

Table IV

Abnormal Returns by Measures of Financial Constraints and Purpose of Transaction

This table shows cumulative abnormal returns aggregated over the window [-10,3] for the sub-samples of each measure of financial constraints. Measures of financial constraints are equal to those presented in Section 3. Mean [median] target abnormal returns of each measure are reported for the sample of financially constrained (column 1) and unconstrained investors (column 2). Column (3) presents the t-stat [Z-stat.] for differences in means [medians] of Columns (1) and (2). Panel A shows the cumulative abnormal returns for the complete sample of targets whereas Panel B presents the cumulative abnormal returns for targets based on the purpose of transaction. The purposes are equal to those presented in Section 3. See Appendix A for Measure and Appendix B for Purpose definitions. All data are winsorized at the 1% and 99% levels.

	Complete Sample	I. Whited-Wu Index			II. Dividend Payout Ratio		
		Investor Constr.	Investor Unconstr.	t-Stat [Z-stat] for Diff. Bet. (1) and (2)	Investor Constr.	Investor Unconstr.	t-Stat [Z-stat] for Diff. Bet. (1) and (2)
		(1)	(2)	(3)	(1)	(2)	(3)
Panel A: Complete Sample							
	13.36%***	6.01%***	16.81%***	3.6856***	9.79%***	15.76%***	2.3935**
All Purposes	[7.95]***	[2.85%]	[10.88%]***	[3.980]***	[6.26%]***	[8.86%]***	[1.791]*
	N=561	N=126	N=307		N=184	N=310	
Panel B: Purpose of Transaction							
	21.45%***	14.48%***	25.96%***	2.6896***	17.03%***	25.85%***	2.4404**
Engaging into a Takeover	[19.31]***	[9.56%]**	[22.27%]***	[3.080]***	[15.67%]***	[24.16%]***	[2.242]**
	N=271	N=53	N=143		N=84	N=153	
	7.92%**	1.14%	10.20%**	1-0278	9.44%*	3.58%	-0.8641
Strategic Investment	[1.13]	[-0.61%]	[1.23%]	[0.434]	[14.16%]	[-0.88%]	[-2.078]**
	N=74	N=16	N=46		N=15	N=53	
	1.01%	-0.49%	8.31%***	2.1685**	2.65%	7.12%	1.2405
Remaining Purposes	[-0.09%]	[-2.9%]	[3.17%]*	[2.705]***	[1.02%]	[1.43%]	[0.871]
	N=117	N=57	N=118		N=85	N=104	

	9.87%***	10.79%*	10.05%***	-0.1372
Investment	[7.31%]***	[6.67%]	[7.64%]**	[0.424]
	N=99	N=21	N=55	

	6.57%**	11.13%***	1.0896
	[2.49%]	[6.67%]**	[0.976]
	N=44	N=44	

	13.62%***	6.75%***	-1.5323	7.09
Investment	[9.81%]***	[6.41%]**	[-1.321]	□
	N=45	N=54		

Z-Score		
Distressed (1)	Not Distressed (2)	Test for Difference (3)
10.62%*** [6.73%]*** N=107	13.94%*** [9.02%]*** N=410	1.1603 [1.339]
24.15%*** [25.57%]*** N=40	[20.33%]*** [19.66%]*** N=211	-0.9332 -1.154
9.93% [10.03%] N=10	8.07%* [9.56%] N=58	-0.1753 [-0.883]
1.24% [-0.98%] N=57	6.79%*** [2.50%]* N=141	1.4039 2.034**

9.10%	8.03%***
10.97%	[6.67%]***
N=5	N=76

Table IV – Coninued

	III. HP-Index			IV. S&P Long-Term Credit Rating		
	Investor Constr.	Investor Unconstr.	t-Stat [Z-stat] for Diff. Bet. (1) and (2)	Investor Constr.	Investor Unconstr.	t-Stat [Z-stat] for Diff. Bet. (1) and (2)
	(1)	(2)	(3)	(1)	(2)	(3)
Panel A: Complete Sample						
All Purposes	9.18%***	16.20%***	2.0678**	11.74%***	14.80%***	1.3357
	[6.69%]**	[10.12]***	[1.804]*	[7.65%]***	[8.69%]***	[0.835]
	N=78	N=355		N=265	N=296	
Panel B: Purpose of Transaction						
Engaging into a Takeover	18.22%***	25.85%***	1.6634*	18.26%***	24.75%***	2.0704**
	[21.08%]***	[22.27%]***	[1.290]***	[16.37%]***	[22.22%]***	[1.719]*
	N=43	N=163		N=138	N=133	
Strategic Investment	11.17%	8.38%**	-0.1841	2.42%	9.69%**	0.9
	[21.09%]	[10.96%]	[-0.667]	[5.68%]	[1.09%]	[0.101]
	N=3	N=58		N=18	N=56	
Remaining Purposes	-3.22%	7.86%***	2.5283***	5.03%*	5.12%	0.00267
	[-2.92%]	[5.47%]***	[3.070]***	[1.33%]	[1.81%]	[0.506]
	N=34	N=62		N=109	N=107	

