Diversification or Focus?

Wealth Effects of Acquisitions & Divestitures

in the Entertainment Industry

by

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ABSTRACT

The US entertainment industry is dominated by media conglomerates that have diversified their media operations through many years of corporate acquisitions. However, past research indicates that firms which acquire highly-related businesses tend to outperform firms which acquire poorly-related businesses, thereby suggesting that firms benefit from focused operations. In addition, M&A trends in the entertainment industry over the last ten years indicate that firms have moved away from poorly-related acquisitions that diversify their business to highly-related acquisitions that focus their operations, further fueling the discussion of the influence of business relatedness on firm performance.

Should entertainment firms pursue diversification or focus? This thesis attempts to identify the optimal business development and acquisition strategy for entertainment firms today by analyzing the influence of business relatedness on wealth effects of corporate acquisitions and divestitures in the industry. The study finds that, in the entertainment industry, the market tends to favor highly-related acquisitions over poorly-related acquisitions and divestitures of poorly-related assets over divestitures of highly-related assets. Taken together, these findings suggest that the ideal business development strategy for entertainment firms today is one that pursues operational focus.

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1. INTRODUCTION

In the last 10 years, the nature of M&A transactions in the entertainment industry has changed significantly. From 2003-2008, most entertainment companies sought to diversify their media operations by acquiring media businesses that were unrelated with their core business. However, from 2009-2013, such acquisitions became rare and most firms sought out acquisitions within their core business instead. In fact, media conglomerates like News Corp, Time Warner and CBS have all recently announced plans to separate their diversified businesses into more focused entities, signifying a move towards a more focused business approach. Two opposing forces are observed in this trend – economies of scale and potential synergies push entertainment firms to acquire less-related businesses in order to diversify their media operations. However, past research shows that the market favors corporate acquisitions of highly-related businesses over acquisitions of poorly-related businesses, implying that firms in most industries benefit from focused operations.

This thesis seeks to answer the question – w*hich is the primary force at play in the entertainment industry today? Diversification or focus?* – by conducting a quantitative study of the influence of business relatedness on wealth effects of M&A transactions in the entertainment industry. I propose that, within the entertainment industry, the market favors highly-related acquisitions over poorly-related acquisitions, thereby suggesting that entertainment firms should focus their operations on their core business instead of diversifying into less-related businesses. If the hypothesis is proven true, this thesis would help explain recent M&A trends in the industry and would provide entertainment firms with a road-map for future business development and acquisition strategies.

2. THE MEDIA INDUSTRY & ITS CONGLOMERATE NATURE

The media industry today is dominated by six entertainment conglomerates. These Big Six conglomerates – Walt Disney, Comcast, News Corp, Time Warner, Viacom and CBS – control 90% of American media (Lutz, 2012). Together, they own 70% of the cable channels in the US. In contrast, the remaining 30% is owned by 3,762 other companies. In 2010, the Big Six recorded film box office revenues of c.$7.0bn; comparatively, the next 100 largest studios recorded revenues that were less than half that figure (Lutz, 2012). Figure 1 shows the relative size of the six conglomerates in relation to ten other major players in the industry – some of which have chosen not to adopt the conglomerate model and instead operate as pure-plays[1].

Figure 1: Summary 2012 financial data of leading media companies *(figures in $bn)*

	FY12 Revenues	Assets	Market Cap.
Walt Disney	42.3	74.9	111.1
Comcast	62.5	164.9	107.1
News Corporation	33.7	56.7	72.6
TimeWarner	28.8	68.3	55.9
VIACOM	13.9	22.3	33.0
CBS	14.1	26.5	29.0
Discovery Communications	4.5	12.9	28.4
SONY	78.9	161.5	16.7
Liberty Media Group	2.0	8.3	13.2
scrippsnetworks interactive	2.3	4.1	10.0
AMC Networks	1.4	2.6	4.6
CABLEVISION	6.7	7.2	3.8
LIONSGATE	1.6	2.8	3.2
DreamWorks	0.7	1.9	1.7
The E.W. Scripps Company	0.9	1.0	0.8
Crown Media Networks	0.3	1.0	0.7

Source: Yahoo Finance

Note: denotes Big Six media conglomerates, market data as of Apr 19, 2013

[1] Pure-plays include: Discovery, Scripps Networks, AMC Networks, Crown Media (cable networks); Lions Gate, Dreamworks (film studios), The E.W. Scripps Company (publishing)

Walt Disney, which controls Walt Disney Studios, the ABC and ESPN television networks, and the Disney theme parks, amongst other businesses, is the largest entertainment conglomerate by market capitalization (c.$111bn). Comcast, which operates cable systems in the US and controls NBC-Universal, is the largest entertainment conglomerate by assets (c.$165bn) and revenue[2] (c.$63bn). Discovery Communications is not considered an entertainment conglomerate despite its size because almost all of its operations is concentrated in cable networks. Sony is not considered an entertainment conglomerate despite its size because most of its assets and revenues are derived from its consumer products / electronics operations.

2.1. Diversification – modus operandi of the Big Six media conglomerates

The Big Six conglomerates operate under an extremely diversified business model. Each conglomerate has substantial operations in multiple entertainment sectors. For example, the largest conglomerate by market capitalization, Walt Disney, operates in 11 of the 14 broad entertainment segments. These include film and TV studios, broadcast and cable networks, TV and radio broadcast, publishing, online media, video games and theme parks. Even the smallest of the six conglomerates, CBS, operates in 9 of the 14 broad segments. Each of the Big Six conglomerates first established itself in a single segment but has since diversified its operations through acquisitions and organic business expansion. Figure 2 details the presence of the Big Six conglomerates in each of the 14 broad entertainment sectors. Figure 3 identifies the major entertainment brands and businesses controlled by the Big Six conglomerates.

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[2] For FY2012

Figure 2: Presence in various entertainment segments – Big Six conglomerates

	Walt Disney	Comcast	News Corporation	TimeWarner	Viacom	CBS
Original competency	*Film studios*	*Cable systems*	*Newspapers*	*Film studios*	*Cable networks*	*TV Broadcast*
Film studios	●	●	●	●	●	●
TV studios	●	●	●	●	●	●
TV networks	●	●	●	●		●
Cable networks	●	●	●	●	●	◑
TV broadcast	●		●			●
Radio	◑		◔			●
Cable systems		●		◑		
Newspapers			●			
Publishing	◑		●	●		◕
Online media	◑	◔	●	●	◑	◑
e-Commerce	◑	◔		◕		
Video games	◑				◔	
Outdoor			◑			●
Theme parks	●	●				

Source: Knee, Greenwald, and Seave, 2009
Note: ● indicates a strong presence, no circle indicates no / minimal presence

Figure 3: Controlled media brands and businesses[3] - Big Six conglomerates

Conglomerate	Controlled media brands and businesses
Walt Disney	Walt Disney Pictures, Marvel, abc, ESPN, A&E, Disney Parks
Comcast	NBC Universal, xfinity, Focus Features, NBC, Syfy, Universal Studios Theme Parks
News Corporation	20th Century Fox, Fox, FX, Wall Street Journal, Shine Group
TimeWarner	WB, The CW, HBO, TIME, CNN, tbs
Viacom	nickelodeon, MTV Music Television, Comedy Central, Paramount, BET Networks, Spike
CBS	Showtime, The CW, CBS Films, Simon & Schuster, WCBS FM 101.1

Source: Latest company filings

[3] In June 2012, News Corporation announced plans to spin-off its publishing assets from its filmed entertainment assets. In March 2013, Time Warner announced similar plans.

2.2. Why do media conglomerates pursue diversification?

The broad operations of today's leading media conglomerates lead one to question the rationale of pursuing diversification. Past research has indicated that media companies pursued diversification primarily because of the advent of new distribution technologies, saturating demands for entertainment products in the US, and government deregulation that sparked a wave of industry consolidation through acquisitions (Chan-Olmstead & Albarran, 1998; Hollifield, 2001; McChesney, 1999). Knee, Greenwald and Seave also pointed at the family-owned nature of most entertainment companies in the past and the resultant need to diversify given that such ownership represented a significant portion of the family's wealth (Knee, Greenwald and Seave, 2009).

However, other studies also indicate that parent companies experience greater total dollar gains when making related acquisitions than when making unrelated acquisitions – suggesting that firms in most industries benefit from focused instead of diversified operations (Rumelt, 1982). What explains the entertainment industry's fixation with diversification?

Chan-Olmstead & Chang identified distinctions between entertainment and non-entertainment products that offer such an explanation. First, entertainment conglomerates primarily offer non-depletable content products in which consumption by one individual does not interfere with its availability to another but instead adds economies of scale to production. Second, most media content products are distributed through multiple outlets. For example, a film can be distributed theatrically, through video-on-demand, DVDs, and over-the-top providers such as Hulu and Netflix, while newspaper content can be distributed via print, online and mobile outlets. The characteristics of entertainment products creates a market where revenue is maximized by the conglomerate's ability to deliver large volumes of content through as many distribution channels as possible – driving the acquisitions of multiple distribution channels to capitalize on economies of scale (by enabling content-repurposing and resource sharing) and to exploit marketing know-how and cross-synergies (Chan-Olmstead & Chang, 2003). Consequentially, these acquisitions resulted in a positive feedback loop where conglomerates increased the scope of their content offerings to capitalize on their expanded distribution capability. The unique nature of entertainment products and the symbiotic relationship between content and distribution have led entertainment companies to operate under a strategy of intra-industry diversification (Chan-Olmstead & Chang, 2003).

3. M&A ACTIVITY IN THE ENTERTAINMENT INDUSTRY

3.1. M&A transactions – a key engine of growth in the entertainment industry

The entertainment industry is heavily dependent on M&A transactions for growth. In fact, the industry relies on intra-industry M&A activity to fuel 56% of its growth – no other industry comes close to this figure (Knee, Greenwald and Seave, 2009). From 2003-2013, the Big Six conglomerates were involved in 645 M&A transactions that totaled c.$265bn – a figure that represents 65% of their combined market capitalization today[4]. Figure 4 lists M&A activity data for the Big Six conglomerates and other major players in the industry from 2003-2013.

Figure 4: 2003-2013 M&A activity for leading entertainment firms[4] (figures in $mm)

	Market capitalization	No. of M&A transactions	Total value of M&A transactions	Avg. transaction value
Walt Disney	111,100	84	24,585	293
Comcast	107,100	74	97,875	1,323
News Corporation	72,600	244	44,299	182
TimeWarner	55,850	155	91,100	588
VIACOM	33,000	30	2,309	77
CBS	29,000	58	5,801	100
Discovery Communications	28,440	29	9,673	334
SONY	16,700	200	23,953	120
Liberty Media Group	13,170	1	2,674	2,674
scrippsnetworks interactive	9,950	6	2,098	350
AMC Networks	4,640	1	n/a	n/a
CABLEVISION	3,780	26	11,384	438
LIONSGATE	3,190	16	1,557	97
DreamWorks	1,660	1	155	155
The E.W. Scripps Company	772	14	8,759	626
Crown Media Networks	719	3	1,351	450
Total		**942**	**315,751**	**335**
Total transaction value as % of combined market cap.				*64.2%*
Total (Big Six)		**645**	**265,969**	**412**
Total transaction value as % of combined market cap. (Big Six)				*65.1%*

Note: denotes Big Six media conglomerates

[4] Source: ThomsonOne

3.2. Why do entertainment firms actively pursue acquisitions?

The heavy reliance on M&A activity, instead of organic business expansion, as a source of growth is particular evident in the entertainment industry because of industry-specific difficulties such as creating popular content, acquiring subscribers and distribution networks, and establishing a presence in an already crowded competitive landscape (Knee, Greenwald and Seave, 2009). In fact, recent research indicates that M&A activity within the entertainment industry is likely to remain robust in the future. Entertainment companies have established themselves as front-runners in terms of pursuing deals, joint ventures and strategic alliances in order to achieve business growth; consequentially, entertainment M&A activity is projected to continue growing over the next few years (Pricewaterhouse Coopers).

3.3. Business relatedness as an intra-industry theme in entertainment M&A

There has been significant research regarding the influence of business relatedness in corporate acquisitions on future firm performance. Rumelt found that firms which adopted a strategy of diversifying into areas that drew on existing core competencies outperformed firms which followed a strategy of diversification into unrelated businesses (Rumelt, 1982). Similarly, Singh & Montgomery found that firms which acquired related businesses realized greater percentage stock gains on the day of the acquisition announcement than firms which acquired unrelated businesses (Singh & Montgomery, 1987). These trends are well-explained by the concept of economies of scope. Economies of scope arise when “a given bundle of resources are used in the joint production of two or more products" and are usually found in acquisitions of related businesses (Singh & Montgomery, 1987). Past studies point towards the economies of scope in related acquisitions and the resulting greater efficiency in the utilization of indivisible shared resources as the primary reason why firms which engage in related acquisitions outperform firms which engage in unrelated acquisitions (Rumelt, 1982; Singh & Montgomery, 1987).

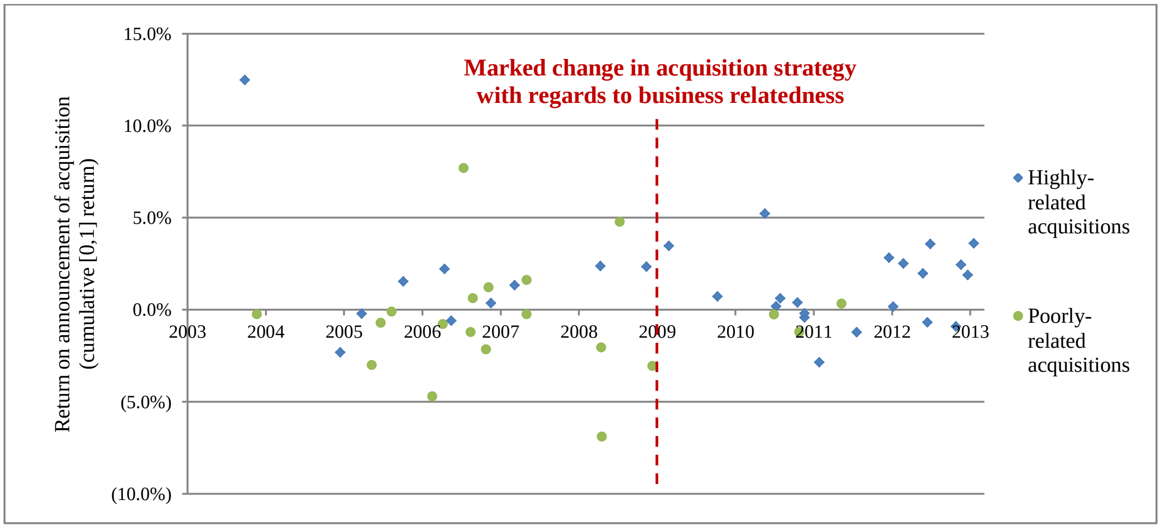
Like much of the existing literature, Rumelt, Singh & Montgomery analyzed *inter-industry* business relatedness and its effect on firm performance. However, the entertainment industry, the sole industry of focus in this thesis, lends itself to an *intra-industry* study of business relatedness. Given the multiple sectors within the industry, the conglomerate nature of the major firms, and the large volume of M&A transactions, one could study the effects of intra-industry business relatedness on firm performance by analyzing the wealth effects that occur upon the announcement of media M&A transactions with different degrees of business relatedness. For example, an acquisition of a cable television network by a cable systems operator would be viewed as a more highly-related acquisition than an acquisition of a publishing company by the same cable operator. Similarly, an acquisition of a film studio by an entertainment conglomerate with most of its operations in film production is arguably a more highly-related acquisition than if the same conglomerate were to acquire a radio broadcaster.

Past research from Rumelt, Singh, and Montgomery suggests that highly-related acquisitions benefit entertainment firms more than poorly-related acquisitions – suggesting that these companies should adopt a strategy of acquiring highly-related businesses in order to achieve operational focus.

3.4. Observed shift in entertainment M&A – from diversification to focus

Thus far, this thesis has explored the various reasons behind an entertainment company's strategic decision to either diversify or focus its operations. Historically, entertainment companies have engaged in both highly-related acquisitions (thereby achieving operational focus) and poorly-related intra-industry acquisitions (thereby achieving operational diversification). However, in the last ten years, there has been a marked shift in entertainment M&A trends. From 2003-2008, the major entertainment companies primarily made acquisitions of businesses that were poorly-related to their core business. However, since 2009, these poorly-related acquisitions have become rare and firms have primarily made acquisitions of highly-related businesses instead. Figure 5 depicts this shift in M&A acquisition strategy in the industry.

Figure 5: Graphical representation of acquisitions with differing business relatedness (Entertainment Industry, 2003 – 2013)



Source: ThomsonOne, Yahoo Finance

From 2003 – 2008, the major entertainment companies were involved in 10 highly-related acquisitions and 20 poorly-related acquisitions. These figures suggest an emphasis on diversified operations through the acquisitions of less-related businesses. However, since 2009, the number of highly-related acquisitions has doubled to 20, while the number of poorly-related acquisitions had fallen significantly to just four. This pronounced shift in acquisition strategy suggests that entertainment companies have placed a greater emphasis on achieving operational focus and as a result have moved away from poorly-related acquisitions which diversify their operations.

4. HYPOTHESES

In this study of intra-industry business relatedness and its influence on wealth effects of entertainment M&A transactions, three hypotheses were formulated.

Hypothesis #1: In the entertainment industry, the market favors acquisitions of highly-related businesses over those of poorly-related businesses.

Past research indicates that firms with acquisition strategies that pursue operational focus outperform those with acquisition strategies that pursue operational diversification (Rumelt, 1982; Singh & Montgomery 1987). This trend is primarily due to the economies of scope that are present in related businesses. An extension of this argument can be applied to the various sectors within the entertainment industry. Entertainment firms that acquire highly-related media businesses should outperform other entertainment firms that acquire poorly-related media businesses. This outperformance would ostensibly be captured in the wealth effects of announced acquisitions; and entertainment firms which make highly-related acquisitions should experience a greater return to their stock upon the acquisition announcement than firms which make poorly-related acquisitions.

Hypothesis #2: Entertainment companies should adopt an acquisition strategy that pursues operational focus instead of diversification.

This second hypothesis is an extension of Hypothesis #1. Assuming that maximizing shareholder value is the primary incentive of entertainment firms, then these companies ought to pursue operational focus through highly-related corporate acquisitions in order to benefit from the greater wealth effects. Similarly, companies ought to avoid diversifying their operations through poorly-related acquisitions given that such transactions result in smaller wealth effects. Earlier, this thesis identified two opposing business strategies in the entertainment industry – diversification or focus – and asked which strategy was more beneficial. Testing Hypothesis #2 serves to answer this question and provides a road-map for business development at entertainment firms.

Hypothesis #3: In the entertainment industry, the market favors divestitures of poorly-related assets over those of highly-related assets.

The final hypothesis is a corollary of Hypothesis #1 and #2. Firms which divest poorly-related assets have been found to increase their operational focus (John & Ofek, 1995). If entertainment companies ought to pursue operational focus through highly-related acquisitions because of the greater wealth effects, then the opposite relationship should hold true in divestitures within the industry. Entertainment companies which divest poorly-related assets (hence, achieving greater operational focus for its core business) should experience greater wealth effects upon the transaction announcement than companies which divest highly-related assets.

5. METHODOLOGY

The methodology used in this study involves grouping historical entertainment industry M&A transactions into various portfolios based on the relatedness of the business acquired / divested with the company's existing operations, and computing abnormal stock returns around the transaction announcement to determine wealth effects. Subsequently, an analysis of the wealth effects of the various portfolios reveals the influence of M&A business relatedness on firm performance.

5.1. Replicating Singh & Montgomery's study for the entertainment industry

Singh & Montgomery studied the effects of acquisition strategies on the firm's economic performance by analyzing abnormal returns on the parent company's stock around the announcement of acquisitions. The data set in their study included 105 acquisitions across various industries of deal value greater than $100mm from 1975-1980. The methodology adopted in this study essentially replicates Singh & Montgomery's study with four major modifications. First, only M&A transactions within the entertainment industry are considered in order to conduct the intra-industry analysis that this study proposes. Second, in addition to acquisitions, divestitures are also analyzed in an effort to test the corollary hypothesis regarding divestitures and business relatedness (Hypothesis #3). Third, the data set is updated to include transactions from 2003-2013 in order to study the industry's recent change in M&A activity. Fourth, a new classification of business relatedness was devised to suit the needs of this intra-industry study.

5.2. The data

Creating the data universe

The data set in this study includes 131 M&A transactions (80 acquisitions, 51 divestitures) of deal value greater than $100mm from 2003-2013[5]. These transactions involved 14 major companies in the industry, including the Big Six conglomerates[6]. 16 companies were initially selected to populate the data universe – the Big Six conglomerates and the next 10 major firms in the entertainment industry (see Figure 1). From this list of 16 companies, Sony Corporation and Liberty Media were excluded[7]. Expanding the data set to include other major entertainment firms apart from the Big Six provides for a more unbiased sample since a number of these other companies operate as pure-plays and have not traditionally pursued acquisition strategies that emphasized operational diversification. The list of 131 transactions encompasses all acquisitions and divestitures regardless of the acquired / divested stake. The list of transactions for each company was obtained from ThomsonOne, an industry-leading online M&A database. Figure 6 lists the 14 entertainment companies included in the data set and the number of M&A transactions for each company.

[5] Transactions from 2013 include those announced prior to March 2013
[6] The Big Six conglomerates were involved in 104 of the 131 transactions
[7] Sony Corporation is primarily an entertainment / consumer product company and majority of its M&A transactions related to deals with other consumer product companies – these were deemed irrelevant for the study. Liberty Media is a highly diversified holding company for investments in entertainment companies. However, information about its historical M&A transaction activity was not available

Figure 6: List of entertainment firms in data set and their corresponding number of M&A transactions with deal value greater than $100mm (2003-2013)

	Mkt. cap. ($bn)	No. of M&A transactions
Walt Disney	111.1	13
Comcast	107.1	17
News Corporation	72.6	26
TimeWarner	55.9	27
VIACOM	33.0	8
CBS	29.0	13
Discovery Communications	28.4	2
SONY	16.7	nm
Liberty Media Group	13.2	nm
scrippsnetworks interactive	10.0	4
AMC Networks	4.6	-
CABLEVISION	3.8	9
LIONSGATE	3.2	4
DreamWorks	1.7	1
The E.W. Scripps Company	0.9	6
Crown Media Networks	0.3	1
Total		**131**

Source: ThomsonOne
Note: denotes Big Six media conglomerates

Determining the extent of business relatedness – creating transaction portfolios

The 131 transactions were first separated by transaction type (i.e. acquisition / divestiture) and further separated into three sub-categories based on business relatedness, thereby establishing six different portfolios for the study. Past research on business relatedness classified acquisitions as related if the parent company and the target company shared similar production technologies, research, products or markets (Rumelt, 1982; Singh & Montgomery, 1987). This broad, arbitrary classification was appropriate for an inter-industry study where production technologies, research, products and markets often differed across industries. However, such a classification, if applied to an intra-industry study would ostensibly result in almost all transactions being classified as related, and hence is inappropriate for this study.

To analyze the influence of business relatedness on wealth effects of entertainment M&A transactions, a new classification system was developed. The new classification system is based on revenue contribution from reported lines of businesses (“LOBs”). It matches the primary business nature of the asset acquired / divested to one of the existing lines of business of the media company involved and assigns the transaction to one of the six portfolios based primarily on the percentage of revenue contribution accounted for by that particular LOB[8]. Figure 7 describes the six different portfolios and lists the number of transactions in each portfolio.

Figure 7: Portfolio descriptions based on the newly devised business relatedness classification

Portfolio	Portfolio description	No. of transactions
A1	Acquisition of a highly-related asset that increases operational focus; *asset primarily in LOB with greatest contribution to revenue*	30
A2	Acquisition of a related asset that moderately increases operational focus; *asset primarily in existing significant LOBs with 15-50% contribution to revenue*	30
A3	Acquisition of a poorly-related asset that reduces operational focus; *asset primarily in new LOB or existing LOBs with <15% contribution to revenue*	20
Total acquisitions		**80**
D1	Divestiture of a highly-related asset that reduces operational focus; *asset primarily in LOB with greatest contribution to revenue*	7
D2	Divestiture of a related asset that moderately reduces operational focus; *asset primarily in existing significant LOBs with 15-50% contribution to revenue*	18
D3	Divestiture of a poorly-related asset that increases operational focus; asset primarily in existing LOBs with <15% contribution to revenue	26
Total divestitures		**51**
Total transactions		**131**

[8] Some transactions were assigned to portfolios based on other extenuating reasons. For example, an acquisition to acquire the remaining stake in a business that the company already owns may be considered a highly-related acquisition given the existing ownership. In addition, acquisitions of cable networks by cable operators were often considered highly-related acquisitions given the immense potential for synergies between the two LOBs and the increasingly blurring lines of content/distribution business models

LOB revenue contribution was selected as the classification criteria because of three primary reasons. First, it provides a quantifiable measure of a company's existing operations in the various entertainment segments, thereby providing an accurate assessment of the relatedness of the acquired / divested asset to the company's core business. Second, the information was readily available in 10K disclosures for all the companies in the data set. Other operating metrics such as EBITDA or operating income were considered but these were not disclosed on a segmented basis across all the companies. Finally, most companies reported LOB segments in a manner that was detailed enough for the scope of this study. The decision to split both acquisitions and divestitures into three separate sub-portfolios (instead of two portfolios as was commonly done in past studies) was made in order to increase the granularity of the results. In addition, creating a third portfolio allows 'borderline' transactions to be grouped in the middle portfolio (i.e. A2 and D2), thereby strengthening the contrast between the results observed in the extreme portfolios (i.e. A1 vs. A3, D1 vs. D3).

An example of the classification process for a transaction is as follows. On 10 July 2012, Disney announced its acquisition of A&E Television Networks – a basic cable network. Disney's FY2011 10K (the latest available 10K disclosure prior to this announcement) indicated that *TV Programming & Broadcast*, the segment that A&E's revenues would be reported under post-acquisition, contributed 45.8% of Disney's revenues that year. Given that this LOB segment was Disney's largest revenue contributor that year, the transaction was assigned to portfolio A1[9]. For a full list of the portfolio assignments for each of the 131 transactions, please refer to Table 1 in the Appendix.

[9] Portfolio description: acquisition of a highly-related asset that increases operational focus; asset primarily in LOB with greatest contribution to revenue.

Computing abnormal returns for each portfolio

Abnormal stock returns were computed for each transaction around the announcement date for the trading window [-5, 5][10]. Daily stock returns for each of the 14 companies in the data set were first obtained from Yahoo Finance and daily abnormal returns were computed using the following formula:

$$\mathbf{DAR}_{i,t} = \mathbf{DR}_{i,t} - \mathbf{DR}_{S\&P500,t}$$

where:

$DAR_{i,t}$	= daily percentage abnormal return for company *i* on trading day *t*
$DR_{i,t}$	= daily return for company *i* on trading day *t*
$DR_{S\&P500,t}$	= daily return for the S&P500 index on trading day *t*

The [-5,5] trading window was selected to account for possible information leaks about the transaction in the days prior to the announcement date. The S&P500 index was selected as the benchmark market index with which the daily stock returns were compared against to determine abnormal returns that exceeded the market. The daily abnormal return for each portfolio was then computed by taking the average of the daily abnormal returns of all the transactions in the portfolio. Daily abnormal returns for each portfolio were then tested for statistical significance with particular attention paid to the [-1,1][11] trading window. This window was chosen as the key indicative timeframe because abnormal returns experienced immediately after the announcement date are likely to be entirely related to the transaction announcement

[10] Implies a trading window of five trading days before and after the announcement date
[11] Implies a 3-day trading window of the trading day before the announcement, the announcement date and the trading day after the announcement

Regressions analysis

A regression of cumulative returns from the [0,1][12] trading window was performed to analyze the influence of three different factors on the abnormal stock returns observed in the study. The three different factors are business relatedness, acquirer / parent company size, and the transaction size relative to the acquirer / parent company size.

The regression was performed with the following formula:

$$\begin{aligned}\textbf{Cumulative abnormal return [0,1]} = {} & \textbf{Intercept} \\ & + \beta_1 * \textbf{(Relatedness index)} \\ & + \beta_2 * \textbf{(Log. acquirer assets)} \\ & + \beta_3 * \textbf{(Deal size / acquirer assets)}\end{aligned}$$

A simple linear, 3-variable business relatedness index was created for the purpose of this study. The greater the extent of business relatedness between 1) the acquirer and target business; or 2) between the parent company and divested assets, the lower the index score. Highly-related acquisitions and divestitures were assigned a score of 1, moderately-related transactions were assigned a score of 2, and poorly-related transactions were assigned a score of 3.

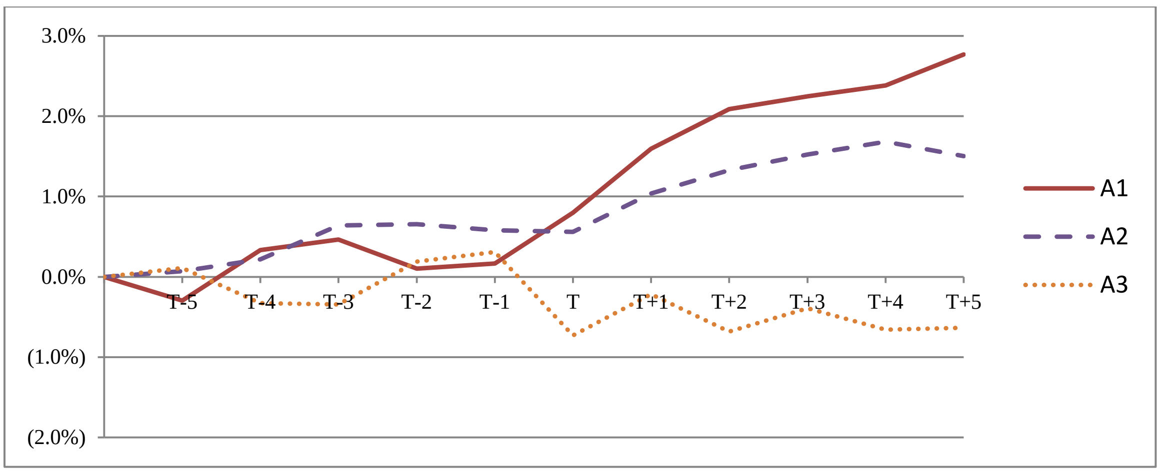
[12] Implies a 2-day trading window of the announcement date and the trading day after the announcement

6. RESEARCH FINDINGS AND DISCUSSION

6.1. Abnormal returns analysis for acquisition portfolios

Abnormal returns of the three acquisition portfolios were analyzed in order to test Hypotheses #1 and #2. Amongst the acquisition portfolios, the A1 portfolio (highly-related acquisitions) outperformed the A2 and A3 portfolios in cumulative abnormal stock returns upon the transaction announcement over a [-5,5] trading period. Figure 8 provides a graphical comparison of the cumulative abnormal returns for the three acquisition portfolios.

Figure 8: Comparison of cumulative abnormal returns for acquisition portfolios, [-5,5] window



Note: T denotes the acquisition announcement date

All three portfolios saw significant abnormal returns on the days around the acquisition announcement date (i.e. from T and T+1), suggesting that wealth effects are significantly affected by the acquisition announcements. Both Portfolios A1 and A2, which include highly-related and related acquisitions respectively, experienced positive abnormal returns upon the acquisition announcement. This result is contrary to the market norm where the stock of the acquirer typically falls upon an acquisition announcement and is possibly explained by the more positive market reception towards related acquisitions.

The A3 portfolio, which includes poorly-related acquisitions, experienced negative abnormal returns upon the acquisition announcement. These findings support Hypothesis #1 – that in the entertainment industry, the market favors highly-related acquisitions over poorly-related acquisitions. Extending these findings also provides support for Hypothesis #2 – that entertainment companies should pursue operational focus instead of diversification by acquiring highly-related businesses.

To validate these findings, the returns were tested for statistical significance. Special attention was paid to four categories of abnormal returns – the daily returns of T-1, T and T+1[13] and the cumulative returns of T & T+1. These four categories indicate abnormal returns on the days immediately surrounding the announcement. Figure 9 presents the statistical significance analysis for the abnormal returns experienced by each acquisition portfolio for the four returns categories. For a full statistical significance analysis of the abnormal returns in the [-5,5] trading window, please refer to Table 2 in the Appendix.

Figure 9: Statistical significance analysis for abnormal returns of acquisition portfolios

	Daily returns			[0,1] Cumulative returns
	T-1	**T**	**T+1**	**T&T+1**
A1 PORTFOLIO *(highly-related acquisitions that increase operational focus)*				
Average return	0.06%	0.63%	0.80%	1.43%
t-statistic	*0.449*	*1.943*	*1.766*	*2.803*
Confidence level		***90%***	***90%***	***95%***
A2 PORTFOLIO *(related acquisitions that moderately increase operational focus)*				
Average return	*(0.07%)*	*(0.02%)*	*0.48%*	0.46%
t-statistic	*-0.378*	*-0.050*	*2.165*	*0.963*
Confidence level			***95%***	
A3 PORTFOLIO *(poorly-related acquisitions that reduce operational focus)*				
Average return	*0.12%*	*(1.04%)*	*0.51%*	(0.52%)
t-statistic	*0.568*	*-3.280*	*0.926*	*-0.757*
Confidence level		***95%***		

Note: Only confidence levels >90% are indicated

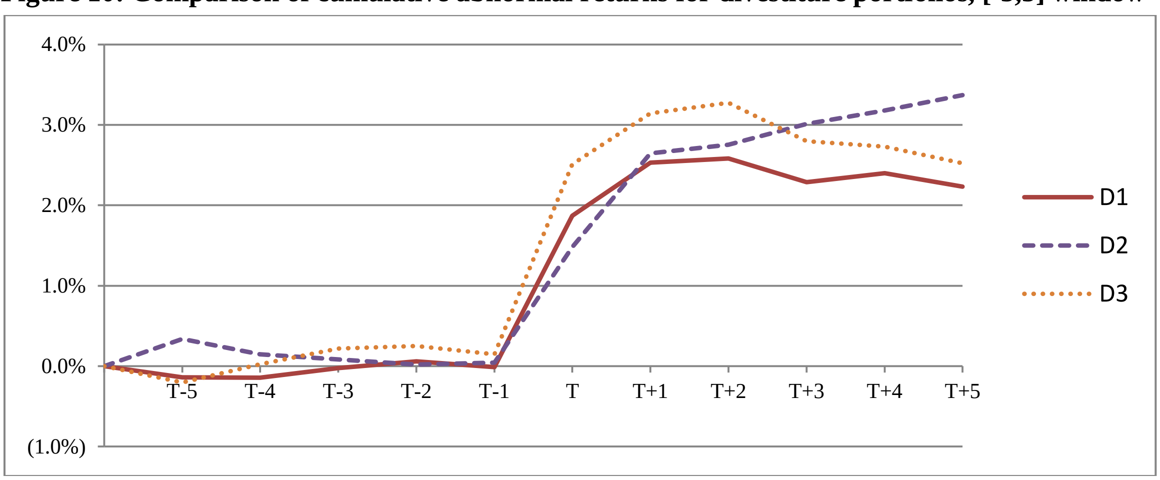
[13] T indicates the transaction announcement date

Figure 9 indicates the average daily / cumulative return for various days and the corresponding t-statistic and confidence level. The statistical significance analysis indicates that the abnormal returns experienced by each acquisition portfolio in the days surrounding the transaction announcement were statistically significant. In each portfolio, at least one of the four abnormal return categories was statistically significant at a 95% confidence level.

6.2. Abnormal returns analysis for divestiture portfolios

Abnormal returns / wealth effects of the three divestiture portfolios were analyzed in order to test Hypothesis #3. The D3 portfolio (divestitures of poorly-related assets) outperformed the D1 and D2 portfolios in cumulative abnormal returns in the first three days immediately after the announcement of the divestiture. Figure 10 provides a graphical comparison of the cumulative abnormal returns for the three divestiture portfolios.

Figure 10: Comparison of cumulative abnormal returns for divestiture portfolios, [-5,5] window



All 3 portfolios saw significant positive abnormal returns on the days around the acquisition announcement date (i.e. from T to T+1), suggesting that wealth effects are significantly affected by divestiture announcements. The positive abnormal returns experienced are in line with the market norm where the stock of the parent company typically rises upon the announcement of an asset sale / divestiture. Portfolio D3, which includes the divestitures of poorly-related assets, experienced the greatest positive abnormal return in the first three days after the transaction announcement. This result provides support for Hypothesis #3 – that in the entertainment industry, the market favors divestitures of poorly-related assets over divestitures of highly-related assets. These findings also support Hypothesis #2 – that entertainment companies should pursue operational focus instead of diversification by divesting poorly-related assets.

Figure 10 also indicates that Portfolio D1 (divestitures of highly-related assets) outperformed Portfolio D2 (divestitures of moderately-related assets). This finding contradicts Hypothesis #3 since Portfolio D1 was expected to underperform Portfolio D2 given its higher degree of business relatedness. This contradiction is likely explained by the small population size of the D1 portfolio, which only includes seven transactions. The limited number of transactions in the portfolio could have distorted the relationship between business relatedness of the divestitures and the observed wealth effects upon the transaction announcement.

To validate these findings, the daily and cumulative abnormal returns of the three divestiture portfolios were tested for statistical significance in the same manner as the acquisition portfolios. Figure 11 presents the statistical significance analysis for the abnormal returns experienced by each divestiture portfolio for the four aforementioned abnormal returns categories. For a full significance analysis of the abnormal returns in the [-5,5] window, please refer to Table 3 in the Appendix.

Figure 11: Statistical significance analysis for abnormal returns of divestiture portfolios

	Daily returns			[0,1] Cumulative returns
	T-1	**T**	**T+1**	**T&T+1**
D1 PORTFOLIO *(highly-related divestitures that reduce operational focus)*				
Average return	(0.07%)	1.88%	0.66%	(2.64%)
t-statistic	*-0.165*	*1.372*	*1.046*	*-1.758*
Confidence level				***90%***
D2 PORTFOLIO *(related divestitures that moderately reduce operational focus)*				
Average return	0.02%	1.44%	1.17%	2.60%
t-statistic	*0.113*	*2.876*	*1.382*	*2.229*
Confidence level		***95%***		***95%***
D3 PORTFOLIO *(poorly-related divestitures that increase operational focus)*				
Average return	(0.10%)	2.36%	0.63%	3.00%
t-statistic	*-0.703*	*4.077*	*1.488*	*4.256*
Confidence level		***95%***		***95%***

Note: Only confidence levels >90% are indicated

Figure 11 indicates the average daily / cumulative return for various days and the corresponding t-statistic and confidence level. This analysis indicates that the abnormal returns experienced by each divestiture portfolio in the days surrounding the transaction announcement were statistically significant. In Portfolios D2 and D3, two of the four abnormal return categories were statistically significant at a 95% confidence level. In Portfolio D1, one of the four return categories was statistically significant at a 90% confidence level. The lower confidence level observed in Portfolio D1 is likely explained by the distortion from the small population size of the portfolio.

6.3. Regressions analysis

Regressions were performed to quantify the influence of business relatedness on the wealth effects of corporate M&A transaction announcements. Other factors such as acquirer size and deal size were also accounted for. Figure 12 summarizes the key regression findings for the 80 acquisition transactions. The regression was performed with the following formula:

$$\textit{Cumulative abnormal return } [0,1] = \textit{Intercept} + \beta_1 * (\textit{Relatedness index}) + \beta_2 * (\textit{Log. acquirer assets}) + \beta_3 * (\textit{Deal size / acquirer assets})$$

Figure 12: Regression analysis - all acquisitions

	β coefficient	Std. error	t-stat	P-value	Conf. level
Intercept	0.020	0.034	0.585	0.560	
Relatedness index	-0.008	0.004	-1.984	0.051	***95%***
Log. acquirer assets	0.000	0.003	-0.058	0.954	
Deal size / acquirer assets	0.049	0.033	1.498	0.138	***85%***

The negative sign of the β_1 coefficient (relatedness index) provides support for Hypothesis #1. Poorly-related acquisitions were assigned a relatedness index score of 3 while highly-related acquisitions were assigned a score of 1. Consequentially, the negative coefficient implies that poorly-related acquisitions experience lower abnormal returns than highly-related acquisitions. The -0.008 coefficient implies that abnormal returns experienced by entertainment firms upon the announcement of poorly-related acquisitions is on-average 2.4% less than that for highly-related acquisitions. This figure is significant given that the typical magnitude of daily stock return movement is approximately 0.3%. This β_1 coefficient is also statistically significant at a 95% confidence level.

Two other factors that may influence abnormal returns were also analyzed in the regression – acquirer size and deal size. The β_2 coefficient (log. of acquirer assets) was 0.000 and was not statistically significant. Hence, a conclusive relationship could not be drawn between acquirer size and abnormal returns. The β_3 coefficient (ratio of deal size / acquirer assets) was 0.049 and was relatively significant at an 85% confidence level. The positive coefficient implies that larger transactions (relative to the acquirer's size) tend to result in greater abnormal returns for the parent company than smaller transactions. This finding is in line with market norms as larger transactions typically attract greater investor interest and media coverage.

A similar regression analysis was performed for the divestiture transactions. Figure 13 summarizes the key findings for the 51 divestitures that form a part of this study.

Figure 13: Regression analysis - all divestitures

	β coefficient	**Std. error**	**t-stat**	**P-value**	**Conf. level**
Intercept	0.090	0.052	1.734	0.089	
Relatedness index	0.006	0.007	0.743	0.461	
Log. acquirer assets	-0.008	0.005	-1.594	0.118	***85%***
Deal size / acquirer assets	0.041	0.021	1.934	0.059	***90%***

For divestitures, an opposite relationship exists between the relatedness index and abnormal returns. Divestitures of poorly-related assets are assigned a relatedness index score of 3 while divestitures of highly-related assets are assigned a lower score of 1. The positive sign of the β_1 coefficient (relatedness index) implies that the market favors divestitures of poorly-related assets over that of highly-related assets, thereby further providing support for Hypotheses #2 and #3. However, this finding was not statistically significant given the small t-statistic of 0.743. The statistical insignificance could have been due to the small sample size. Only 51 divestitures were analyzed as part of the regression, of which only seven transactions were divestitures of highly-related assets.

The β_2 coefficient (log. of acquirer assets) was -0.008 and was relatively statistically significant at an 85% confidence level, implying that smaller entertainment companies outperformed their larger peers when divestitures were announced. This finding is likely due to the fact that divestitures of the same size would have a greater business impact on a smaller company than it would have on a larger conglomerate. The β_3 coefficient (ratio of deal size / acquirer assets) was 0.041 and was statistically significant with a 90% confidence level. These findings were similar to the regression performed on the acquisitions (β_3 coefficient of 0.049, 95% confidence level). Similarly, the positive coefficient is in line with market norms and implies that larger transactions tend to result in greater abnormal returns for the parent company than smaller transactions.

6.4. Summary of key findings and business implications of the study

The primary findings of the study, as indicated by the analysis of cumulative abnormal returns of the various portfolios and the regression analyses, provide strong support for the three hypotheses. The stronger performance of Portfolio A1 (comprising highly-related acquisitions) vis-à-vis Portfolios A2 and A3, and the negative coefficient of the relatedness index in the acquisitions regression analysis provide a strong basis for the argument that, in the entertainment industry, the market favors highly-related acquisitions over poorly-related acquisitions (Hypothesis #1). The stronger performance of Portfolio D3 (comprising divestitures of poorly-related assets) vis-à-vis Portfolios D1 and D2 lends support to the argument that, in the entertainment industry, the market favors divestitures of poorly-related assets over divestitures of highly-related assets (Hypothesis #3).

Taken together, these findings indicate that entertainment companies experience greater wealth effects when announcing corporate M&A transactions that focus operations on their existing core business, thereby suggesting that these companies ought to pursue operational focus instead of diversification (Hypothesis #2). While there are clear benefits in operating under the diversified conglomerate model (economies of scale, capitalizing on the industry's unique content-distribution relationship etc.), it appears that these benefits are outweighed by the advantages of focusing operations on existing core businesses (economies of scope, reducing the effects of conglomerate discounts etc.).

The results of this study help explain the recent shift in M&A activity in the entertainment industry by suggesting that entertainment companies are better rewarded when their operations are focused on their core business, thereby providing these companies with quantitative and qualitative findings to support future acquisitions of highly-related businesses and divestitures of poorly-related assets. This analysis of business development and acquisition strategy also provides a road-map for today's entertainment companies – particularly the Big Six conglomerates, which may see the need to continue shedding non-core assets in order to achieve greater operational focus.

7. LIMITATIONS OF THE STUDY

7.1. Limited data universe

This study analyzed 131 acquisitions and divestitures within the US entertainment industry made by 14 major players over the last ten years. In addition to the Big Six conglomerates, eight other firms with different acquisition strategies and operating models were included in the data set to create a data universe that accurately reflects M&A strategies within the industry. However, this list of 14 firms and the corresponding list of their M&A transactions are by no means exhaustive. While 131 transactions is a sizeable figure for a study of this nature, some of the portfolios only included a handful of transactions, which may have distorted findings.

7.2. Assumptions in research methodology

In analyzing wealth effects of corporate M&A transaction announcements, this study relies on the Efficient Markets Hypothesis ("EMH"). The EMH suggests that market prices fully reflect all available information, thereby allowing abnormal stock returns in the days immediately after the transaction announcement to act as an accurate proxy for the market's reaction to these transactions. However, details about the transactions could have leaked before the announcement date, reflecting a weak / semi-strong form of the EMH. In the statistical significance analysis of cumulative abnormal returns on a [-5,5] window, there were some significant stock price moments in the days before the transaction announcement, signifying that information about the transaction could have leaked to the public. This price action prior to the announcement date distorts the observed wealth effects. However, given that daily and cumulative returns in the days immediately after the announcement were still statistically significant (see Figure 9 & 11), this distortion is unlikely to have significantly impacted findings.

In addition, the study adopted the oft-used research approach of using the S&P500 index as the benchmark index in computing daily abnormal returns by subtracting the daily return of the S&P 500 index from the daily return of the stock. Inherent in this methodology is the assumption that the beta of the stock is equivalent to 1. While the accuracy of the study's findings would have been enhanced if the individual companies' beta were accounted for, the use of this methodology does not appear to have significantly impacted the findings given the close proximity of the average entertainment industry beta of 1.25[14] to the assumed beta of 1.

[14] Source: Damodaran (media industries include cable TV, entertainment, entertainment tech and publishing)

8. CONCLUSION – FOCUS > DIVERSIFICATION

The aim of the study was to identify the optimal business development and acquisition strategy in the entertainment industry today. Concluding that firms experience greater wealth effects when pursuing transactions that result in greater operational focus provides a useful road-map for entertainment companies when formulating business development strategies.

M&A activity in the entertainment industry has proven to be relatively fluid. In the last few months, News Corp, Time Warner and CBS have all announced spin-offs in order to increase operational focus and these divestitures have been well-received by the market. However, strategies pursuing operational diversification were better received in the early 2000s, and another sea change in investor preference could happen in the future. Further, the continuously changing landscape of the media industry could have a significant impact on the optimal acquisition strategy for entertainment firms. In the last few years, new online distribution channels, disruptive technologies, and the race to acquire and produce content have reshaped the industry and will continue to do so in the near future. Therefore, it is important to apply the findings of this study in the context of other industry trends.

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APPENDIX

Table 1: List of transactions in data set and portfolio assignments

Ann. date.	Target / asset	Acquirer	Deal size *($mm)*	Involved company	Deal type	Portfolio	10K filing date	Involved company's primary LOB type	Primary LOB contribution to company revenue	Target / asset LOB type	Target / asset LOB type contribution to company revenue
11/20/12	YES Network	News Corp	2,000	News Corp	Acquisition	A1	08/14/12	Film & TV Prod, Distrb & Broadcast	62.8%	Film & TV Prod, Distrb & Broadcast	62.8%
04/21/05	Adelphia Communications	Investor Group	17,614	Comcast Corp	Acquisition	A1	02/23/05	Cable Services	95.1%	Cable Services	95.1%
02/12/13	NBCUniversal Media LLC	Comcast Corp	16,700	Comcast Corp	Acquisition	A1	02/21/13	Cable Services	63.3%	Content- TV Programming	36.7%
01/10/05	Fox Entertainment Group Inc	News Corp	7,054	News Corp	Acquisition	A1	09/01/05	Film & TV Prod, Distrb & Broadcast	60.7%	Film & TV Prod, Distrb & Broadcast	60.7%
05/07/08	Clearwire Corp	Investor Group	3,200	Comcast Corp	Acquisition	A1	02/20/08	Cable Services	95.7%	Cable Services - WiMax	95.7%
07/10/12	A&E Television Networks LLC	Investor Group	3,025	Disney	Acquisition	A1	11/23/11	TV Programming & Broadcast	45.8%	TV Programming & Broadcast	45.8%
06/20/12	Consolidated Media Hldg Ltd	News Ltd	2,184	News Corp	Acquisition	A1	08/15/11	Film & TV Prod, Distrb & Broadcast	59.0%	TV Programming & Broadcast - Int'l	59.0%
12/14/12	ProSiebenSat-SBS Nordic Op	Discovery Networks Intl Hldg	1,700	Discovery	Acquisition	A1	02/17/12	TV Programming & Broadcast	92.6%	TV Programming & Broadcast - Int'l	92.6%
06/14/10	Bresnan Communications LLC	Cablevision Systems Corp	1,365	Cablevision Corp	Acquisition	A1	02/25/10	Cable Services	69.9%	Cable Services	69.9%
11/04/09	The Travel Channel LLC	Scripps Networks Interactive	975	Scripps Networks	Acquisition	A1	03/05/09	TV Programming & Broadcast	82.0%	TV Programming & Broadcast	82.0%
10/31/05	Susquehanna Communications Inc	Comcast Corp	775	Comcast Corp	Acquisition	A1	02/23/05	Cable Services	95.1%	Cable Services	95.1%
05/12/06	Court TV Cable Network	Time Warner Inc	735	Time Warner	Acquisition	A1	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Film & TV Prod, Distrb & Broadcast	49.1%
02/22/11	Shine Ltd	News Corp	674	News Corp	Acquisition	A1	08/06/10	Film & TV Prod, Distrb & Broadcast	57.7%	TV Production	57.7%
01/13/12	Summit Entertainment LLC	Lions Gate Entertainment Corp	600	Lions Gate	Acquisition	A1	07/29/11	Content - Film Prod & Distrb	77.7%	Content Film Prod & Distrb	77.7%
08/15/11	UKTV Interactive Ltd	Scripps Networks Interactive	555	Scripps Networks	Acquisition	A1	03/01/11	TV Programming & Broadcast	90.0%	TV Programming & Broadcast - Int'l	90.0%
02/02/12	UTV Software Commun Ltd	The Walt Disney Co(SE Asia)	501	Disney	Acquisition	A1	11/24/10	TV Programming & Broadcast	45.1%	TV Programming & Broadcast - Int'l	45.1%
04/03/07	Patriot Media & Communications	Comcast Corp	483	Comcast Corp	Acquisition	A1	02/27/07	Cable Services	95.8%	Cable Services	95.8%
12/16/10	7TV	Walt Disney Company SNG	300	Disney	Acquisition	A1	11/24/10	TV Programming & Broadcast	45.1%	TV Programming & Broadcast - Int'l	45.1%
12/08/08	Jetix Europe NV	Walt Disney Co	268	Disney	Acquisition	A1	11/20/08	TV Programming & Broadcast	42.6%	TV Programming - Int'l	42.6%
12/14/06	Claxson Interactive-Pay TV(7)	Turner Broadcasting System Inc	235	Time Warner	Acquisition	A1	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Film & TV Prod, Distrb & Broadcast	49.1%
10/24/03	Artisan Entertainment Inc	Lions Gate Entertainment Corp	210	Lions Gate	Acquisition	A1	06/30/03	Content - Film Prod & Distrb	69.2%	Film Distribution	69.2%
03/23/09	Central European Media	Time Warner Inc	174	Time Warner	Acquisition	A1	02/20/09	Film & TV Prod, Distrb & Broadcast	48.0%	Film & TV Prod, Distrb & Broadcast	48.0%
08/05/10	Shed Media PLC	WB Bidco plc	172	Time Warner	Acquisition	A1	02/19/10	Film & TV Prod, Distrb & Broadcast	88.3%	Film & TV Prod, Distrb & Broadcast	88.3%

Ann. date.	Target / asset	Acquirer	Deal size *($mm)*	Involved company	Deal type	Portfolio	10K filing date	Involved company's primary LOB type	Primary LOB contribution to company revenue	Target / asset LOB type	Target / asset LOB type contribution to company revenue
06/12/06	Phoenix Satellite TV Hldg Ltd	CML	166	News Corp	Acquisition	A1	09/01/05	Film & TV Prod, Distrb & Broadcast	58.4%	TV Programming - Int'l	58.4%
01/14/13	ARRIS Group Inc	Comcast Corp	163	Comcast Corp	Acquisition	A1	02/21/13	Cable Services	63.3%	Cable Services - STB	63.3%
11/12/10	Animal Planet	Discovery Communications Inc	156	Discovery	Acquisition	A1	02/22/10	TV Programming & Broadcast	89.3%	Content - TV Programming	89.3%
07/23/12	Classic Media Inc	Dreamworks Animation SKG Inc	155	Dreamworks	Acquisition	A1	02/29/12	Content - Film Production	100.0%	Content - Film Library	100.0%
08/24/10	Red de Television Chilevision	Turner Intl(Turner Bdcstg)	151	Time Warner	Acquisition	A1	02/19/10	Film & TV Prod, Distrb & Broadcast	88.3%	Film & TV Prod, Distrb & Broadcast	88.3%
12/16/10	NDTV Imagine Ltd	Turner Asia Pacific Ventures	127	Time Warner	Acquisition	A1	02/19/10	Film & TV Prod, Distrb & Broadcast	88.3%	Film & TV Prod, Distrb & Broadcast	88.3%
03/21/12	Travel Channel Intl Ltd	Scripps Networks Interactive	103	Scripps Networks	Acquisition	A1	03/01/11	TV Programming & Broadcast	95.8%	TV Distribution - International	95.8%
12/03/09	NBC Universal Inc	Comcast Corp	31,506	Comcast Corp	Acquisition	A2	02/20/09	Cable Services	95.8%	Content - TV Programming	4.2%
04/21/05	Adelphia Communications Corp	Investor Group	17,614	Time Warner	Acquisition	A2	03/11/05	Film & TV Prod, Distrb & Broadcast	49.7%	Cable Services	20.2%
01/24/06	Pixar Inc	Walt Disney Co	6,491	Disney	Acquisition	A2	12/07/05	TV Programming & Broadcast	41.3%	Film Production	23.8%
05/01/07	Dow Jones & Co Inc	News Corp	5,598	News Corp	Acquisition	A2	08/23/06	Film & TV Prod, Distrb & Broadcast	58.8%	Publishing	25.7%
09/13/04	Metro-Goldwyn-Mayer Inc	LOC Acquisition Co	4,812	Comcast Corp	Acquisition	A2	03/12/04	Cable Services	95.3%	Content - Film Prod & Distrb	4.7%
10/31/12	Lucasfilm Ltd	Walt Disney Co	4,050	Disney	Acquisition	A2	11/21/12	TV Programming & Broadcast	46.0%	Film Production, Content	13.8%
08/31/09	Marvel Entertainment Inc	Walt Disney Co	3,958	Disney	Acquisition	A2	11/20/08	TV Programming & Broadcast	42.6%	Film Production, Content	19.4%
05/07/08	Clearwire Corp	Investor Group	3,200	Time Warner	Acquisition	A2	02/22/08	Film & TV Prod, Distrb & Broadcast	47.2%	Cable Services - WiMax	34.3%
05/26/11	Austar United Communications	FOXTEL	2,740	News Corp	Acquisition	A2	08/06/10	Film & TV Prod, Distrb & Broadcast	57.7%	Cable Broadcast Services - Int'l	57.7%
12/12/05	DreamWorks LLC	Viacom Inc	1,600	Viacom	Acquisition	A2	03/16/06	Cable TV Programming	70.0%	Film Production	30.0%
11/10/09	Clearwire Corp	Investor Group	1,563	Time Warner	Acquisition	A2	02/20/09	Film & TV Prod, Distrb & Broadcast	48.0%	Cable Services - WiMax	36.6%
11/10/09	Clearwire Corp	Investor Group	1,563	Comcast Corp	Acquisition	A2	02/20/09	Cable Services	95.8%	Cable Services - WiMax	95.8%
03/13/08	Bebo Inc	AOL LLC	850	Time Warner	Acquisition	A2	02/22/08	Film & TV Prod, Distrb & Broadcast	47.2%	Internet Services - Social Network	11.1%
12/23/08	Premiere AG	News Corp	666	News Corp	Acquisition	A2	08/13/08	Film & TV Prod, Distrb & Broadcast	53.0%	Satellite Broadcast Services - Int'l	11.4%
04/30/07	FSN New England	Comcast Corp	570	Comcast Corp	Acquisition	A2	02/27/07	Cable Services	95.8%	Content - TV Programming	4.2%
07/21/04	Liberty Media Corp	Liberty Media Corp	545	Comcast Corp	Acquisition	A2	03/12/04	Cable Services	95.3%	Content - Film Prod & Distrb	4.7%
06/30/03	AMC,IFC,WE	Rainbow Media Corp	500	Cablevision Corp	Acquisition	A2	03/31/13	Cable Services	60.4%	TV Programming & Broadcast	16.3%
05/07/08	Sundance Channel LLC	Rainbow Media Group LLC	496	Cablevision Corp	Acquisition	A2	02/25/08	Cable Services	72.8%	TV Programming & Broadcast	13.8%
01/14/13	Sky Deutschland AG	News Corp	465	News Corp	Acquisition	A2	08/14/12	Film & TV Prod, Distrb & Broadcast	62.8%	Satellite Broadcast Services - Int'l	10.9%

Ann. date.	Target / asset	Acquirer	Deal size *($mm)*	Involved company	Deal type	Portfolio	10K filing date	Involved company's primary LOB type	Primary LOB contribution to company revenue	Target / asset LOB type	Target / asset LOB type contribution to company revenue
06/24/04	Advertising.com Inc	America Online Inc	435	Time Warner	Acquisition	A2	03/15/04	Film & TV Prod, Distrb & Broadcast	49.0%	Online advertising	23.5%
01/07/08	Premiere AG	News Corp	423	News Corp	Acquisition	A2	08/23/07	Film & TV Prod, Distrb & Broadcast	57.0%	Satellite Broadcast Services - Int'l	10.7%
03/25/04	TechTV Inc	Comcast Corp	300	Comcast Corp	Acquisition	A2	03/12/04	Cable Services	95.3%	Content - Film Prod & Distrb	4.7%
10/20/06	John Fairfax Holdings Ltd	News Corp	273	News Corp	Acquisition	A2	08/23/06	Film & TV Prod, Distrb & Broadcast	58.8%	Publishing - Int'l	25.7%
08/06/12	Bleacher Report Inc	Turner Broadcasting System Inc	175	Time Warner	Acquisition	A2	02/24/12	Film & TV Prod, Distrb & Broadcast	90.7%	Content - Online Sports	90.7%
01/12/10	Sky Deutschland AG	News Corp	171	News Corp	Acquisition	A2	08/12/09	Film & TV Prod, Distrb & Broadcast	53.0%	Satellite Broadcast Services - Int'l	12.4%
12/19/05	Urban Cable Works of Philly	Time Warner Inc	168	Time Warner	Acquisition	A2	03/11/05	Film & TV Prod, Distrb & Broadcast	49.7%	Cable Services	20.2%
10/12/04	Great American Country	EW Scripps Co	140	E.W. Scripps Co	Acquisition	A2	03/11/04	Newspaper Publishing	36.9%	TV Programming & Broadcast	28.5%
02/05/08	Buy.at	AOL LLC	125	Time Warner	Acquisition	A2	02/22/08	Film & TV Prod, Distrb & Broadcast	47.2%	Internet Services / Online Advertising	11.1%
04/24/08	Intl Outdoor Advertising Ltd	CBS Corp	110	CBS Corp	Acquisition	A2	02/28/08	TV Programming & Broadcast	65.9%	Outdoor Advertising	15.5%
10/01/10	The Indian Film Co Ltd	Viacom 18 Media Pvt Ltd	101	CBS Corp	Acquisition	A2	02/25/10	TV Programming & Broadcast	64.0%	TV Programming & Broadcast - Int'l	10.4%
05/15/08	CNET Networks Inc	CBS Corp	1,762	CBS Corp	Acquisition	A3	02/28/08	TV Programming & Broadcast	65.9%	Interactive Media	n/a
11/22/06	E! Entertainment TV Inc	Comcast Corp	1,230	Comcast Corp	Acquisition	A3	02/22/06	Cable Services	95.1%	Content - TV Programming	4.1%
06/06/11	Blackstone Group LP-Theme Park	NBCUniversal Media LLC	1,025	Comcast Corp	Acquisition	A3	02/23/12	Cable Services	66.7%	Theme Parks	5.0%
07/27/10	Playdom Inc	Walt Disney Co	763	Disney	Acquisition	A3	12/02/09	TV Programming & Broadcast	44.8%	Interactive Media - Social Gaming	2.0%
09/08/05	IGN Entertainment Inc	News Corp	650	News Corp	Acquisition	A3	09/01/05	Film & TV Prod, Distrb & Broadcast	58.4%	Interactive Media	4.7%
05/12/08	Newsday Inc	Cablevision Systems Corp	650	Cablevision Corp	Acquisition	A3	02/25/08	Cable Services	72.8%	Publishing	1.2%
07/19/05	Intermix Media Inc	News Corp	582	News Corp	Acquisition	A3	09/01/05	Film & TV Prod, Distrb & Broadcast	58.4%	Interactive Media	4.7%
06/07/05	Shopzilla Inc	EW Scripps Co	525	E.W. Scripps Co	Acquisition	A3	03/15/05	TV Programming & Broadcast	33.4%	Interactive Media - Online Shopping	13.5%
05/30/07	Famous Music LLC	Sony/ATV Music Publishing	370	Viacom	Acquisition	A3	03/01/07	Cable TV Programming	63.0%	Music Publisher	n/a
11/22/10	Wireless Generation Inc	News Corp	365	News Corp	Acquisition	A3	08/06/10	Film & TV Prod, Distrb & Broadcast	57.7%	Education Data Systems	4.7%
03/16/06	USwitch Ltd	EW Scripps Co	359	E.W. Scripps Co	Acquisition	A3	03/16/06	TV Programming & Broadcast	35.9%	Interactive Media - Online Shopping	18.2%
05/30/07	Last.fm Ltd	CBS Corp	280	CBS Corp	Acquisition	A3	03/01/07	TV Programming & Broadcast	66.2%	Interactive Media	n/a
01/05/09	Macrovision Solutions-TV Guide	Lions Gate Entertainment Corp	255	Lions Gate	Acquisition	A3	05/30/08	Content - Film Prod & Distrb	84.6%	Content - TV Programming	15.4%
08/09/06	Atom Entertainment Inc	MTV Networks Inc	200	Viacom	Acquisition	A3	03/16/06	Cable TV Programming	70.0%	Interactive Media - Online Gaming	n/a
09/11/06	Jamba! AG	News Corp	188	News Corp	Acquisition	A3	08/23/06	Film & TV Prod, Distrb & Broadcast	58.8%	Interactive Media - Mobile	5.5%
12/19/03	Summit America Television Inc	EW Scripps Co	182	E.W. Scripps Co	Acquisition	A3	03/25/03	Newspaper Publishing	44.4%	Home Shopping Network	2.7%
09/22/06	Harmonix Music Systems Inc	MTV Networks Inc	175	Viacom	Acquisition	A3	03/16/06	Cable TV Programming	70.0%	Video Games Developer	n/a

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08/07/08	QSP Inc	Time Inc	110	Time Warner	Acquisition	A3	02/22/08	Film & TV Prod, Distrb & Broadcast	47.2%	Publishing	10.7%
12/04/06	Jungo Ltd	NDS Group PLC	108	News Corp	Acquisition	A3	08/23/06	Film & TV Prod, Distrb & Broadcast	58.8%	Cable Services - Software	5.5%
05/05/06	XFire Inc	Viacom Inc	102	Viacom	Acquisition	A3	03/16/06	Cable TV Programming	70.0%	Interactive Media - Online Gaming	n/a
12/19/03	Summit America Television Inc	EW Scripps Co	182	E.W. Scripps Co	Acquisition	A3	02/28/08	TV Programming & Broadcast	65.9%	Interactive Media	n/a
09/22/06	Harmonix Music Systems Inc	MTV Networks Inc	175	Viacom	Acquisition	A3	02/22/06	Cable Services	95.1%	Content - TV Programming	4.1%
08/07/08	QSP Inc	Time Inc	110	Time Warner	Acquisition	A3	02/23/12	Cable Services	66.7%	Theme Parks	5.0%
02/07/13	Optimum West	Charter Communications Inc	1,625	Cablevision Corp	Divestiture	D1	02/28/12	Cable Services	93.7%	Cable Services	93.7%
12/24/07	News Corp-FOX Network(8)	Oak Hill Capital Partners LP	1,100	News Corp	Divestiture	D1	08/23/07	Film & TV Prod, Distrb & Broadcast	57.0%	TV Broadcast	57.0%
05/06/08	Sundance Channel LLC	Rainbow Media Group LLC	496	CBS Corp	Divestiture	D1	02/28/08	TV Programming & Broadcast	65.9%	TV Programming	65.9%
02/18/10	News Corp-Bulgarian TV Bus	Central European Media	400	News Corp	Divestiture	D1	08/12/09	Film & TV Prod, Distrb & Broadcast	53.0%	Film & TV Prod, Distrb & Broadcast	53.0%
06/01/07	Wayfarer Media Ltd	Prof-Media Management	360	Viacom	Divestiture	D1	03/01/07	Cable TV Programming	63.0%	Cable TV Programming - Int'l	63.0%
02/22/05	Crown Media Hldg Inc-Intl Bus	Investor Group	242	Crown Media	Divestiture	D1	05/27/05	TV Programming & Broadcast	87.6%	TV Programming & Broadcast - Int'l	87.6%
02/07/07	CBS Corp-TV Stations(7)	Cerberus Capital Management LP	185	CBS Corp	Divestiture	D1	03/16/06	TV Programming & Broadcast	64.2%	TV Broadcast	64.2%
07/03/03	QVC Inc	Liberty Media Corp	7,903	Comcast Corp	Divestiture	D2	03/20/03	Cable Services	59.0%	TV Commerce	35.2%
07/10/12	A&E Television Networks LLC	Investor Group	3,025	Comcast Corp	Divestiture	D2	02/23/12	Cable Services	66.7%	Content- TV Programming	29.1%
02/07/06	ABC Radio Networks	Citadel Broadcasting Corp	2,400	Disney	Divestiture	D2	12/07/05	TV Programming & Broadcast	41.3%	Radio	41.3%
12/20/05	America Online Inc	Google Inc	1,000	Time Warner	Divestiture	D2	03/11/05	Film & TV Prod, Distrb & Broadcast	49.7%	Internet Services	20.7%
03/17/06	DreamWorks SKG-Film Library	Investor Group	900	Viacom	Divestiture	D2	03/16/06	Cable TV Programming	70.0%	Content - Film Library	30.0%
09/19/06	AOL Deutschland GmbH-Internet	Telecom Italia SpA	880	Time Warner	Divestiture	D2	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Internet Services	19.0%
10/11/06	AOL (UK) LTD	Carphone Warehouse Group PLC	686	Time Warner	Divestiture	D2	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Internet Services	19.0%
07/30/10	Miramax Film Corp	Filmyard Holdings LLC	660	Disney	Divestiture	D2	12/02/09	TV Programming & Broadcast	44.8%	Content - Film Prod & Dstrb	17.0%
04/30/07	FSN New England	Comcast Corp	570	Cablevision Corp	Divestiture	D2	02/28/07	Cable Services	71.5%	TV Programming	14.9%
10/03/05	TSL Education Ltd	Exponent Private Equity LLP	412	News Corp	Divestiture	D2	09/01/05	Film & TV Prod, Distrb & Broadcast	58.4%	Publishing	27.2%
02/13/07	CBS Corp-Radio Stations(2)	Liberty Media Corp	408	CBS Corp	Divestiture	D2	03/16/06	TV Programming & Broadcast	64.2%	Radio	14.5%
09/21/06	AOL CompuServe France SAS	Neuf Cegetel SA	366	Time Warner	Divestiture	D2	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Internet Services	19.0%
06/19/07	Tegic Communications Inc	Nuance Communications Inc	265	Time Warner	Divestiture	D2	02/23/07	Film & TV Prod, Distrb & Broadcast	47.3%	Internet Services / Mobile Media	19.0%
08/21/06	CBS Corp-Radio Stations	Entercom Communications Corp	262	CBS Corp	Divestiture	D2	03/16/06	TV Programming & Broadcast	64.2%	Radio	14.5%
01/20/05	Rainbow DBS-Rainbow Satellite	EchoStar Communications Corp	200	Cablevision Corp	Divestiture	D2	03/15/04	Cable Services	65.0%	Satellite Broadcast Services	65.0%
10/11/06	CBS Corp-Radio Stations(7)	Wilks Broadcast Group LLC	138	CBS Corp	Divestiture	D2	03/16/06	TV Programming & Broadcast	64.2%	Radio	14.5%

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09/01/06	CBSCorp-Radio Stns,Buffalo,NY	Regent Communications Inc	125	CBS Corp	Divestiture	D2	03/16/06	TV Programming & Broadcast	64.2%	Radio	14.5%
10/20/03	News Corp-Digital TV Licences	Investor Group	116	News Corp	Divestiture	D2	09/01/05	Film & TV Prod, Distrb & Broadcast	65.6%	Satellite Broadcast Services - Int'l	1.3%
03/16/05	Entertainment Assets	Shareholders	68,002	Viacom	Divestiture	D3	03/16/05	Film & TV Prod, Distrb & Broadcast	n/a	TV Programming & Broadcast	n/a
06/26/12	Publishing Assets	Shareholders	4,300	News Corporation	Divestiture	D3	08/15/11	Film & TV Prod, Distrb & Broadcast	59.0%	Film & TV Prod, Distrb & Broadcast	59.0%
01/17/13	Outdoor Assets	Shareholders	5,000	CBS Corp	Divestiture	D3	02/23/12	TV Programming & Broadcast	63.7%	Outdoor Advertising	13.3%
03/07/13	Publishing Assets	Shareholders	6,830	Time Warner	Divestiture	D3	02/22/13	Film & TV Prod, Distrb & Broadcast	91.3%	Publishing	8.7%
05/21/08	Time Warner Cable Inc	Shareholders	47,147	Time Warner	Divestiture	D3	02/22/08	Film & TV Prod, Distrb & Broadcast	47.2%	Cable Services	42.1%
10/16/07	Scripps Networks	Shareholders	6,978	E.W. Scripps Co	Divestiture	D3	03/01/07	TV Programming & Broadcast	42.1%	TV Programming & Broadcast	42.1%
11/18/10	Rainbow Media Group LLC	Shareholders	4,753	Cablevision Corp	Divestiture	D3	02/25/10	Cable Services	69.9%	TV Programming & Broadcast	13.4%
05/28/09	AOL LLC	Shareholders	2,657	Time Warner	Divestiture	D3	02/20/09	Film & TV Prod, Distrb & Broadcast	48.0%	Internet Services	8.9%
11/24/03	Warner Music Group	Investor Group	2,606	Time Warner	Divestiture	D3	03/28/03	Film & TV Prod, Distrb & Broadcast	43.2%	Music Publishing	10.3%
05/16/07	Atlanta Braves	Liberty Media Corp	2,417	Time Warner	Divestiture	D3	02/23/07	Film & TV Prod, Distrb & Broadcast	47.3%	Professional Sports Teams	2.8%
05/22/06	Paramount Parks	Cedar Fair LP	1,240	CBS Corp	Divestiture	D3	03/16/06	TV Programming & Broadcast	64.2%	Theme Parks	8.2%
07/30/09	Madison Square Garden Corp	Shareholders	1,225	Cablevision Corp	Divestiture	D3	02/26/09	Cable Services	71.4%	Sports & Stadium Arenas	14.4%
08/01/07	Club Penguin	Walt Disney Co	700	Disney	Acquisition	D3	11/22/06	TV Programming & Broadcast	42.7%	Interactive Media - Kids SN	n/a
02/11/10	Dow Jones-Indexing Business	CME Group Inc	675	News Corp	Divestiture	D3	08/12/09	Film & TV Prod, Distrb & Broadcast	53.0%	Stock Indexing	7.8%
02/06/06	AOL Time Warner Book Group Inc	Hachette Livre SA	538	Time Warner	Divestiture	D3	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Publishing	13.4%
08/10/06	US Weekly	Wenner Media Inc	300	Disney	Divestiture	D3	12/07/05	TV Programming & Broadcast	41.3%	Publishing	6.7%
05/30/12	News International-Wapping	St George PLC	232	News Corp	Divestiture	D3	08/15/11	Film & TV Prod, Distrb & Broadcast	59.0%	Real Estate	3.3%
02/01/06	Sky Radio Ltd	Investor Group	229	News Corp	Divestiture	D3	09/01/05	Film & TV Prod, Distrb & Broadcast	58.4%	Radio	4.7%
09/01/06	News Corp-Parking Garage,MA	Investor Group	204	News Corp	Divestiture	D3	08/23/06	Film & TV Prod, Distrb & Broadcast	58.8%	Real Estate	5.5%
03/30/11	DLI Acquisition Corp	Da-Lite Screen Co	203	Comcast Corp	Divestiture	D3	02/25/11	Cable Services	95.5%	Industrials - Screen Manuf.	n/a
05/30/06	Warner Brothers-AU Theme Parks	Village Roadshow Ltd	193	Time Warner	Divestiture	D3	02/27/06	Film & TV Prod, Distrb & Broadcast	49.1%	Theme Parks	n/a
04/16/03	Anaheim Angels	Arturo Moreno	184	Disney	Divestiture	D3	12/04/02	TV Programming & Broadcast	38.4%	Professional Sports Teams	n/a
09/26/06	EW Scripps Co-TV Stations	Multicultural TV Bdcstg LLC	170	E.W. Scripps Co	Divestiture	D3	03/16/06	TV Programming & Broadcast	35.9%	Home Shopping Network	18.2%
11/07/12	Ziff Davis Inc	j2 Global Inc	167	CBS Corp	Divestiture	D3	02/23/12	TV Programming & Broadcast	63.7%	Interactive Media	n/a
04/28/11	Shopzilla Inc	Symphony Technology Group LLC	165	Scripps Networks	Divestiture	D3	03/01/11	TV Programming & Broadcast	90.0%	Interactive Media - Online Shopping	9.0%
05/28/09	Lions Gate Ent Corp-TV Guide	One Equity Partners LLC	123	Lions Gate	Divestiture	D3	05/30/08	Content - Film Prod & Distrb	84.6%	Content - TV Programming	14.7%

Source: Thomson One, company filings

Appendix Table 2: Returns analysis on acquisition portfolios (A1-A3) for [-5,5] trading window

	T-5	T-4	T-3	T-2	T-1	T	T+1	T+2	T+3	T+4	T+5
A1 PORTFOLIO											
Daily average return	(0.30%)	0.63%	0.13%	(0.36%)	0.06%	0.63%	0.80%	0.49%	0.16%	0.13%	0.39%
Cumulative return	(0.30%)	0.33%	0.46%	0.10%	0.17%	0.80%	1.59%	2.09%	2.25%	2.38%	2.77%
t-stat, daily return	*-1.455*	*1.707*	*0.279*	*-1.112*	*0.449*	*1.943*	*1.766*	*2.682*	*0.498*	*0.402*	*1.369*
Confidence level		***90%***				***90%***	***90%***	***95%***			
A2 PORTFOLIO											
Daily average return	*0.07%*	*0.14%*	*0.42%*	*0.01%*	*(0.07%)*	*(0.02%)*	*0.48%*	*0.29%*	*0.19%*	*0.16%*	*(0.18%)*
Cumulative return	*0.07%*	*0.22%*	*0.64%*	*0.65%*	*0.58%*	*0.56%*	*1.04%*	*1.33%*	*1.52%*	*1.68%*	*1.50%*
t-stat, daily return	*0.359*	*0.520*	*1.793*	*0.040*	*-0.378*	*-0.050*	*2.165*	*0.781*	*0.792*	*0.828*	*-0.616*
Confidence level			***90%***				***95%***				
A3 PORTFOLIO											
Daily average return	*0.11%*	*(0.44%)*	*(0.02%)*	*0.53%*	*0.12%*	*(1.04%)*	*0.51%*	*(0.46%)*	*0.29%*	*(0.27%)*	*0.03%*
Cumulative return	*0.11%*	*(0.33%)*	*(0.34%)*	*0.19%*	*0.31%*	*(0.73%)*	*(0.22%)*	*(0.68%)*	*(0.39%)*	*(0.66%)*	*(0.63%)*
t-stat, daily return	*0.412*	*-1.076*	*-0.061*	*2.349*	*0.568*	*-3.280*	*0.926*	*-1.772*	*1.309*	*-1.281*	*0.079*
Confidence level				***95%***		***95%***		***90%***			

Note: where T indicates transaction announcement date

Appendix Table 3: Returns analysis on divestiture portfolios (D1-D3) for [-5,5] trading window

	T-5	T-4	T-3	T-2	T-1	T	T+1	T+2	T+3	T+4	T+5
D1 PORTFOLIO											
Daily average return	(0.14%)	(0.00%)	0.12%	0.08%	(0.07%)	1.88%	0.66%	0.05%	(0.29%)	0.11%	(0.17%)
Cumulative return	(0.14%)	(0.14%)	(0.02%)	0.06%	(0.01%)	1.87%	2.53%	2.58%	2.29%	2.40%	2.23%
t-stat, daily return	*-0.194*	*-0.005*	*0.268*	*0.288*	*-0.165*	*1.372*	*1.046*	*0.679*	*-1.198*	*0.530*	*-0.754*
Confidence level											
D2 PORTFOLIO											
Daily average return	0.34%	(0.19%)	(0.07%)	(0.07%)	0.02%	1.44%	1.17%	0.11%	0.26%	0.17%	0.19%
Cumulative return	0.34%	0.15%	0.08%	0.02%	0.04%	1.48%	2.65%	2.75%	3.01%	3.18%	3.37%
t-stat, daily return	*1.495*	*-1.246*	*-0.375*	*-0.307*	*0.113*	*2.876*	*1.382*	*0.181*	*1.190*	*0.771*	*0.694*
Confidence level						***95%***					
D3 PORTFOLIO											
Daily average return	(0.20%)	0.23%	0.20%	0.03%	(0.10%)	2.36%	0.63%	0.13%	(0.48%)	(0.07%)	(0.21%)
Cumulative return	(0.20%)	0.02%	0.22%	0.25%	0.15%	2.51%	3.14%	3.27%	2.80%	2.73%	2.52%
t-stat, daily return	*-1.231*	*1.138*	*0.769*	*0.187*	*-0.703*	*4.077*	*1.488*	*0.479*	*-0.831*	*-0.400*	*-1.012*
Confidence level						***95%***					

Note: where T indicates transaction announcement date