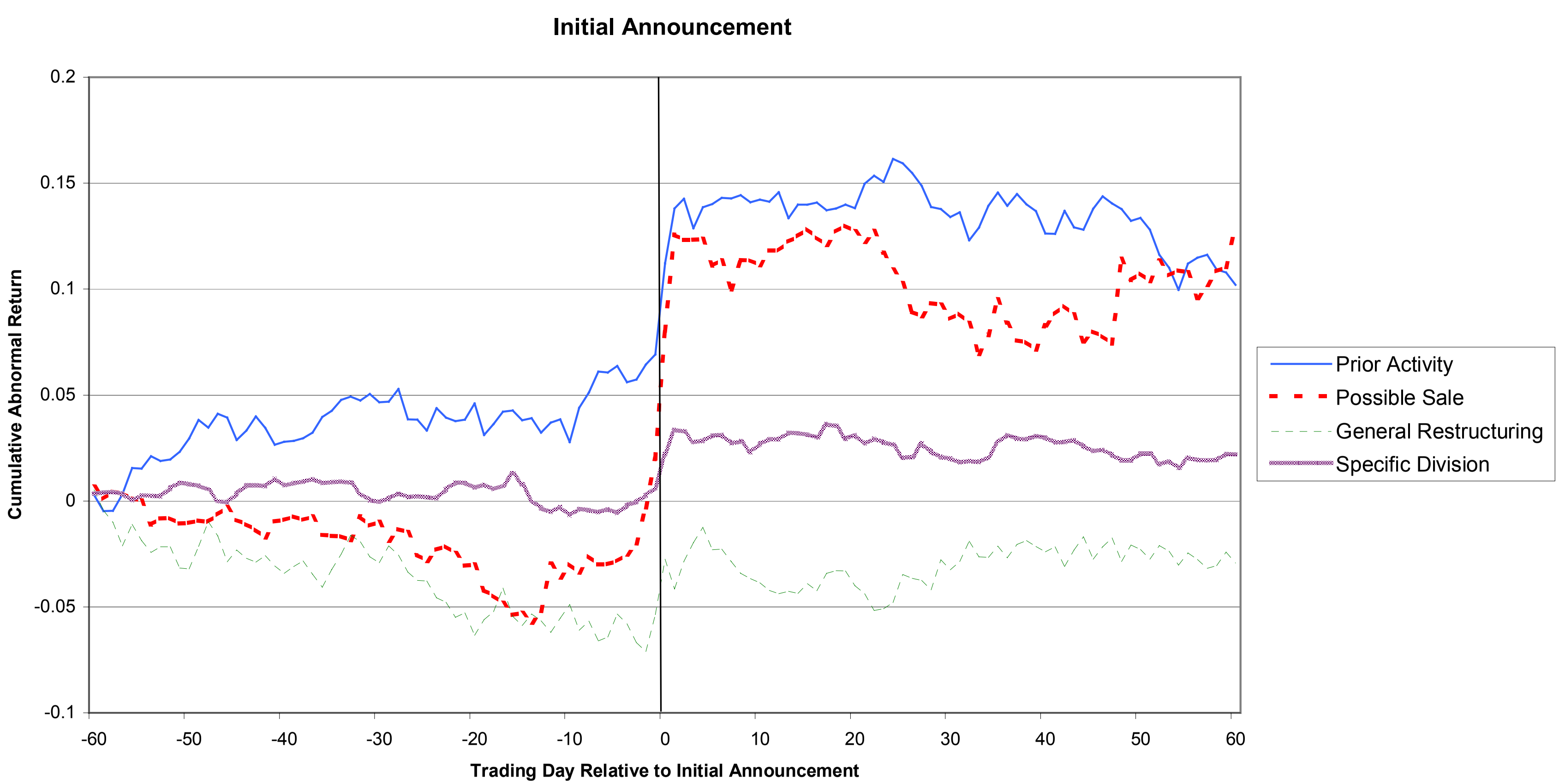
Initial Announcement
Cumulative Abnormal Return
0.2
0.15
0.1
0.05
0
-0.05
-0.1
-60
-50
-40
-30
-20
-10
0
10
20
30
40
50
60
Trading Day Relative to Initial Announcement
Prior Activity
Possible Sale
General Restructuring
Specific Division

Figure 1

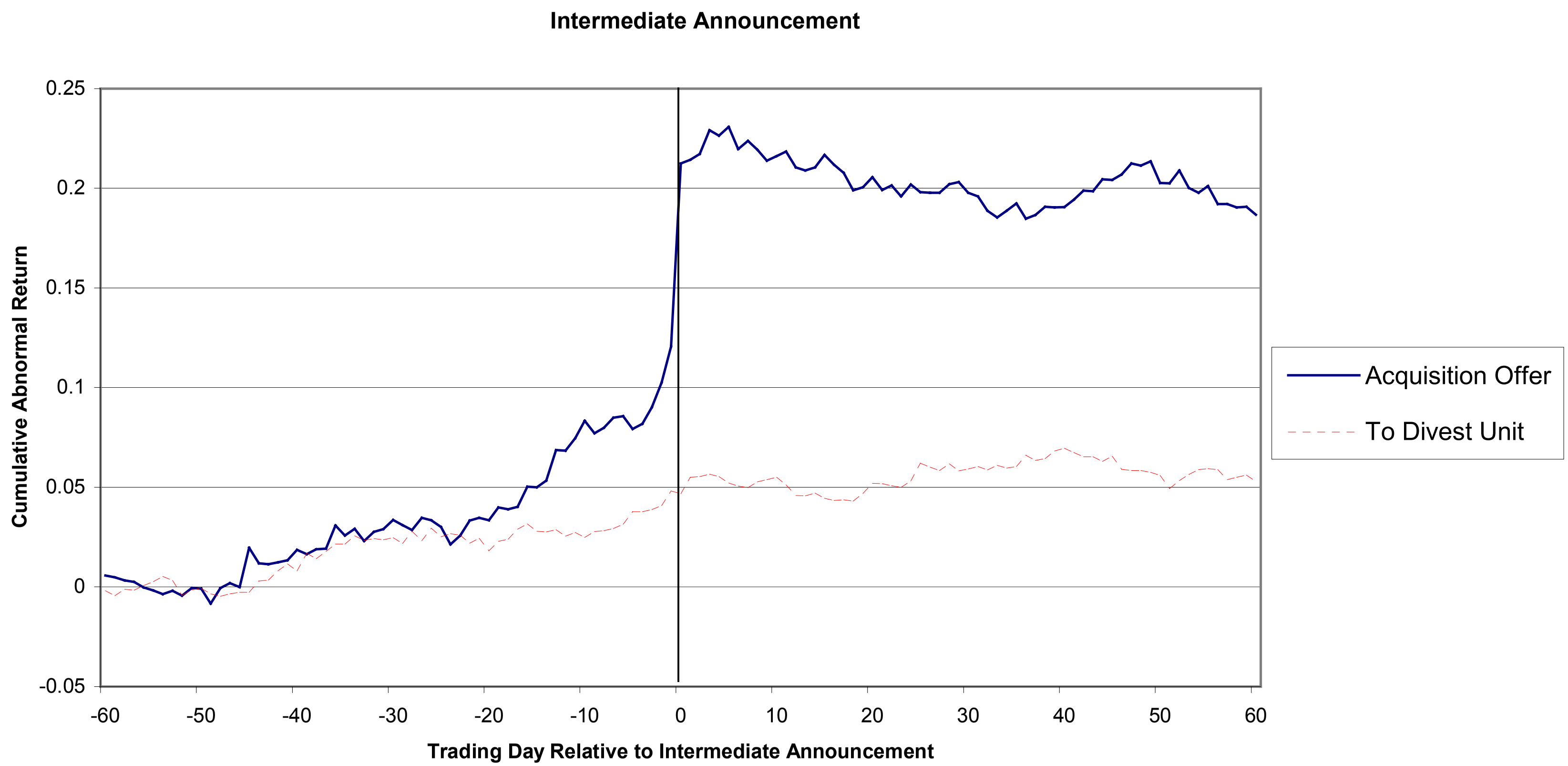
Intermediate Announcement
Cumulative Abnormal Return
0.25
0.2
0.15
0.1
0.05
0
-0.05
-60
-50
-40
-30
-20
-10
0
10
20
30
40
50
60
Trading Day Relative to Intermediate Announcement
Acquisition Offer
To Divest Unit

Figure 2

Table 1. Sample of Initial Announcements. This table describes the general content of the initial announcements of the 298 sample firms from the 1989-1998 period. The sample was formed via keyword searches on Lexis/Nexis (electronically) and the "Divestiture" section of the *Wall Street Journal Index* (manually) for firms announcing that they were evaluating "strategic alternatives" or "strategic options", or made related statements of potential restructuring. Specific examples of each announcement category are provided in Appendix B.

Announcement Category	Number of Observations	Fraction of the Sample	Description of the Announcement
Prior Activity	33	11%	Considering restructuring after failed merger or other outside pressure.
Possible Sale	97	33%	Evaluation of restructuring includes possible sale of the entire firm.
General Restructuring	75	25%	Broad statement that the firm is considering restructuring.
Specific Division	93	31%	Reviewing options for a specific division of the firm.
Full Sample	298	100%	

Table 2. Sample by Year of Initial Announcement. This table reports the distribution of the sample of 298 firms across the 1989-1998 period by the year of the initial restructuring announcement. The sample was formed via keyword searches on Lexis/Nexis (electronically) and the "Divestiture" section of the *Wall Street Journal Index* (manually) for firms announcing that they were evaluating "strategic alternatives" or "strategic options", or made related statements of potential restructuring.

Year	Number of Observations	Fraction of the sample
1989	20	6.7%
1990	24	8.1%
1991	34	11.4%
1992	24	8.1%
1993	28	9.4%
1994	23	7.7%
1995	33	11.1%
1996	38	12.8%
1997	22	7.4%
1998	52	17.4%
Full Sample	298	100%

Table 3. Sample Categorized by Intermediate Announcement. This table reports the distribution of the sample by Intermediate Announcement categories. Categorization is based on a review of Lexis/Nexis, the *Wall Street Journal*, and other financial media subsequent to the initial announcement date. *No Intermediate Announcement* refers to firms that did not announce an acquisition offer or a planned divestiture after the initial announcement of a potential restructuring. *Acquisition Offer* refers to firms that were the object of a formal acquisition offer. *To Divest Unit* refers to firms that announced a planned divestiture. Specific examples of each Intermediate Announcement Category are provided in Appendix B.

Intermediate Announcement Category	Number of Observations	Fraction of the Sample
No Intermediate Announcement	89	29.9%
Acquisition Offer	97	32.6%
To Divest Unit	112	37.6%
Full Sample	298	100%

Table 4. Sample Categorized by Event Completion. This table reports the distribution of the sample by Event Completion categories. Categorization is based on a review of Lexis/Nexis, the *Wall Street Journal*, and other financial media subsequent to the initial announcement date. *No Completion Announcement* refers to firms that were not acquired, did not divest a unit, and did not announce an end to the attempt to restructure. *No Longer for Sale* refers to firms that did not have a formal acquisition offer and later announced that they were no longer seeking a buyer. *Unsuccessful Acquisition* refers to firms that were the object of a formal bid that was later terminated (note that this category includes 3 cancelled divestitures). *Acquired* refers to firms that were acquired. *Divested Unit* refers to firms that completed the divestiture of a unit(s). *Bankruptcy* refers to firms that filed for Chapter 11. Specific examples of each Event Completion category are provided in Appendix B.

Event Completion Category	Number of Observations	Fraction of the Sample
No Completion Announcement	34	11.4%
No Longer for Sale	36	12.1%
Unsuccessful Acquisition	15	5.0%
Acquired	85	28.5%
Divested Unit	109	36.6%
Bankruptcy	19	6.4%
Full Sample	298	100%

Table 5. Interaction of the Initial Announcement Category and the Event Completion Category. This table reports the interaction of the Initial Announcements (described in Table 1) and Event Completion (described in Table 4).

Panel A. Number of Observations

	Event Completion						
Initial Announcement	No Completion Announcement	No Longer for Sale	Unsuccessful Acquisition	Acquired	Divested Unit	Bankrupt	Subsample
Prior Activity	4	5	2	18	2	2	33
Possible Sale	8	22	5	45	7	10	97
General Restructuring	17	5	7	22	18	6	75
Specific Division	5	4	1	0	82	1	93
Subsample	34	36	15	85	109	19	298

Panel B. Fraction Based on the Initial Announcement

	Event Completion						
Initial Announcement	No Completion Announcement	No Longer for Sale	Unsuccessful Acquisition	Acquired	Divested Unit	Bankrupt	Subsample
Prior Activity	12%	15%	6%	55%	6%	6%	100%
Possible Sale	8%	23%	5%	46%	7%	10%	100%
General Restructuring	23%	7%	9%	29%	24%	8%	100%
Specific Division	5%	4%	1%	0%	88%	1%	100%

Table 5. Interaction of the Initial Announcement Category and the Event Completion Category (cont.)

Panel C. Fraction Based on Event Completion

	Event Completion					
Initial Announcement	No Completion Announcement	No Longer for Sale	Unsuccessful Acquisition	Acquired	Divested Unit	Bankrupt
Prior Activity	12%	14%	13%	21%	2%	11%
Possible Sale	24%	61%	33%	53%	6%	53%
General Restructuring	50%	14%	47%	26%	17%	32%
Specific Division	15%	11%	7%	0%	75%	5%
Subsample	100%	100%	100%	100%	100%	100%

Table 6. Length of the Restructuring Period. This table reports the mean (median) length of time, in calendar days, of the restructuring periods for the sample firms. Note that 89 firms do not have an intermediate announcement and 34 firms do not have an event completion.

Sample	Initial to Intermediate	Intermediate to Completion	Initial to Complete
Panel A. Full Sample			
Full Sample	206 (141) N=209	150 (120) N=209	343 (281) N=264
Panel B. Categorized by Initial Announcement			
Prior Activity	218 (97) N=22	179 (156) N=22	391 (306) N=29
Possible Sale	212 (139) N=57	165 (145) N=57	333 (280) N=89
General Restructuring	235 (172) N=47	162 (133) N=47	376 (319) N=58
Specific Division	183 (140) N=83	125 (98) N=83	315 (256) N=88
Panel C. Categorized by Event Completion			
No Longer for Sale	n.a.	n.a.	256 (220) N=36
Unsuccessful Acquisition	223 (175) N=15	153 (97) N=15	433 (380) N=15
Acquired	197 (119) N=85	178 (156) N=85	376 (309) N=85
Divested Unit	203 (150) N=109	127 (100) N=109	330 (273) N=109
Bankruptcy	n.a.	n.a.	362 (361) N=19

Table 7. Wealth Effects at the Initial Restructuring Announcement. This table reports the wealth effects at the initial announcement of corporate restructuring for the 298 sample firms. Panel A reports results for the full sample. Panel B reports results for the four categories of initial announcements. Sample formation and announcement categories are described in Table 1. The wealth effects are estimated with net-of-market buy-and-hold abnormal returns, where the market index is the CRSP value-weighted index. The estimates are provided for three event windows: (-1,+1), (-5+5) and (-20,+20), where day zero is the date of the initial announcement of the restructuring as determined from Lexis/Nexis and the *Wall Street Journal*. The reported statistics are mean (p-value of the t-statistic testing the null hypothesis that the mean abnormal return equals zero) and median (p-value of a signed-rank test).

	Mean (p-value), Median (p-value)		
Sample	(-1,+1)	(-5,+5)	(-20,+20)
Panel A. Full Sample [N=298]			
Mean	6.40% (<.001)	7.08% (<.001)	5.39% (0.002)
Median	3.55% (<.001)	4.22% (<.001)	3.93% (0.001)
Panel B. Categorized by Initial Announcement			
Prior Activity	6.88% (0.011)	6.91% (0.005)	8.94% (0.077)
[N=33]	1.83% (0.015)	2.05% (0.005)	7.67% (0.069)
Possible Sale	12.16% (<.001)	13.77% (<.001)	11.45% (<.001)
[N=97]	11.36% (<.001)	10.76% (<.001)	13.27% (<.001)
General Restructuring	2.93% (0.138)	2.74% (0.251)	-0.36% (0.925)
[N=75]	2.23% (0.053)	3.52% (0.209)	-5.10% (0.730)
Specific Division	3.03% (<.001)	3.65% (<.001)	2.44% (0.192)
[N=93]	1.26% (<.001)	2.67% (<.001)	0.23% (0.368)

Table 8. Wealth Effects at the Intermediate Restructuring Announcement. This table reports the wealth effects at the intermediate announcement of corporate restructuring. Panel A reports results for the full sample. Panel B reports results for the two categories of intermediate announcements. Sample formation and announcement categories are described in Table 3. Note that one firm making an intermediate announcement is delisted prior to the announcement date, resulting in 208 firms available for analysis. The wealth effects are estimated with net-of-market buy-and-hold abnormal returns, where the market index is the CRSP value-weighted index. The estimates are provided for three event windows: (-1,+1), (-5+5) and (-20,+20), where day zero is the date of the intermediate announcement of the restructuring as determined from Lexis/Nexis and the *Wall Street Journal*. The reported statistics are mean (p-value of the t-statistic testing the null hypothesis that the mean abnormal return equals zero) and median (p-value of a signed-rank test).

	Mean (p-value), Median (p-value)		
Sample	(-1,+1)	(-5,+5)	(-20,+20)
Panel A. Full Sample [N=208]			
Mean	5.24% (<.001)	6.80% (<.001)	7.43% (<.001)
Median	2.20% (<.001)	3.33% (<.001)	4.37% (<.001)
Panel B. Categorized by Intermediate Announcement			
Acquisition Offer	9.86% (<.001)	12.31% (<.001)	14.54% (<.001)
[N=96]	8.82% (<.001)	10.42% (<.001)	11.09% (<.001)
To Divest Unit	1.28% (0.106)	2.07% (0.157)	1.34% (0.415)
[N=112]	0.54% (0.096)	-0.15% (0.827)	0.82% (0.762)

Table 9. Wealth Effects at Event Completion Announcement. This table reports the wealth effects at the announcement of the completion of corporate restructuring. Panel A reports results for the full sample. Panel B reports results for the five categories of firms making event completion announcements. Sample formation and announcement categories are described in Table 4. Note that data are unavailable for 6 Bankrupt firms that delist before the bankruptcy announcement. The wealth effects are estimated with net-of-market buy-and-hold abnormal returns, where the market index is the CRSP value-weighted index. The estimates are provided for three event windows: (-1,+1), (-5+5) and (-20,+20), where day zero is the date of the initial announcement of the restructuring as determined from Lexis/Nexis and the *Wall Street Journal*. The reported statistics are mean (p-value of the t-statistic testing the null hypothesis that the mean abnormal return equals zero) and median (p-value of a signed-rank test).

	Mean (p-value), Median (p-value)		
Sample	(-1,+1)	(-5,+5)	(-20,+20)
Panel A. Full Sample	[N=257]		
Mean	-3.77% (<.001)	-4.89% (<.001)	-7.51% (<.001)
Median	-0.64%(0.001)	-1.35% (0.001)	-2.61% (0.001)
Panel B. Categorized by Event Completion			
No Longer for Sale	-10.77% (<.001)	-14.11% (<.001)	-20.43% (<.001)
[N=36]	-7.21% (<.001)	-11.22% (<.001)	-19.25% (<.001)
Unsuccess Acquis	-12.05% (0.025)	-23.35% (0.006)	-29.15% (0.008)
[N=15]	-10.04% (0.030)	-17.66% (0.001)	-28.28% (0.008)
Acquired	0.64% (0.472)	0.89% (0.363)	-0.24% (0.900)
[N=84]	-0.13% (0.849)	0.16% (0.479)	-0.01% (0.884)
Divested Unit	0.26% (0.727)	0.32% (0.780)	-0.65% (0.693)
[N=109]	-0.10% (0.551)	-0.92%(0.549)	-0.74% (0.419)
Bankruptcy	-37.09% (0.003)	-39.15% (0.007)	-51.15% (0.006)
[N=13]	-27.17% (0.002)	-30.03% (0.008)	-77.54% (0.010)

Table 10. Combined Wealth Effects for Initial and Intermediate Restructuring Announcements. This table reports the combined wealth effects for the initial and intermediate announcements of corporate restructuring for the firms that make both announcements. Panel A reports results for the full sample. Panel B reports results for the four categories of initial announcements. Panel C reports the results for the two categories of intermediate announcements. Sample formation and announcement categories are described in Table 1 and Table 3. Note that one firm making an intermediate announcement is delisted prior to the announcement date, resulting in 208 firms available for analysis. The wealth effects are estimated with net-of-market buy-and-hold abnormal returns, where the market index is the CRSP value-weighted index. The estimates are provided for three event windows: (-1,+1), (-5+5) and (-20,+20), where day zero is the announcement date as determined from Lexis/Nexis and the *Wall Street Journal*. The reported statistics are mean (p-value of the t-statistic testing the null hypothesis that the mean abnormal return equals zero) and median (p-value of a signed-rank test).

	Mean (p-value), Median (p-value)		
Sample	(-1,+1)	(-5,+5)	(-20,+20)
Panel A. Full Sample [N=208]			
Mean	12.82% (<.001)	15.59% (<.001)	16.18% (<.001)
Median	7.47% (<.001)	10.66% (<.001)	9.78% (<.001)
Panel B. Categorized by Initial Announcement			
Prior Activity	17.43% (0.002)	20.85% (<.001)	22.20% (0.012)
[N=22]	10.32% (<.001)	18.42% (<.001)	19.85% (0.007)
Possible Sale	24.46% (<.001)	29.57% (<.001)	31.11% (<.001)
[N=57]	24.03% (<.001)	24.85% (<.001)	25.20% (<.001)
General Restructuring	11.68% (0.002)	15.01% (0.002)	17.47% (0.028)
[N=46]	12.48% (0.002)	17.58% (0.002)	10.98% (0.035)
Specific Division	4.23% (<.001)	4.92% (0.002)	3.62% (0.181)
[N=83]	2.50% (<.001)	2.59% (0.001)	2.26% (0.209)
Panel C. Categorized by Intermediate Announcement			
Acquisition Offer	22.50% (<.001)	28.28% (<.001)	31.41% (<.001)
[N=96]	21.96% (<.001)	24.21% (<.001)	26.65% (<.001)
To Divest Unit	4.52% (0.001)	4.72% (0.024)	3.13% (0.288)
[N=112]	2.89% (<.001)	2.98% (0.002)	1.10% (0.367)

Table 11. Combined Wealth Effects for Initial, Intermediate, and Event Completion Announcements. This table reports the combined wealth effects for the three announcements of corporate restructuring. Panel A reports results for the full sample. Panel B reports results for the five categories of firms making event completion announcements. Sample formation and announcement categories are described in Tables 1, 3 and 4. Note that data are unavailable for 6 Bankrupt firms that delist before the bankruptcy announcement. For firms in the "no longer for sale" and "bankruptcy" categories, the estimates reflect only the Initial Announcement and Event Completion. The wealth effects are estimated with net-of-market buy-and-hold abnormal returns, where the market index is the CRSP value-weighted index. The estimates are provided for three event windows: (-1,+1), (-5+5) and (-20,+20), where day zero is the announcement date as determined from Lexis/Nexis and the *Wall Street Journal*. The reported statistics are mean (p-value of the t-statistic testing the null hypothesis that the mean abnormal return equals zero) and median (p-value of a signed-rank test).

	Mean (p-value), Median (p-value)		
Sample	(-1,+1)	(-5,+5)	(-20,+20)
Panel A. Full Sample [N=257]			
Mean	7.32% (<.001)	8.15% (0.001)	5.19% (0.108)
Median	4.76% (<.001)	6.41% (<.001)	4.96% (0.018)
Panel B. Categorized by Event Completion			
No Longer for Sale	-4.39% (0.120)	-6.54% (0.124)	-9.92% (0.122)
[N=36]	-0.69%(0.386)	-1.43% (0.353)	-6.31% (0.251)
Unsuccess Acquis	12.66% (0.145)	0.53% (0.969)	-1.88% (0.909)
[N=15]	11.15% (0.055)	9.24% (0.847)	0.52% (0.847)
Acquired	21.85% (<.001)	29.47% (<.001)	30.13% (<.001)
[N=84]	20.36% (<.001)	23.48% (<.001)	24.89% (<.001)
Divested Unit	4.65% (0.002)	4.57% (0.060)	2.13% (0.552)
[N=109]	3.12% (<.001)	2.20% (0.039)	0.27% (0.664)
Bankruptcy	-36.98% (0.024)	-49.28% (0.004)	-78.13% (0.005)
[N=13]	-30.14% (0.040)	-50.66% (0.003)	-102.86% (0.005)