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The performance of UK firms acquiring large cross-border and domestic takeover targets

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underperforming. And the particularly poor performance of UK companies acquiring in Europe suggests that this anomaly may become even more significant as European cross-border activity gathers pace.

Notes

- ¹The Rosters are extracted quarterly from the Securities Data Company Merger & Corporate Transactions Database, a computer-accessible data bank of M&A activity from 1981 to present (from Rosters, Mergers & Acquisitions).
- ² The 50% figure was selected so as to eliminate companies that were only acquiring an interest in the target company.
- ³ It is acknowledged that the threshold set is somewhat arbitrary, but it is considered that this would filter the large acquisitions desired for this study.
- ⁴ See Appendix A for final sample list.
- ⁵ See Appendix B for a list of company's that have changed names.

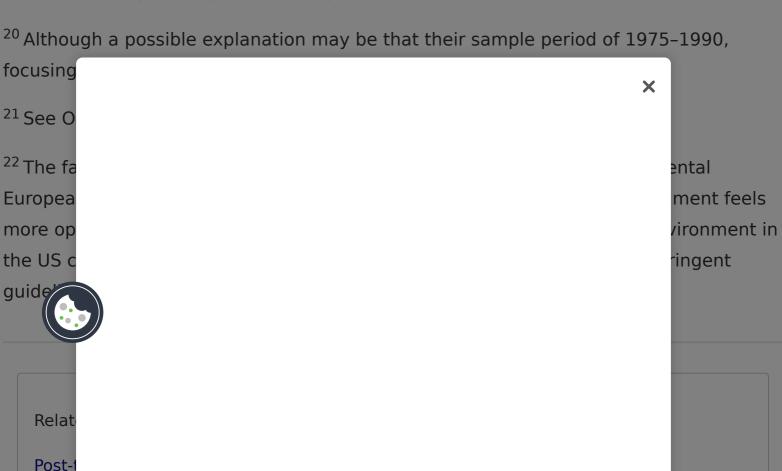


- 12 Arithmetic averaging implies rebalancing to equal weights each period (Blume and Stambaugh, 1983).
- ¹³ See Brown and Warner (1980).
- ¹⁴ See tables 4 and 5 for significance level.
- 15 Firth (1979), using the MM, found significant abnormal losses of around -8.2% in the 12 month post-bid period on a UK sample.
- ¹⁶ However, their base date is the date at which the bidder has enough shares to guarantee control of the target.
- ¹⁷ The results are consistent with Conn and Connell (<u>1990</u>), when comparing their results calculated using parameters estimated on a similar pre-announcement period. However, Conn and Connell (<u>1990</u>) also used different estimation periods for the calculation of the parameters, which led to different results.
- ¹⁸ Where t is the announcement month of the bid.
- ¹⁹ Although they too experienced negative CARs.

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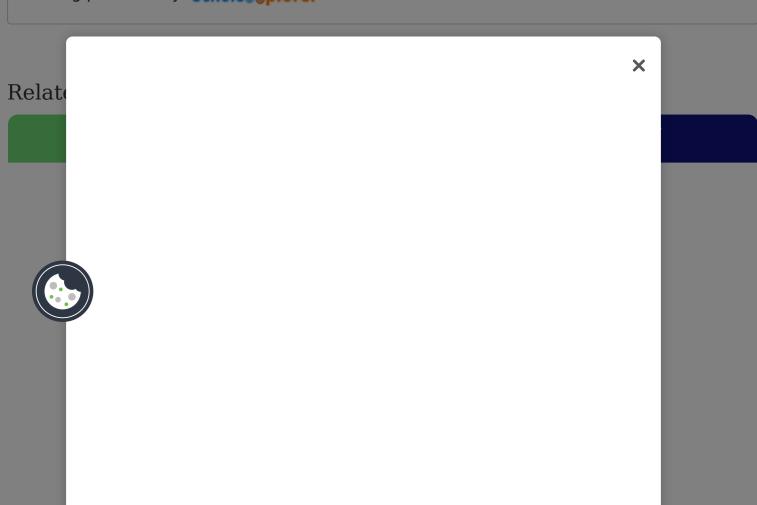
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