

Supplementary Materials

Table S.1
Additional descriptive statistics

The table presents summary statistics for the two subsets of the baseline control group (i.e., non-corporate freezeouts and toehold acquisitions) (Panel A) and over time (Panel B). To produce the summary statistics over time, I divided the sample into three important periods: pre-*Cox*, post-*Cox* and pre-*MFW*, and post-*MFW*. As explained in the text, more granular summary statistics (e.g., by year) would not produce meaningful information by period due to the small size of the sample.

Panel A. Descriptive statistics for each subset of the control group

Panel A.1. Toehold acquisitions

| Variable | Pre-MFW | | | | Post-MFW | | | | Difference (Post-Pre) |
|--------------------------------|---------|--------|-----------|----|----------|---------|-----------|----|--------------------------|
| | Mean | Median | Std. Dev. | N | Mean | Median | Std. Dev. | N | |
| <i>Procedural protections</i> | | | | | | | | | |
| Majority-of-the-minority (MOM) | 0.21 | 0.00 | 0.42 | 42 | 0.20 | 0.00 | 0.41 | 20 | -0.01 |
| Special committed formed (SC) | 0.50 | 0.50 | 0.51 | 42 | 0.55 | 1.00 | 0.51 | 20 | 0.05 |
| MOM & SC | 0.17 | 0.00 | 0.38 | 42 | 0.15 | 0.00 | 0.37 | 20 | -0.02 |
| <i>Deal outcomes</i> | | | | | | | | | |
| Premium | 0.28 | 0.20 | 0.35 | 42 | 0.22 | 0.19 | 0.30 | 20 | -0.06 |
| CAR _{S(-1,+1)} | 0.17 | 0.14 | 0.21 | 42 | 0.12 | 0.05 | 0.20 | 20 | -0.05 |
| Increase over first offer | 0.04 | 0.00 | 0.09 | 42 | 0.03 | 0.00 | 0.06 | 20 | -0.01 |
| Completed | 0.93 | 1.00 | 0.27 | 40 | 0.65 | 1.00 | 0.49 | 20 | -0.28*** |
| <i>Deal characteristics</i> | | | | | | | | | |
| Deal value | 601.23 | 122.93 | 896.87 | 42 | 925.05 | 443.34 | 1133.15 | 20 | 323.82 |
| Total assets | 1642.39 | 236.62 | 3678.47 | 42 | 2840.74 | 1028.04 | 3622.84 | 20 | 1198.36 |
| ROA | -0.15 | -0.01 | 0.31 | 42 | -0.10 | 0.00 | 0.27 | 20 | 0.05 |
| Cash-only deal | 0.79 | 1.00 | 0.42 | 42 | 0.65 | 1.00 | 0.49 | 20 | -0.14 |
| Public buyer | 0.43 | 0.00 | 0.50 | 42 | 0.50 | 0.50 | 0.51 | 20 | 0.07 |
| Financial buyer | 0.33 | 0.00 | 0.48 | 42 | 0.25 | 0.00 | 0.44 | 20 | -0.08 |
| Breakup fee | 0.62 | 1.00 | 0.49 | 42 | 0.30 | 0.00 | 0.47 | 20 | -0.32** |
| Friendly deal | 0.88 | 1.00 | 0.33 | 42 | 0.65 | 1.00 | 0.49 | 20 | -0.23** |
| Competing bid | 0.10 | 0.00 | 0.30 | 42 | 0.15 | 0.00 | 0.37 | 20 | 0.05 |

Panel A.2 Freezeouts of unincorporated business entities

| Variable | Pre-MFW | | | | Post-MFW | | | | Difference (Post-Pre) |
|--------------------------------|---------|--------|-----------|----|----------|---------|-----------|----|--------------------------|
| | Mean | Median | Std. Dev. | N | Mean | Median | Std. Dev. | N | |
| <i>Procedural protections</i> | | | | | | | | | |
| Majority-of-the-minority (MOM) | 0.36 | 0.00 | 0.50 | 11 | 0.16 | 0.00 | 0.37 | 31 | -0.20 |
| Special committed formed (SC) | 1.00 | 1.00 | 0.00 | 11 | 0.87 | 1.00 | 0.34 | 31 | -0.13 |
| MOM & SC | 0.36 | 0.00 | 0.50 | 11 | 0.16 | 0.00 | 0.37 | 31 | -0.20 |
| <i>Deal outcomes</i> | | | | | | | | | |
| Premium | 0.27 | 0.23 | 0.42 | 11 | 0.09 | 0.07 | 0.11 | 31 | -0.18** |
| CARS _(-1,+1) | 0.06 | 0.08 | 0.15 | 11 | 0.09 | 0.08 | 0.09 | 31 | 0.03 |
| Increase over first offer | 0.07 | 0.00 | 0.12 | 11 | 0.02 | 0.00 | 0.05 | 31 | -0.05** |
| Completed | 0.80 | 1.00 | 0.42 | 10 | 0.84 | 1.00 | 0.37 | 31 | 0.04 |
| <i>Deal characteristics</i> | | | | | | | | | |
| Deal value | 341.04 | 184.67 | 340.01 | 11 | 1334.20 | 606.10 | 1392.65 | 31 | 993.16** |
| Total assets | 1855.35 | 628.33 | 1940.72 | 11 | 4581.10 | 1619.10 | 6280.61 | 31 | 2725.75 |
| ROA | -0.10 | -0.01 | 0.26 | 11 | 0.05 | 0.04 | 0.06 | 31 | 0.16*** |
| Cash-only deal | 0.36 | 0.00 | 0.50 | 11 | 0.29 | 0.00 | 0.46 | 31 | -0.07 |
| Public buyer | 0.64 | 1.00 | 0.50 | 11 | 0.81 | 1.00 | 0.40 | 31 | 0.17 |
| Financial buyer | 0.27 | 0.00 | 0.47 | 11 | 0.19 | 0.00 | 0.40 | 31 | -0.08 |
| Breakup fee | 0.09 | 0.00 | 0.30 | 11 | 0.10 | 0.00 | 0.30 | 31 | 0.01 |
| Friendly deal | 1.00 | 1.00 | 0.00 | 11 | 0.94 | 1.00 | 0.25 | 31 | -0.06 |
| Competing bid | 0.00 | 0.00 | 0.00 | 11 | 0.03 | 0.00 | 0.18 | 31 | 0.03 |

Panel B. Descriptive statistics by more granular periods

Panel B.1. Treatment group

| Variable | Pre-Cox (2000-2005) | | | | Post-Cox, Pre-MFW (2005-2013) | | | | Post-MFW (2013-2020) | | | |
|-------------------------------|---------------------|--------|---------|----|-------------------------------|--------|---------|----|----------------------|--------|---------|----|
| | Mean | Median | S.D. | N | Mean | Median | S.D. | N | Mean | Median | S.D. | N |
| <i>Procedural protections</i> | | | | | | | | | | | | |
| Majority-of-the-minority | 0.31 | 0.00 | 0.46 | 91 | 0.49 | 0.00 | 0.50 | 51 | 0.81 | 1.00 | 0.40 | 42 |
| Special committee | 0.91 | 1.00 | 0.28 | 91 | 0.98 | 1.00 | 0.14 | 51 | 0.95 | 1.00 | 0.22 | 42 |
| MOM & SC | 0.31 | 0.00 | 0.46 | 91 | 0.49 | 0.00 | 0.50 | 51 | 0.81 | 1.00 | 0.40 | 42 |
| <i>Deal outcomes</i> | | | | | | | | | | | | |
| Premium | 0.28 | 0.22 | 0.44 | 91 | 0.35 | 0.26 | 0.41 | 51 | 0.34 | 0.28 | 0.41 | 42 |
| CARS _(-1,+1) | 0.19 | 0.16 | 0.29 | 91 | 0.25 | 0.20 | 0.24 | 51 | 0.19 | 0.16 | 0.20 | 42 |
| ΔOffer | 0.05 | 0.00 | 0.10 | 91 | 0.08 | 0.00 | 0.13 | 51 | 0.05 | 0.00 | 0.09 | 42 |
| Completed | 0.80 | 1.00 | 0.40 | 90 | 0.87 | 1.00 | 0.34 | 46 | 0.79 | 1.00 | 0.41 | 38 |
| <i>Deal characteristics</i> | | | | | | | | | | | | |
| Deal value | 278.97 | 26.84 | 729.98 | 91 | 666.83 | 96.13 | 1134.47 | 51 | 516.38 | 135.96 | 865.07 | 42 |
| Total assets | 1188.76 | 115.28 | 3719.55 | 91 | 2858.63 | 375.75 | 5182.75 | 51 | 2995.84 | 440.91 | 5399.13 | 42 |
| ROA | -0.11 | 0.00 | 0.26 | 91 | -0.06 | 0.01 | 0.21 | 51 | -0.07 | 0.00 | 0.24 | 42 |
| Cash-only deal | 0.64 | 1.00 | 0.48 | 91 | 0.75 | 1.00 | 0.44 | 51 | 0.64 | 1.00 | 0.48 | 42 |
| Public buyer | 0.43 | 0.00 | 0.50 | 91 | 0.45 | 0.00 | 0.50 | 51 | 0.45 | 0.00 | 0.50 | 42 |
| Financial buyer | 0.09 | 0.00 | 0.28 | 91 | 0.16 | 0.00 | 0.37 | 51 | 0.17 | 0.00 | 0.38 | 42 |
| Breakup fee | 0.12 | 0.00 | 0.33 | 91 | 0.24 | 0.00 | 0.43 | 51 | 0.36 | 0.00 | 0.48 | 42 |
| Friendly deal | 0.96 | 1.00 | 0.21 | 91 | 0.90 | 1.00 | 0.30 | 51 | 0.83 | 1.00 | 0.38 | 42 |
| Competing bid | 0.02 | 0.00 | 0.15 | 91 | 0.00 | 0.00 | 0.00 | 51 | 0.05 | 0.00 | 0.22 | 42 |

Panel B.2. Control group

| Variable | Pre-Cox (2000-2005) | | | | Post-Cox, Pre-MFW (2005-2013) | | | | Post-MFW (2013-2020) | | | |
|-------------------------------|---------------------|--------|---------|----|-------------------------------|--------|---------|----|----------------------|---------|---------|----|
| | Mean | Median | S.D. | N | Mean | Median | S.D. | N | Mean | Median | S.D. | N |
| <i>Procedural protections</i> | | | | | | | | | | | | |
| Majority-of-the-minority | 0.33 | 0.00 | 0.48 | 21 | 0.19 | 0.00 | 0.40 | 32 | 0.18 | 0.00 | 0.39 | 51 |
| Special committee | 0.48 | 0.00 | 0.51 | 21 | 0.69 | 1.00 | 0.47 | 32 | 0.75 | 1.00 | 0.44 | 51 |
| MOM & SC | 0.24 | 0.00 | 0.44 | 21 | 0.19 | 0.00 | 0.40 | 32 | 0.16 | 0.00 | 0.37 | 51 |
| <i>Deal outcomes</i> | | | | | | | | | | | | |
| Premium | 0.25 | 0.20 | 0.36 | 21 | 0.29 | 0.21 | 0.37 | 32 | 0.14 | 0.08 | 0.21 | 51 |
| CARS _(-1,+1) | 0.17 | 0.19 | 0.24 | 21 | 0.13 | 0.12 | 0.19 | 32 | 0.10 | 0.07 | 0.15 | 51 |
| ΔOffer | 0.03 | 0.00 | 0.07 | 21 | 0.06 | 0.00 | 0.11 | 32 | 0.02 | 0.00 | 0.06 | 51 |
| Completed | 1.00 | 1.00 | 0.00 | 20 | 0.83 | 1.00 | 0.38 | 30 | 0.76 | 1.00 | 0.43 | 51 |
| <i>Deal characteristics</i> | | | | | | | | | | | | |
| Deal value | 586.63 | 140.91 | 880.99 | 21 | 521.37 | 122.93 | 785.94 | 32 | 1173.75 | 523.20 | 1300.89 | 51 |
| Total assets | 1479.36 | 228.82 | 2868.63 | 21 | 1822.58 | 462.67 | 3710.33 | 32 | 3898.61 | 1600.28 | 5421.39 | 51 |
| ROA | -0.20 | -0.02 | 0.34 | 21 | -0.10 | 0.01 | 0.27 | 32 | -0.01 | 0.03 | 0.19 | 51 |
| Cash-only deal | 0.71 | 1.00 | 0.46 | 21 | 0.69 | 1.00 | 0.47 | 32 | 0.43 | 0.00 | 0.50 | 51 |
| Public buyer | 0.52 | 1.00 | 0.51 | 21 | 0.44 | 0.00 | 0.50 | 32 | 0.69 | 1.00 | 0.47 | 51 |
| Financial buyer | 0.14 | 0.00 | 0.36 | 21 | 0.44 | 0.00 | 0.50 | 32 | 0.22 | 0.00 | 0.42 | 51 |
| Breakup fee | 0.57 | 1.00 | 0.51 | 21 | 0.47 | 0.00 | 0.51 | 32 | 0.18 | 0.00 | 0.39 | 51 |
| Friendly deal | 0.90 | 1.00 | 0.30 | 21 | 0.91 | 1.00 | 0.30 | 32 | 0.82 | 1.00 | 0.39 | 51 |
| Competing bid | 0.00 | 0.00 | 0.00 | 21 | 0.13 | 0.00 | 0.34 | 32 | 0.08 | 0.00 | 0.27 | 51 |

Table S.2
Additional robustness checks

The table presents additional robustness checks. Panel A presents alternative estimation methods and Panel B presents results that exclude reverse stock splits or that use the Delaware Supreme Court in *MFW* as the time cutoff for the *Post-MFW* variable.. * significant at 0.10, ** significant at 0.5, and *** significant at 0.01.

Panel A. Alternative estimation methods

| Dependent variable | MOM | Premium 5-day | CARs _{.5,+5} | ΔOffer | Closed |
|--------------------|--------------------|---------------------|-----------------------|---------------------|----------------------|
| Model | (1) | (2) | (3) | (4) | (5) |
| Treat×PostMFW | 2.630*** (3.51) | 0.134 (1.04) | -0.062 (-0.27) | 0.116 (1.48) | 0.863 (0.96) |
| Treat | 0.523 (1.13) | 0.067 (0.69) | 0.099 (0.54) | -0.029 (-0.57) | -0.630 (-0.90) |
| Post-MFW | -0.592 (-1.05) | -0.144 (-1.63) | 0.189 (1.26) | -0.148** (-2.40) | -0.880 (-1.24) |
| Log(deal value) | 0.355*** (2.92) | 0.029 (1.27) | 0.095*** (2.64) | 0.036*** (2.75) | 0.187 (1.26) |
| Cash-only | 0.868** (2.28) | 0.134* (1.89) | 0.246 (1.62) | 0.177*** (3.88) | 0.979** (2.07) |
| Special committee | 1.984*** (2.97) | 0.053 (0.57) | -0.145 (-1.11) | 0.169*** (2.68) | -0.558 (-0.89) |
| Log(assets) | -0.163 (-1.46) | -0.042* (-1.95) | 0.073* (1.82) | -0.011 (-0.90) | -0.085 (-0.62) |
| ROA | 0.703 (0.98) | -0.240 (-1.46) | -1.011*** (-3.27) | 0.014 (0.18) | -0.709 (-0.74) |
| Public buyer | -0.536 (-1.39) | -0.183** (-2.39) | 0.133 (0.82) | -0.063 (-1.52) | 0.914* (1.76) |
| Financial buyer | -0.148 (-0.36) | -0.059 (-0.68) | -0.142 (-0.67) | -0.089* (-1.87) | -0.790* (-1.69) |
| Breakup fee | 0.129 (0.35) | 0.061 (0.87) | -0.033 (-0.24) | -0.072* (-1.73) | 1.435** (2.28) |
| Friendly deal | -0.195 (-0.37) | -0.163* (-1.73) | 0.313 (1.32) | -0.082 (-1.55) | 2.046*** (4.08) |
| Competing bid | -0.319 (-0.43) | -0.047 (-0.33) | 0.249* (1.84) | 0.186*** (2.63) | -2.430*** (-2.80) |
| Estimation method | Logit | OLS | OLS | Tobit | Logit |
| Industry dummies | Yes | Yes | Yes | Yes | Yes |
| R-squared | | 0.145 | 0.131 | | |
| Pseudo R-squared | 0.231 | | | 0.303 | 0.200 |
| N | 288 | 288 | 288 | 288 | 275 |

Panel B. Alternative subsample and time cutoff

| Dependent variable | Subsample: excluding reverse stock splits | | | | | Delaware Supreme Court decision as time cutoff | | | | |
|--------------------|---|--------------------|--------------------|--------------------|--------------------|--|--------------------|--------------------|--------------------|--------------------|
| | Model | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Treat×PostMFW | 0.477*** (0.10) | 0.114 (0.10) | -0.005 (0.06) | 0.019 (0.03) | 0.037 (0.10) | 0.484*** (0.11) | 0.094 (0.10) | -0.021 (0.06) | 0.023 (0.03) | 0.070 (0.10) |
| Treat | 0.136* (0.07) | 0.076 (0.07) | 0.099** (0.04) | 0.034 (0.03) | -0.006 (0.06) | 0.158** (0.07) | 0.085 (0.07) | 0.108*** (0.04) | 0.032 (0.03) | -0.038 (0.06) |
| Post-MFW | -0.102 (0.08) | -0.081 (0.06) | -0.017 (0.04) | -0.036 (0.02) | -0.069 (0.07) | -0.077 (0.08) | -0.061 (0.06) | -0.004 (0.04) | -0.033 (0.02) | -0.072 (0.07) |
| Log(deal value) | 0.059*** (0.02) | 0.038** (0.02) | 0.019** (0.01) | 0.017** (0.01) | 0.012 (0.02) | 0.058*** (0.02) | 0.041** (0.02) | 0.019** (0.01) | 0.017** (0.01) | 0.018 (0.02) |
| Cash-only | 0.144** (0.06) | 0.127*** (0.05) | 0.104*** (0.03) | 0.070*** (0.02) | 0.090 (0.06) | 0.132** (0.06) | 0.141*** (0.05) | 0.110*** (0.03) | 0.070*** (0.02) | 0.094 (0.06) |
| Special committee | 0.308*** (0.05) | 0.062 (0.07) | 0.008 (0.04) | 0.033 (0.02) | -0.088 (0.06) | 0.288*** (0.05) | 0.073 (0.07) | 0.010 (0.04) | 0.033 (0.02) | -0.049 (0.07) |
| Log(assets) | -0.022 (0.02) | -0.025 (0.02) | -0.008 (0.01) | -0.003 (0.01) | 0.003 (0.02) | -0.020 (0.02) | -0.028* (0.02) | -0.008 (0.01) | -0.004 (0.01) | -0.003 (0.02) |
| ROA | 0.070 (0.11) | -0.276** (0.13) | -0.159* (0.08) | -0.022 (0.03) | -0.088 (0.10) | 0.080 (0.11) | -0.290** (0.13) | -0.168** (0.08) | -0.020 (0.03) | -0.076 (0.10) |
| Public buyer | -0.103 (0.06) | -0.096* (0.06) | 0.003 (0.03) | -0.028 (0.02) | 0.077 (0.06) | -0.101 (0.06) | -0.107* (0.06) | -0.003 (0.03) | -0.026 (0.02) | 0.084 (0.06) |
| Financial buyer | -0.004 (0.07) | -0.016 (0.06) | 0.024 (0.04) | -0.035* (0.02) | -0.093 (0.07) | -0.009 (0.07) | -0.023 (0.06) | 0.022 (0.04) | -0.035* (0.02) | -0.090 (0.07) |
| Breakup fee | 0.044 (0.07) | 0.049 (0.05) | 0.000 (0.03) | -0.010 (0.02) | 0.120** (0.05) | 0.052 (0.06) | 0.053 (0.05) | 0.002 (0.03) | -0.009 (0.02) | 0.115** (0.05) |
| Friendly deal | -0.071 (0.07) | -0.080 (0.07) | 0.007 (0.05) | -0.026 (0.03) | 0.352*** (0.09) | -0.055 (0.07) | -0.081 (0.07) | 0.007 (0.05) | -0.024 (0.03) | 0.352*** (0.09) |
| Competing bid | -0.140 (0.11) | 0.013 (0.12) | 0.032 (0.06) | 0.074 (0.05) | -0.311** (0.13) | -0.116 (0.10) | 0.006 (0.12) | 0.028 (0.06) | 0.070 (0.05) | -0.320** (0.13) |
| R-squared | 0.299 | 0.125 | 0.100 | 0.112 | 0.196 | 0.302 | 0.137 | 0.106 | 0.109 | 0.183 |
| N | 285 | 285 | 285 | 285 | 272 | 288 | 288 | 288 | 288 | 275 |

Table S.5
MOM adoption and ranking of buyer's legal advisor among post-*MFW* freezeouts

The table shows regression models in which the buyer's rank of the legal advisor predicts the adoption of MOM conditions after *MFW* (only the treatment observations are considered). To code the legal advisors' positions, I relied on the U.S. News ranking of M&A firms. * significant at 0.10, ** significant at 0.05, and *** significant at 0.01.

| Model | (1) | (2) | (3) |
|----------------------------|------------------|--------------------|--------------------|
| Buyer's legal advisor rank | -0.041 (0.04) | -0.041 (0.05) | -0.038 (0.05) |
| Log(value) | | 0.037 (0.05) | 0.036 (0.05) |
| Cash-only | | -0.103 (0.19) | -0.098 (0.19) |
| SC | | 0.689*** (0.18) | 0.691*** (0.20) |
| Log(assets) | | -0.036 (0.04) | -0.037 (0.04) |
| ROA | | 0.239 (0.33) | 0.255 (0.34) |
| Public buyer | | -0.248 (0.16) | -0.239 (0.15) |
| Financial Acquiror | | 0.241 (0.14) | 0.228 (0.15) |
| Break fee | | -0.086 (0.14) | -0.074 (0.15) |
| Friendly | | 0.014 (0.13) | 0.015 (0.13) |
| Competing Bidder | | -0.364 (0.31) | -0.383 (0.33) |
| Industry dummies | No | No | Yes |
| R-squared | 0.042 | 0.423 | 0.425 |
| N | 42 | 42 | 42 |