Internet Appendix
for
"Institutional and Legal Context in Natural Experiments: The Case of State Antitakeover Laws"

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This Internet Appendix reports results that are mentioned but not tabulated in the main paper. In Section I, we describe the simulation procedure used to generate the results in Table IAI. Then in Section II we report six tables, as outlined below:

1. Table IAI: Simulation Tests
   Reference in the main paper: "The Internet Appendix reports on simulations...." (Introduction)

2. Table IAII: The Effect of Paramount Communications, Inc. v. Time, Inc.
   References in the main paper: "The Internet Appendix also reports on the effects of several additional court decisions in our empirical replication tests." (Section III)
   "... we find the coefficient for Amanda x BC is not robust ... the coefficient on Paramount x Poison Pill is negative...." (Section VI.B)

3. Table IAIII: Different Lagging Assumptions between Takeover Protection and Innovative Output
   Reference in the main paper: "In the Internet Appendix we report on a series of tests in which we examine the sensitivity of the Table VI results to different assumptions about the lag...." (Section VI.B)

4. Table IAIV: Robustness Test Considering Additional Lower Court Decisions Upholding the Use of the Poison Pill
   Reference in the main paper: "In the Internet Appendix we report on tests that are analogous to those in Tables IV and VI that include controls for these additional court decisions." (Section VI.C)

5. Table IAV: Robustness Test Considering a Possible Extra-Territorial Effect of the Moran v. Household Decision
   References in the main paper: "The results of this alternative assumption about the reach and impact of the Moran decision are reported in the Internet Appendix." (Section VI.C)

6. Table IAVI: The Effect of Business Combination Laws Prior to the Validation of Poison Pills
   Reference in the main paper: "The Internet Appendix reports tests of this hypothesis by examining whether any of our nine outcome variables are related to coverage by business combination laws only if the state has not adopted a poison pill law or before the

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Paramount, Great Northern Nekoosa, or Wallace Computer Services court decisions." (Section VII)

I. Description of Simulation Tests for the Size of the Omitted Variable Bias

In this section we use simulated data to measure the frequency with which the omitted variable bias (OVB) in the short regression (equation (1) in the main text) is large enough to yield a significant coefficient on *BC* even when the true effect of *BC* is zero, using actual data on firm characteristics and other laws and court decisions. We first simulate data by assuming that only our institutional and political economy variables affect some arbitrary outcome *y*. We then estimate the short regression (equation (1)) using these simulated data and examine the sign and statistical significance of the resulting coefficient on *BC*.

In each iteration of the simulated model, we assume that the true model is

$$y_{ijlst} = a + d'L_{ist} + gBC_{st} \times MF_i + u_{ijlst}, \quad \text{(IA1)}$$

where *y* is a constructed random variable for firm *i* in year *t*, where firm *i* is in industry *j*, located in state *l*, and incorporated in state *s*. *L* is a vector of dummy variables indicating coverage in a given firm-year by first- and second-generation antitakeover laws and the *CTS* and *Amanda* court cases, and $BC_{st} \times MF_i$ is a dummy variable equal to one for firm-years in which a firm is covered by a business combination law for which it lobbied. The expectation of y_{ijlst} depends on our assumptions about the effects of the institutional and political economy variables (d' and g) in a given simulation. In our first simulation, for example, we specify that coverage by a first-generation state takeover law increments E[y_{ijlst}] by one and that coverage by all other political economy variables used in Table IV of the main paper have zero impact on *y*. So in the first simulation, E[y_{ijlst}] = 1 for firm-years in which a first-generation state takeover law is in force and E[y_{ijlst}] = 0 otherwise.

Each iteration of the simulation generates a firm-year panel of y_{ijlst} values for all firms in the Compustat database over the period 1976 to 1995 using the assumed structure for d' and g and adding a unit normal random error u_{ijlst}. The error term u_{ijlst} is an equal-weighted sum of mutually independent and standard normal shocks for the firm (ε_i), industry (ε_j), state of location (ε_l), and year (ε_t), plus an idiosyncratic firm-year shock (ε), that is,

$$u_{ijlst} = \frac{1}{\sqrt{5}}\left[\sum_{p\in\{i,j,l,t\}} \varepsilon_p + \varepsilon\right] \sim N(0,1). \quad \text{(IA2)}$$

Next, we estimate the short regression (equation (1)) using the simulated data, intentionally applying this misspecified model that incorrectly assumes that only business combination laws affect the outcome variable y_{iljst}. As in Table IV, we include firm, industry-year, and state-year fixed effects in this regression. Generating outcome values *y* for actual firms

in the Compustat database ensures that the simulation results mimic the actual distribution of firms and firm-years across states and isolates the impact of our political economy variables.[2] For a given model, we conduct 2,500 iterations of this process and report on the distribution of the estimated coefficient for *BC* in the misspecified short regression.

The simulation results are summarized in Internet Appendix Table IAI. In Model (1), only first-generation state laws are assumed to affect *y*, and the effect is to increment *y* by one standard deviation. Nonetheless, the *BC* coefficient from the short regression is statistically significant at the 10% level in more than half (52.4%) of the iterations. Furthermore, the mean *BC* coefficient is negative, -0.046, even though the assumed impact of coverage by first-generation laws on the outcome variable is positive. This is the outcome illustrated by Figure 2 in the main paper: if first-generation laws have a meaningful effect on firm governance, an empirical model that focuses only on business combination laws frequently will get the wrong sign for the true impact of takeover protection on the outcome variable.

Internet Appendix Table IAI reports results for six different combinations of assumptions about the true underlying impact of takeover protections on the outcome variable *y*. In Model (3), for example, we assume that *y* is affected by business combination law coverage only for the firms that lobbied for the business combination law. Here, the mean value of the coefficient on *BC* in the short regression is small (0.002), but the coefficient on *BC* is significant at the 10% level in 20.2% of the iterations. Thus, an unwary researcher would detect a significant impact of *BC* on the outcome variable 20% of the time even though the underlying effect occurs only for firms for which the business combination law is clearly endogenous.

Models (4) to (6) present different ways to analyze the effects of firm-level defenses given limitations in our data. Model (4) includes the entire sample of Compustat-listed firms and assigns a one-standard-deviation increase to the outcome variable y for the firms that the Cremers and Ferrell (2014) data indicate have at least one takeover defense. Models (5) and (6) are run only on the firms in the Cremers and Ferrell (2014) data. Model (5) assigns a one-standard-deviation increase to the outcome variable *y* for firms with a higher G-index than the median value, and Model (6) increments the outcome variable *y* by 1/16 times the firm's G-index (the maximum G-index value in the sample is 16). (These G-index values are modified to exclude coverage by any state antitakeover law.)

[2] Because of missing data for some outcome variables examined in the paper, the simulation sample sizes are larger than in Tables IV and V: 88,653 for the full sample and 11,007 for the sample using firm-level takeover defenses.

Overall, the simulation results in Table IAI yield four broad insights. First, there exist many underlying structures for which a researcher could mistakenly infer that the passage of a business combination law has a meaningful effect on the outcome variable even though the relationship does not exist (see Models (1), (3), (4), (5), (6)). Second, there exist some scenarios (Models (1), (2), (5), (6)) in which the mean coefficient on *BC* in the short regression is *negative*, even though the true relationship between takeover protection and the constructed variable *y* is positive. Third, when we assume that business combination laws affect the outcome variable, but only for motivating firms (Model (3)), the short regression frequently yields a positive and statistically significant estimate for *BC*. This result indicates that the endogenous adoption of business combination laws, at least for a small number of motivating firms, can generate a spurious finding of a significant coefficient on *BC* for all firms covered by a business combination law. Fourth, the presence of firm-level defenses can drive significant results for the *BC* coefficient. In Model (4), the coefficient on *BC* is significant at the 10% level in 25.2% of the iterations. This coefficient also is frequently significant in Models (5) and (6), but with an average sign that is opposite to the assumed effect of takeover protection on the outcome variable.

We note that the models we simulate assume a specific impact of first-generation laws, poison pill laws, motivating firms, and firm-level takeover defenses on the outcome variable. When we examined alternative assumptions about the size of the marginal impact of each institutional feature (e.g., does it increase *y* by one standard deviation or two?), and whether the effects are substitutes or complements, the inferences are qualitatively similar to those in Table IAI. These results illustrate the large potential for bias and misinterpretation when researchers focus only on business combination laws and ignore the potential effects of other antitakeover laws, court decisions, firm-level defenses, and endogeneity.

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Table IAI
Simulation Results

This table reports results of simulations that measure the size and frequency of bias in the estimated coefficient on *BC* when the short regression $y_{ijlst} = a_0 + bBC_{st} + c'FE_{ijlt} + e_{ijlst}$ is estimated under different assumptions about the underlying true effects of takeover laws and firm-level defenses on an arbitrary outcome variable y. In each simulation, the true model is

$$y_{ijlst} = a + d'L_{ist} + gBC_{st} \times MF_i + u_{ijlst},$$

where *d* is the vector of assumed true coefficients for six variables: first-generation laws, poison pill laws, coverage by a business combination law times an indicator for motivating firms that lobbied for the law (*BC x MF*), and three measures of firm-level takeover defenses. *Any defense* is set equal to one for all firms in the Cremers-Ferrell (2014) data that have at least one firm-level defense, and zero for all other firms. Models (5) and (6) are estimated only for firms in the Cremers-Ferrell (2014) database. *High G-index* is set equal to one for firms with an above-median G-index, and *1/16 x G-index* equals the numerical value of 0.0625 times the firm's G-index. We strip coverage by state antitakeover laws from our G-index variable so it only contains information on the number of firm-level takeover provisions. The dependent variable in each model, *y*, is an arbitrary random variable with mean equal to $d'1$ and a variance of one. In each iteration of a simulation, the assumed true model is used to generate a panel data set for *y* and then the short regression is estimated. In generating the panel data set for *y*, a random error is generated as the sum of standard normal random firm, industry, state of location, year, and firm-year shocks and is scaled such that the mean is zero and the variance is one. *Mean BC coefficient* is the mean of the coefficient *b* in the short regression over 2,500 iterations, and *% of p-values* reports the fraction of the 2,500 iterations in which the coefficient *b* is significant at the 10%, 5%, and 1% levels, respectively.

	Assumed underlying structure						Empirical "short equation" results			
				Firm-level defenses				% of p-values:		
Model	First-Generation Law	Poison pill law	BC x motivating firm	Any defense	High G-index	1/16 x G-index	Mean *BC* coefficient	< 0.10	< 0.05	< 0.01
1	1	0	0	0	0	0	-0.046	52.4%	19.6%	0.6%
2	0	1	0	0	0	0	-0.095	0.0%	0.0%	0.0%
3	0	0	1	0	0	0	0.002	20.2%	13.8%	4.6%
4	0	0	0	1	0	0	0.011	25.2%	15.5%	4.1%
5	0	0	0	0	1	0	-0.055	15.4%	6.7%	0.9%
6	0	0	0	0	0	1	-0.031	24.5%	16.4%	5.7%

Table IAII

The Effect of *Paramount Communications, Inc. v. Time, Inc.*

This table replicates the results from the full-model regressions in Tables IV and VI adding a control for the interaction of *Poison pill law* (*PP*) with the 1989 decision in *Paramount Communications, Inc. v. Time, Inc.* The constant is not reported. We do not include a separate control for *MF* (motivating firms) because each model includes firm fixed effects. In columns (1) to (7), robust standard errors are clustered at the state of incorporation level (as in Table IV). In columns (8) and (9), robust standard errors are clustered at the firm level (as in Table VI, which replicates the Atanassov (2013) results). Standard errors are reported in parentheses. *, **, and *** denote two-tailed significance at the 10%, 5%, and 1% levels, respectively.

	Extensions of the full-model results in Table IV:							Extension of full-model results in Table VI:	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	ROA	*Capex*	*PPE Growth*	*Asset Growth*	*Cash*	*SGA Expense*	*Leverage*	$ln(1+Pat)_{t+3}$	$ln(1+Cit/Pat)_{t+3}$
Business combination law (BC)	-0.008	0.002	-0.007	-0.042**	-0.005	0.011*	0.020**	-0.000	-0.003
	(0.007)	(0.002)	(0.012)	(0.020)	(0.003)	(0.006)	(0.008)	(0.005)	(0.006)
First-generation law	-0.030*	0.004	-0.000	-0.027	0.004	0.017	-0.020	0.001	-0.005
	(0.015)	(0.003)	(0.012)	(0.022)	(0.007)	(0.012)	(0.021)	(0.007)	(0.010)
Poison pill law (PP)	-0.009	0.002	0.007	-0.033	0.001	0.006	0.022***	-0.007*	-0.003
	(0.007)	(0.002)	(0.009)	(0.021)	(0.002)	(0.005)	(0.008)	(0.004)	(0.005)
Control share acquisition law (CS)	-0.021**	0.002	-0.001	0.017	0.008*	0.010	0.019	-0.006	0.027**
	(0.010)	(0.003)	(0.016)	(0.029)	(0.004)	(0.008)	(0.014)	(0.007)	(0.011)
Directors' duties law (DD)	0.002	-0.001	0.008	0.023	0.004	-0.002	-0.006	-0.003	0.001
	(0.008)	(0.001)	(0.012)	(0.023)	(0.004)	(0.008)	(0.011)	(0.007)	(0.006)
Fair price law (FP)	-0.009	0.003	-0.015	0.013	-0.003	-0.001	-0.001	-0.005	0.008
	(0.010)	(0.002)	(0.012)	(0.025)	(0.003)	(0.008)	(0.013)	(0.007)	(0.007)
CS x *CTS*	-0.001	-0.000	-0.019	-0.026	-0.002	0.025**	0.007	0.007	-0.017
	(0.011)	(0.002)	(0.016)	(0.030)	(0.006)	(0.010)	(0.022)	(0.010)	(0.011)
BC x *Amanda*	-0.024	0.001	-0.001	-0.031	0.001	0.018	0.009	-0.009	-0.010
	(0.019)	(0.003)	(0.033)	(0.033)	(0.007)	(0.015)	(0.019)	(0.006)	(0.007)
PP x *Paramount*	-0.005	0.002	-0.042***	0.020	-0.010*	0.023*	0.019	-0.014*	-0.016*
	(0.013)	(0.003)	(0.015)	(0.030)	(0.006)	(0.012)	(0.021)	(0.008)	(0.008)
BC x MF (motivating firms)	0.201***	0.012	0.059	0.142**	-0.041***	-0.112***	-0.056	-0.327**	-0.120**
	(0.048)	(0.010)	(0.036)	(0.056)	(0.013)	(0.040)	(0.039)	(0.144)	(0.050)
Observations	86,920	85,845	78,518	79,556	87,106	80,042	86,888	85,803	85,803
R^2	0.65	0.53	0.20	0.32	0.64	0.75	0.56	0.84	0.62

Table IAIII
Different Lagging Assumptions Between Takeover Protection and Innovative Output

This table reports results of tests that examine the sensitivity of our results in Table VI to alternate assumptions about the lag between a change in takeover protection and its effect on a firm's patents or patent citations. The dependent variable in Models (1) to (4) is the natural log of one plus the number of patents filed by the firm, and the dependent variable in Models (5) to (8) is the natural log of one plus the average citations per patent filed by the firm. In Models (1), (2), (5), and (6), the number of patents or citations is two years in the future, and in Models (3), (4), (7), and (8) the number of patents or citations is four years in the future. Each model includes firm sales, leverage, profitability, asset tangibility, and industry concentration as control variables, as well as firm and year fixed effects. Each pair of regressions compares the result using business combination laws to identify an exogenous change in takeover protection with the result using additional controls for other types of state takeover laws, court decisions, and motivating firms. Robust standard errors, clustered at the firm level, are reported in parentheses. *, **, and *** denote two-tailed significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent var = ln(1+Pat)$_{t+3}$	*ln*(1+ *Pat*)$_{t+2}$	*ln*(1+ *Pat*)$_{t+2}$	*ln*(1+ *Pat*)$_{t+4}$	*ln*(1+ *Pat*)$_{t+4}$	*ln*(1+ *Cit/Pat*)$_{t+2}$	*ln*(1+ *Cit/Pat*)$_{t+2}$	*ln*(1+ *Cit/Pat*)$_{t+4}$	*ln*(1+ *Cit/Pat*)$_{t+4}$
Business combination law (BC)	-0.006**	-0.002	-0.011***	0.001	-0.007*	0.001	-0.013***	-0.002
	(0.003)	(0.004)	(0.003)	(0.005)	(0.004)	(0.005)	(0.004)	(0.006)
First-generation law		0.006		-0.002		-0.005		-0.009
		(0.006)		(0.007)		(0.009)		(0.010)
Poison pill law (PP)		-0.009***		-0.012***		-0.008*		-0.007
		(0.003)		(0.004)		(0.004)		(0.005)
Control share acquisition law (CS)		-0.008		-0.001		0.014*		0.026***
		(0.006)		(0.006)		(0.009)		(0.010)
Directors' duties law (DD)		-0.006		-0.002		-0.001		0.001
		(0.005)		(0.007)		(0.006)		(0.006)
Fair price law (FP)		-0.002		-0.006		0.002		0.002
		(0.005)		(0.006)		(0.006)		(0.006)
CS x *CTS*		0.009		0.011		0.001		-0.013
		(0.009)		(0.009)		(0.009)		(0.011)
BC x *Amanda*		-0.006		-0.018***		-0.015**		-0.020***
		(0.004)		(0.005)		(0.007)		(0.007)
BC x MF (motivating firms)		-0.251*		-0.331**		-0.090*		-0.108**
		(0.129)		(0.133)		(0.046)		(0.050)
Observations	99,183	99,183	80,771	80,771	93,056	93,056	80,771	80,771
R^2	0.89	0.89	0.82	0.82	0.63	0.63	0.61	0.61

Table IAIV
Robustness Test Considering Additional Lower Court Decisions Upholding the Use of the Poison Pill

This table replicates results from the full-model regressions in Tables IV and VI with an additional control for lower court rulings upholding the use of the poison pill. In these tests, the *Lower court decisions* variable switches from zero to one in 1986 for firms incorporated in Indiana, Michigan, Minnesota, and Wisconsin, in 1989 for firms incorporated in Maryland and Texas, and in 1990 for firms incorporated in Maine. These dates correspond to specific court cases upholding the use of poison pills. See Catan and Kahan (2016) for more information on these cases. The constant is not reported. We do not include a separate control for *MF* (motivating firms) because each model includes firm fixed effects. In columns (1) to (7), robust standard errors are clustered at the state of incorporation level (as in Table IV). In columns (8) and (9), robust standard errors are clustered at the firm level (as in Table VI, which replicates the Atanassov (2013) results). Standard errors are reported in parentheses. *, **, and *** denote two-tailed significance at the 10%, 5%, and 1% levels, respectively.

	Extensions of the full model results in Table IV:							Extension of full model results in Table VI:	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	ROA	*Capex*	*PPE Growth*	*Asset Growth*	*Cash*	*SGA Expense*	*Leverage*	$ln(1+Pat)_{t+3}$	$ln(1+Cit/Pat)_{t+3}$
Business combination law (BC)	-0.007	0.002	-0.008	-0.041**	-0.005	0.011**	0.020**	-0.000	-0.001
	(0.007)	(0.002)	(0.013)	(0.020)	(0.003)	(0.005)	(0.008)	(0.004)	(0.006)
Lower court decisions	-0.010	0.003	0.013	-0.011	0.012	0.010	-0.008	0.017	0.023
	(0.011)	(0.003)	(0.011)	(0.021)	(0.008)	(0.012)	(0.014)	(.015)	(0.018)
First-generation law	-0.031**	0.004	-0.000	-0.027	0.005	0.018	-0.020	0.002	-0.004
	(0.015)	(0.003)	(0.012)	(0.023)	(0.007)	(0.012)	(0.022)	(0.007)	(0.009)
Poison pill law (PP)	-0.012**	0.003*	-0.003	-0.028	-0.001	0.014**	0.026***	-0.007**	-0.005
	(0.006)	(0.001)	(0.012)	(0.019)	(0.003)	(0.006)	(0.009)	(0.004)	(0.005)
Control share acquisition law (CS)	-0.021**	0.002	-0.003	0.019	0.007	0.010	0.020	-0.005	0.025***
	(0.010)	(0.003)	(0.017)	(0.029)	(0.004)	(0.008)	(0.014)	(0.006)	(0.010)
Directors' duties law (DD)	0.002	-0.001	0.010	0.022	0.005	-0.004	-0.007	-0.003	0.000
	(0.009)	(0.001)	(0.011)	(0.023)	(0.004)	(0.009)	(0.012)	(0.006)	(0.006)
Fair price law (FP)	-0.009	0.003	-0.017	0.014	-0.004	-0.001	0.000	-0.006	0.001
	(0.010)	(0.002)	(0.013)	(0.025)	(0.003)	(0.008)	(0.013)	(0.006)	(0.006)
CS x *CTS*	0.001	-0.001	-0.013	-0.028	-0.002	0.020**	0.005	0.008	-0.014
	(0.012)	(0.002)	(0.016)	(0.028)	(0.006)	(0.010)	(0.021)	(0.009)	(0.010)
BC x *Amanda*	-0.028*	0.002	-0.014	-0.026	-0.001	0.028**	0.014	-0.012**	-0.015**
	(0.016)	(0.002)	(0.031)	(0.028)	(0.006)	(0.011)	(0.015)	(0.005)	(0.007)
BC x MF (motivating firms)	0.202***	0.011	0.059	0.143**	-0.041***	-0.115***	-0.056	-0.299**	-0.106**
	(0.047)	(0.010)	(0.037)	(0.056)	(0.013)	(0.040)	(0.039)	(0.130)	(0.045)
Observations	86,920	85,845	78,518	79,556	87,106	80,042	86,888	85,803	85,803
R^2	0.65	0.53	0.20	0.32	0.64	0.75	0.56	0.85	0.62

Table IAV

Robustness Test Considering a Possible Extra-Territorial Effect of the *Moran v. Household* Decision

This table replicates results from the full-model regressions in Tables IV and VI using an alternative coding for the *Poison pill law* variable. In these tests, the 1985 *Moran* decision switches *Poison pill law* from zero to one for Delaware firms and from 0 to 0.5 for non-Delaware firms. This differs from the tests in Tables IV and VI, in which *Poison pill law* is coded as if the *Moran* decision affects only Delaware firms. For non-Delaware firms that are subsequently covered by a state poison pill law, *Poison pill law* switches from 0.5 to 1. The constant is not reported. We do not include a separate control for *MF* (motivating firms) because each model includes firm fixed effects. In columns (1) to (7), robust standard errors are clustered at the state of incorporation level (as in Table IV). In columns (8) and (9), robust standard errors are clustered at the firm level (as in Table VI, which replicates the Atanassov (2013) results). Standard errors are reported in parentheses. *, **, and *** denote two-tailed significance at the 10%, 5%, and 1% levels, respectively.

	Extensions of the full model results in Table IV:							Extension of full model results in Table VI:	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	ROA	*Capex*	*PPE Growth*	*Asset Growth*	*Cash*	*SGA Expense*	*Leverage*	$ln(1+Pat)_{t+3}$	$ln(1+Cit/Pat)_{t+3}$
Business combination law (BC)	-0.008	0.002	-0.008	-0.041**	-0.005	0.011**	0.020**	-0.000	-0.003
	(0.007)	(0.002)	(0.013)	(0.020)	(0.003)	(0.005)	(0.008)	(0.005)	(0.006)
First-generation law	-0.030**	0.004	-0.001	-0.026	0.004	0.017	-0.019	0.001	-0.005
	(0.015)	(0.003)	(0.012)	(0.022)	(0.007)	(0.012)	(0.021)	(0.007)	(0.010)
Poison pill law (PP)	-0.022**	0.005	-0.009	-0.054	-0.005	0.025**	0.054***	-0.024***	-0.019*
	(0.010)	(0.003)	(0.025)	(0.037)	(0.006)	(0.011)	(0.019)	(0.009)	(0.010)
Control share acquisition law (CS)	-0.021**	0.002	-0.003	0.018	0.008*	0.011	0.020	-0.006	0.027**
	(0.010)	(0.003)	(0.017)	(0.029)	(0.004)	(0.008)	(0.014)	(0.007)	(0.011)
Directors' duties law (DD)	0.002	-0.001	0.010	0.022	0.005	-0.004	-0.007	-0.002	0.002
	(0.009)	(0.001)	(0.011)	(0.023)	(0.004)	(0.009)	(0.012)	(0.007)	(0.006)
Fair price law (FP)	-0.009	0.003	-0.017	0.014	-0.003	-0.001	-0.000	-0.007	0.006
	(0.010)	(0.002)	(0.013)	(0.025)	(0.003)	(0.008)	(0.013)	(0.007)	(0.007)
CS x *CTS*	0.000	-0.000	-0.012	-0.029	-0.000	0.021**	0.004	0.010	-0.014
	(0.011)	(0.002)	(0.016)	(0.029)	(0.006)	(0.010)	(0.020)	(0.009)	(0.011)
BC x *Amanda*	-0.026*	0.002	-0.016	-0.024	-0.003	0.026**	0.015	-0.012**	-0.015**
	(0.015)	(0.002)	(0.031)	(0.027)	(0.007)	(0.011)	(0.015)	(0.005)	(0.007)
BC x MF (motivating firms)	0.201***	0.012	0.060	0.142**	-0.041***	-0.114***	-0.057	-0.326**	-0.119**
	(0.048)	(0.010)	(0.036)	(0.056)	(0.013)	(0.040)	(0.039)	(0.144)	(0.050)
Observations	86,920	85,845	78,518	79,556	87,106	80,042	86,888	85,803	85,803
R^2	0.65	0.53	0.20	0.32	0.64	0.75	0.56	0.84	0.62

Table IAVI
The Effect of Business Combination Laws Prior to the Validation of Poison Pills

This table reports results of tests that examine whether business combination laws are significantly related to any of the outcome variables only if the state has not adopted a poison pill law or before the *Moran*, *Paramount*, *Great Northern Nekoosa*, or *Wallace Computer Services* court decisions. The constant is not reported. We do not include a separate control for *MF* (motivating firms) because each model includes firm fixed effects. In columns (1) to (7), robust standard errors are clustered at the state of incorporation level (as in Table IV). In columns (8) and (9), robust standard errors are clustered at the firm level (as in Table VI, which replicates the Atanassov (2013) results). Standard errors are reported in parentheses. *, **, and *** denote two-tailed significance at the 10%, 5%, and 1% levels, respectively.

	Extensions of the full model results in Table IV:							Extension of full model results in Table VI:	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	ROA	*Capex*	*PPE Growth*	*Asset Growth*	*Cash*	*SGA Expense*	*Leverage*	$ln(1+Pat)_{t+3}$	$ln(1+Cit/Pat)_{t+3}$
Business combination law (BC)	0.007	-0.003	0.008	-0.071	0.004	0.013	0.040*	-0.008	0.008
	(0.022)	(0.004)	(0.038)	(0.059)	(0.009)	(0.016)	(0.023)	(0.006)	(0.008)
First-generation law	-0.021	0.005*	0.006	-0.037	0.010	0.009	-0.025	0.001	-0.002
	(0.018)	(0.003)	(0.015)	(0.023)	(0.007)	(0.013)	(0.020)	(0.006)	(0.008)
Poison pill law (PP)	-	-	-	-	-	-	-	-	-
Control share acquisition law (CS)	-0.003	0.002	-0.012	-0.040	0.012	0.024	-0.008	0.000	0.006
	(0.012)	(0.004)	(0.047)	(0.032)	(0.008)	(0.015)	(0.023)	(0.006)	(0.011)
Directors' duties law (DD)	0.011	-0.005*	-0.047	0.087	0.009	-0.026	-0.017	-0.002	0.001
	(0.022)	(0.003)	(0.040)	(0.053)	(0.009)	(0.021)	(0.020)	(0.007)	(0.009)
Fair price law (FP)	-0.006	0.004	-0.047	0.025	0.002	-0.006	0.010	-0.003	-0.016**
	(0.021)	(0.005)	(0.030)	(0.051)	(0.007)	(0.014)	(0.016)	(0.005)	(0.007)
CS x *CTS*	0.002	-0.000	-0.044	-0.103	-0.025**	0.032	0.080***	-0.008	-0.001
	(0.017)	(0.005)	(0.065)	(0.065)	(0.011)	(0.022)	(0.028)	(0.009)	(0.012)
BC x *Amanda*	-0.025	0.012	-0.074	-0.082	0.001	0.006	-0.096**	0.007	-0.002
	(0.033)	(0.015)	(0.053)	(0.142)	(0.027)	(0.070)	(0.045)	(0.010)	(0.012)
BC x MF (motivating firms)	0.205***	-0.006	-0.001	0.184*	-0.045**	-0.153	-0.007	-0.036	-0.011
	(0.064)	(0.010)	(0.081)	(0.104)	(0.019)	(0.102)	(0.062)	(0.091)	(0.065)
Observations	42,341	41,872	38,631	39,085	42,424	39,258	42,323	36,126	36,126
R^2	0.67	0.59	0.27	0.40	0.67	0.80	0.63	0.94	0.68