

Project title: Withdrawn IPOs: The Case of Equity Carve-outs
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Project summary:

In this paper I examine announcement returns for equity carve-out withdrawals (along with the original announcement). In addition to adding further evidence to the carve-out literature, I shed light on the consistency of the previously proposed explanations with the withdrawal evidence. The general IPO literature has been lacking empirical results regarding withdrawn IPOs. Since the traditional IPO is private firm (no historical market price information on the stock price) going public, there is no stock market evidence on the effects of withdrawing. By examining withdrawn equity carve-outs, which is also type of IPO, we can gain valuable insight not available with the traditional IPO.

Using news wire reports and the Nexis system I have previously collected a sample of 28 withdrawn equity carve-out announcements over the period 1984-1994. REP funding has allowed me to complete the sample. This has resulted in an additional 124 observations, or a total of 152 observations spanning the period of 1984 to 2004. This number of withdrawn equity carve-outs is substantially larger than reported in existing literature and is in and of itself an important finding.