Globalization: How Successful are Cross-border Mergers and Acquisitions?

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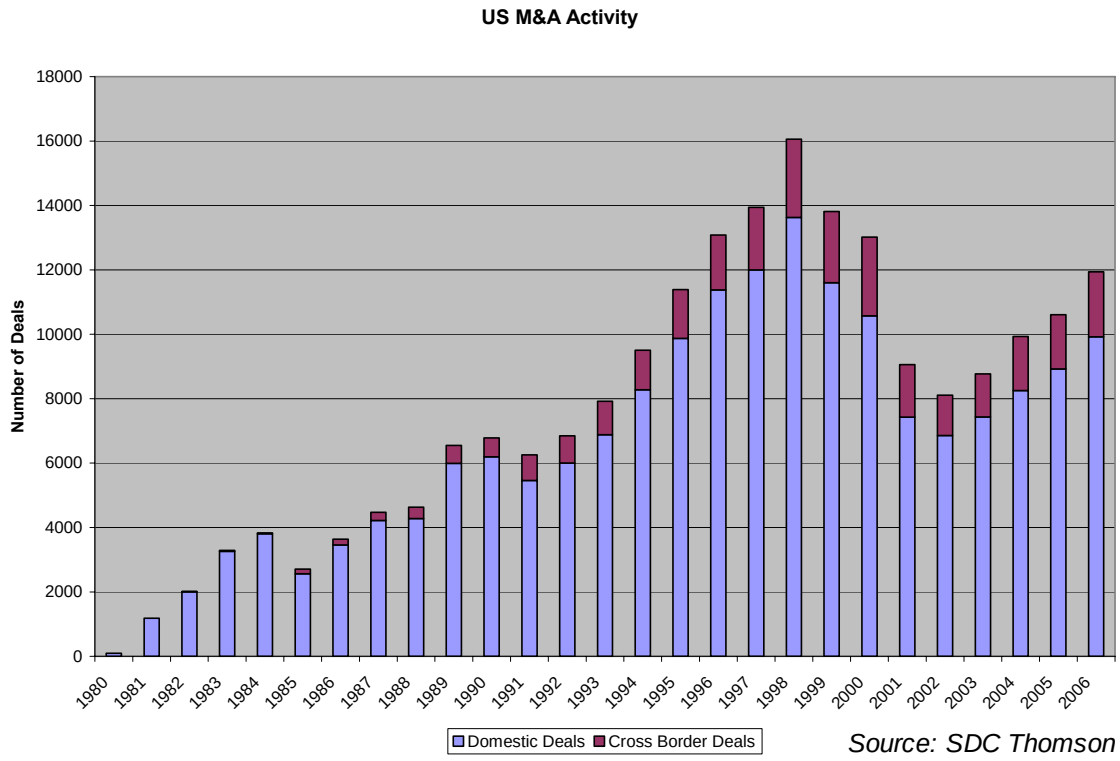
I. INTRODUCTION

There has been a significant upturn in mergers and acquisitions (M&A) activity in the past few years as is typical during high market growth periods. This upturn follows a few years of M&A decline after the hot period in the 1990's. Non-U.S. companies entered the scene in the 1980s and their involvement picked up pace in the 1990s. Starting in the mid-1990s, over 15% of M&A deals with U.S. acquirers have involved a target company based in a foreign country.



Source: SDC Thomson

There are many reasons why companies choose the path of growing through M&A rather than adopting an organic growth model and much research has been devoted to the topic over the years. Still, the move toward globalization and the vast expansion of mergers and acquisitions involving non-U.S. companies raises a different question:

> *Are deals between two U.S. companies more successful, less successful or do they result in the same level of success as deals between a U.S. company and Non-U.S. Company?*

Taking on the strategy of a cross-border acquisition has many potential implications. A cross-border M&A may simply be an attempt at value creation as would any domestic M&A be. Still, a cross-border M&A could also offer a way to enter a foreign market whereas a domestic M&A may not provide that opportunity. When predicting performance of a cross-border M&A, we can consider the possibility of better synergies between two companies due to geographic expansion opportunities or sharing of different practices to improve business. Yet, there may be negatives such as conflict of management styles and a turbulent integration process due to significantly different cultures.

II. PREVIOUS WORK

M&As have been used as a strategy for expansion by companies for some time now and much research has been dedicated to analyzing the area. The technological breakthroughs of the 1990s and the increasing effects of globalization made M&As and especially cross-border M&As even more popular. The total value of deals completed between 1998 and 2000 approached $4 trillion – more than the combined value of deals completed in the prior 30 years (Henry, 2002). To date, much of the research has concluded that cross-border M&As may not be as successful as acquirers might hope and pose significant challenges in the post-acquisition stages (Child et al., 2001). Furthermore, a study by KPMG found that over half of cross-border mergers and acquisitions destroyed shareholder values, while only 17% created shareholder value (Economist, 1999).

Still, while there has been a significant amount of research devoted to M&As, research on cross-border M&As has not kept up with the recent trend of increasing cross-border activity. Furthermore, this subtopic does not carry the recognition it deserves warranting research separate from (domestic) M&As, in general. The more recent research on cross-border M&As has

focused on post-acquisition issues such as integration processes, integration processes from an employee viewpoint, post-acquisition turnover of acquired firm executives, post-acquisition performance of acquired and acquiring firms, and the resulting knowledge transfer and organizational learning (Shimizu et al., 2004).

Cross-border M&A research originally focused on the concept that a cross-border acquisition is done by a firm in a developed country entering a less developed country (Wilson, 1980). With the current globalization trend blurring this concept, this paper examines empirical evidence from more recent cross-border deals (defined as between two companies headquartered in different countries) to analyze whether there is still a difference in performance following a cross-border deal compared to one that went through a domestic acquisition. The research focuses on deals where a U.S.-headquartered company is the acquirer.

III. DATA SELECTION

The most important aspect in comparing the performance of a cross-border acquisition with an acquisition involving two U.S. companies is finding a representative sample. The primary focus of the analysis is on comparing accounting performance post merger for a matched pair sample of deals. Three main sources of data are used to gather the required information: Thomson SDC database, CRSP, and Compustat. First, the Thomson SDC deal database is used to extract all recorded deals which were effective as of 1990. These deals are then examined to produce a data set containing a sample of matching pairs of deals. If T_c represents a control transaction and T_m represents a matching transaction, the sample is produced as follows:

- Acquirors of T_c and T_m are both headquartered in the United States
- Target of T_c is headquartered in the United States
- Target of T_m is not headquartered in the United States
- First 2 SIC digits of acquirer in deal T_c match first 2 SIC digits of acquirer deal T_m
- First 2 SIC digits of target in deal T_c match first 2 SIC digits of target deal T_m
- Acquirer owns 100% after transaction in both T_c and T_m

- Acquirer in deal T_m has total assets between 50% and 200% of acquirer's total assets in deal T_c
- Value of transaction in deal T_m is between 50% and 200% of value of transaction in deal T_c
- Deals T_c and T_m occurred within 1 year of each other

This narrows a total of about 372,000 deals down to approximately 2,000 valid pairs.

This data is then split into three distinct sets:

1. Neither acquirer from the matched pair was involved in a takeover (either as a target or an acquirer) in the fiscal year following the transaction in question. This set will subsequently be referred to as "t+1" or "1 year post acquisition" in the analysis.
2. Neither acquirer from the matched pair was involved in a transaction in the following two fiscal years following the transaction in question. This set will subsequently be referred to as "t+2" or "2 years post acquisition" in the analysis.
3. Neither acquirer from the matched pair was involved in a future transaction in the following three fiscal years following the transaction in question. This set will subsequently be referred to as "t+3" or "3 years post acquisition" in the analysis.

In order to analyze accounting performance, further data is then extracted from Compustat Fundamentals for the remaining qualifying pairs. The following accounting ratios are used for performance analysis using the data from the Compustat databases:

- EBIT / ASSETS
- EBIT / SALES
- SALES / ASSETS
- NI / EQUITY
- (NI + Interest Expense) / ASSETS

Due to some missing information, this reduced the sample sizes further. The final sample sizes are depicted in the analysis.

In the second part of the analysis, I examine abnormal excess returns in the period around the announcement of the acquisition for each pair. I use the same samples of matched pairs as above to see whether cross-border acquirers see better stock performance around the announcement as compared to their domestic deal counterparts.

IV. COMPANY PERFORMANCE

IV.1 Analyzing Company Performance

To analyze company performance, I performed two types of analysis on each of the three sets described above (t+1, t+2, and t+3). First, the difference in means was analyzed using the matching sample t-stat test. Also, cross-section regressions were done to attempt to predict the causes for any difference in performance.

For each accounting ratio *R* outlined in the previous section, the following differences were analyzed for each deal pair *j*:

$$\Delta R_j = (R_{jc}\text{-}R_{jm})_{t+n} - (R_{jc}\text{-}R_{jm})_{t-1}$$

where R_{jc} is the ratio of the control deal in pair *j*, R_{jm} is the ratio of the matching cross-border deal in pair *j*, *t* is the fiscal year of the deal's effective date and *n* is the number of years after the deal where the acquirer was not involved in another transaction. This was done as three distinct sets for *n* = 1, 2, and 3 and the results are as follows.

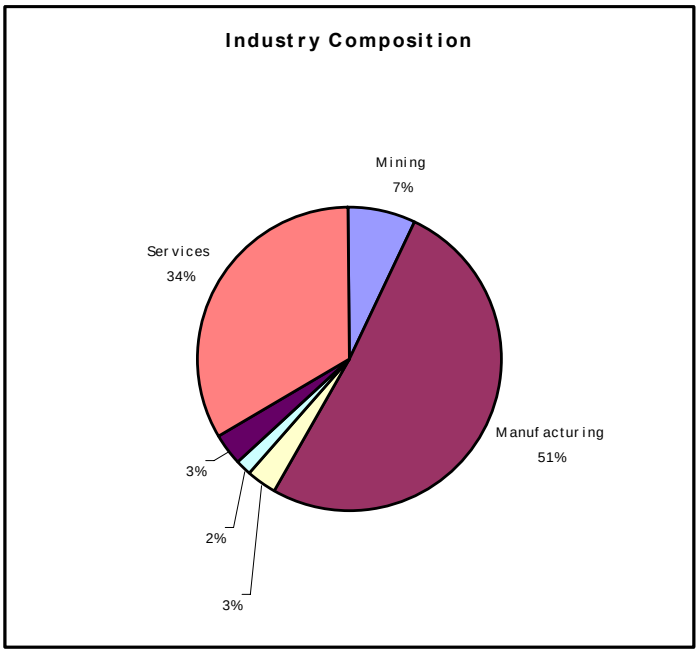
Performance Differences between Domestic Deals and Cross-Border Matches

	1-Year Post-Acquisition (Sample:202)				2-Year Post-Acquisition (Sample:93)				3-Year Post-Acquisition (Sample:42)			
	Mean	Median	t stat	p-value	Mean	Median	t stat	p-value	Mean	Median	t stat	p-value
$\Delta \frac{EBIT}{ASSETS}$	0.00	(0.00)	0.22	0.83	0.05	0.02	1.30	0.20	0.09	(0.01)	1.16	0.25
$\Delta \frac{EBIT}{SALES}$	1.93	0.00	1.07	0.28	14.47	0.05	1.09	0.28	1.43	0.03	1.33	0.19
$\Delta \frac{SALES}{ASSETS}$	(0.00)	(0.01)	(0.08)	0.94	(0.01)	(0.01)	(0.20)	0.84	(0.13)	(0.09)	(2.01)	0.05
$\Delta \frac{NI}{EQUITY}$	0.21	0.01	0.35	0.73	(0.03)	0.08	(0.07)	0.95	(0.44)	(0.03)	(1.28)	0.21
$\Delta \frac{(NI + IntExp)}{ASSETS}$	0.01	0.00	0.25	0.81	0.18	0.05	2.74	0.01	0.15	(0.01)	1.61	0.12

The above data suggests that, while not necessarily significant in a strict sense, there is generally a difference in performance of acquirers that went through a cross-border acquisition as compared to those involved in a domestic deal. We notice a few visible trends. We see a better performance of domestic acquirers in terms of pre-tax margin, which can support the notion that

domestic deals may have bigger cost synergies than similar cross-border deals. We also notice that domestic acquirers have a better return on assets while the acquirers in cross-border deals show a better asset turnover. The ROA trend suggests that it may be easier to integrate a domestic company in terms of efficient use of its assets. At the same time, the trend for asset turnover may support the common belief that cross-border acquisitions are a good strategy for opening new markets for companies' existing products.

The next step was to compare the performance of acquirers from cross-border deals to the industry performance. Manufacturing, Services, and Mining represented the bulk of the industries in the sample set:



Here, I take a similar approach in using the same five ratios as above. However, instead of using values of a control deal, I compare the median from the industry (using the first two SIC digits) to the cross-border deal.

Performance Differences between Cross-Border Deals and Industry

	1-Year Post-Acquisition (Sample:181)				2-Year Post-Acquisition (Sample:81)				3-Year Post-Acquisition (Sample:41)			
	Mean	Median	t stat	p-value	Mean	Median	t stat	p-value	Mean	Median	t stat	p-value
$\Delta \frac{EBIT}{ASSETS}$	0.04	0.01	1.94	0.05	0.04	0.02	1.08	0.29	0.08	0.01	1.19	0.24
$\Delta \frac{EBIT}{SALES}$	1.77	0.01	0.86	0.39	1.69	0.04	1.11	0.27	1.19	(0.02)	1.31	0.20
$\Delta \frac{SALES}{ASSETS}$	(0.06)	(0.03)	(2.29)	0.02	(0.10)	(0.04)	(2.18)	0.03	(0.21)	(0.11)	(2.72)	0.01
$\Delta \frac{NI}{EQUITY}$	0.74	0.03	1.22	0.23	0.20	0.02	0.57	0.57	0.01	(0.03)	0.03	0.98
$\Delta \frac{(NI + IntExp)}{ASSETS}$	0.08	0.02	2.48	0.01	0.13	0.01	1.94	0.06	0.12	0.01	1.86	0.07

The above results show a similar picture as when comparing cross-border deals to matching domestic deals. In general, acquirers of cross-border targets do not perform as well as the industry. Here, however, we see a bit more statistical significance in our results. Specifically, acquirers following a cross-border acquisition appear to consistently have a higher asset turnover than the industry (at the 95% confidence level for first two years post deal and 99% confidence level for three years post deal), but at the same time a lower ROA (at the 99% confidence level for first year post acquisition and at the 90% confidence level for the following two years) as compared to the industry. Once again, similarly to the domestic deal comparison, cross-border acquirers lag on their return on assets when compared to the industry.

IV.2 Predicting Company Performance

The next piece of the matched-pair analysis involves a cross-section regression. Here, I took two different approaches to attempt to explain the differences. First, each ratio described above was used as the dependent variable and the following as independent variables:

- Deal consideration (Dummy variable with 1 for cash only deals and 0 otherwise)
- LOG of acquirer size
- LOG of target size
- Target private/public (Dummy variable with 1 for public 0 for private)
- Acquirer and target in the same-industry (Dummy variable with 1 for same industry)
- Acquirer's market value/book value of equity
- Acquirer in manufacturing industry (dummy variable)

- Acquirer in services industry (dummy variable)

The regression was set up for each accounting ratio *R* as follows:

$$\Delta R_j = A_i * X_{ij} + B_i * Y_{ij} + \ldots$$

where X_{ij} is a vector of characteristics of control deal *j* and Y_{ij} is a vector of characteristics of matching deal *j*. This regression was performed for the three distinct sets of t+1, t+2, and t+3 (detailed results can be found in Figure1, Figure 2, and Figure 3 for the three sets respectively and are in columns labeled "(1)"), The second approach uses a slight variation in that the difference for each ratio at t+n is set as the dependent variable while the difference for each ratio at t-1 was added as another independent variable in addition to the characteristics above. Specifically, the regression equation for each ratio *R* was set up as follows:

$$\Delta R_{(j,\ t+n)} = A_i * X_{ij} + B_i * Y_{ij} + C * \Delta R_{(j,\ t-1)}$$

where X_{ij} is a vector of characteristics of control deal *j* and Y_{ij} is a vector of characteristics of matching deal *j*. This regression was also performed for the three distinct sets of t+1, t+2, and t+3 (detailed results can be found in Figure1, Figure 2, and Figure 3 for the three sets respectively and are in columns labeled "(2)").

A few of the factors appear to be of interest in the results. Looking at (1) regressions, we can observe the effect of the public status of the target in the cross-border deal. The negative coefficients for cross-border deals and positive coefficients for domestic deals suggest that deals which involve target companies that are public will tend to perform better. This is not unreasonable as it is likely that much more information is available on public targets. Also, if we look at the Market-to-Book ratio for cross-border deals, we can see that acquirers with higher Market-to-Book ratios will generally show a slightly worse ROE in the first year following the deal, but then trend towards having generally better performance. However, there are no coefficients that consistently have a large effect on the difference in performance. Furthermore,

when we examine the second set of regressions, labeled with (2), we can see that the performance in the year prior to the acquisition has a dominant influence on the performance in the subsequent years. In general, these results indicate that that the factors chosen do not have a significant impact on the difference in post-acquisition performance between domestic deals and their cross-border matches. In fact, the main drivers for the difference is the difference in performance of the acquirers' pre-acquisition performance, which is expected.

A further analysis of the location of the targets in cross-border deals reveals a similar picture. Looking at Figure 4, we can see that while acquirers who purchase a target in developing countries do not initially (1 year after deal completion) achieve positive results, they do tend to perform better in subsequent years. Still, the dominant factor in predicting post-deal performance is once again the acquirers' performance prior to the acquisition and the location of the target is not a statistically significant indicator.

I also performed similar cross-sectional regressions to attempt to explain the difference in cross-border deal performance as compared to the industry medians rather than a matched domestic deal. The regression was set up in a similar manner as the matched pair analysis with two the approaches. For each ratio difference ΔR (calculated by subtracting the company ratio from the industry median), the regressions ware run as follows:

$$\text{Model 1:} \quad \Delta R = A_i * X_{ij} + \ldots$$
$$\text{Model 2:} \quad \Delta R_{(j,\, t+n)} = A_i * X_{ij} + C * \Delta R_{(j,\, t-1)}$$

where X_{ij} is a vector of characteristics of cross-border deal j. Detailed results for Model 1 can be found in Figure 5 (for t+1), Figure 7 (for t+2) and Figure 9 (for t+3). For Model 2, the detailed results are in Figure 6 (for t+1), Figure 8 (for t+2) and Figure 10 (for t+3).

Here, we see a few trends that are rather similar to what we observed in the pervious analysis. Specifically, we can once again notice that the public status of the target and the

Market-to-Book ratio of the acquirer have a noticeable effect on post-acquisition performance. Once again, negative coefficients for public targets suggest that cross-border deals with a target company that is public will tend to perform better. Similarly, acquirers with higher Mark-to-Book ratios will show a worse ROE in the first year following the completion of the deal, but tend to generally trend better in the two years following. Lastly, Model 2 results once again show that pre-acquisition performance is the best indicator for post-deal success of the acquirers.

V. STOCK PERFORMANCE

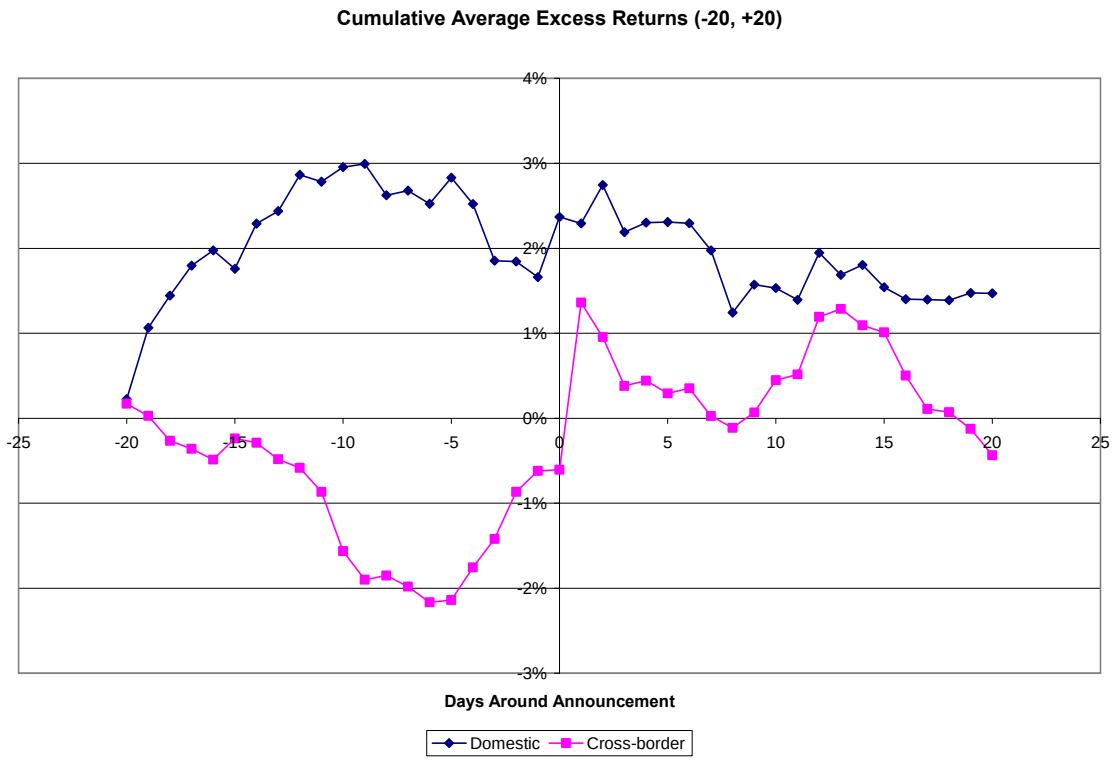
V.1 Analyzing Stock Performance

As seen in the previous section, there does not appear to be significant evidence that suggests a difference in either direction between the performance of domestic M&A deals and their cross-border counterparts. In the second part of the analysis, I examine the market reaction around the announcement date for the matched pairs. Specifically, I look at the abnormal excess return for acquirers who have announced a domestic acquisition and their matching cross-border acquirers. I used the CRSP BXRET variable as the abnormal return measure. In cases when BXRET is not available, I calculate the abnormal return with a simple market adjustment by subtracting the CRSP value-weighted market index from the stock's return.

For this comparison, I use the same three sets of matching pairs of US-only acquirers as before. For each pair, I collected the cumulative excess return (CER) for two periods: +/-20 days around the announcement and +/-5 days around the announcement.

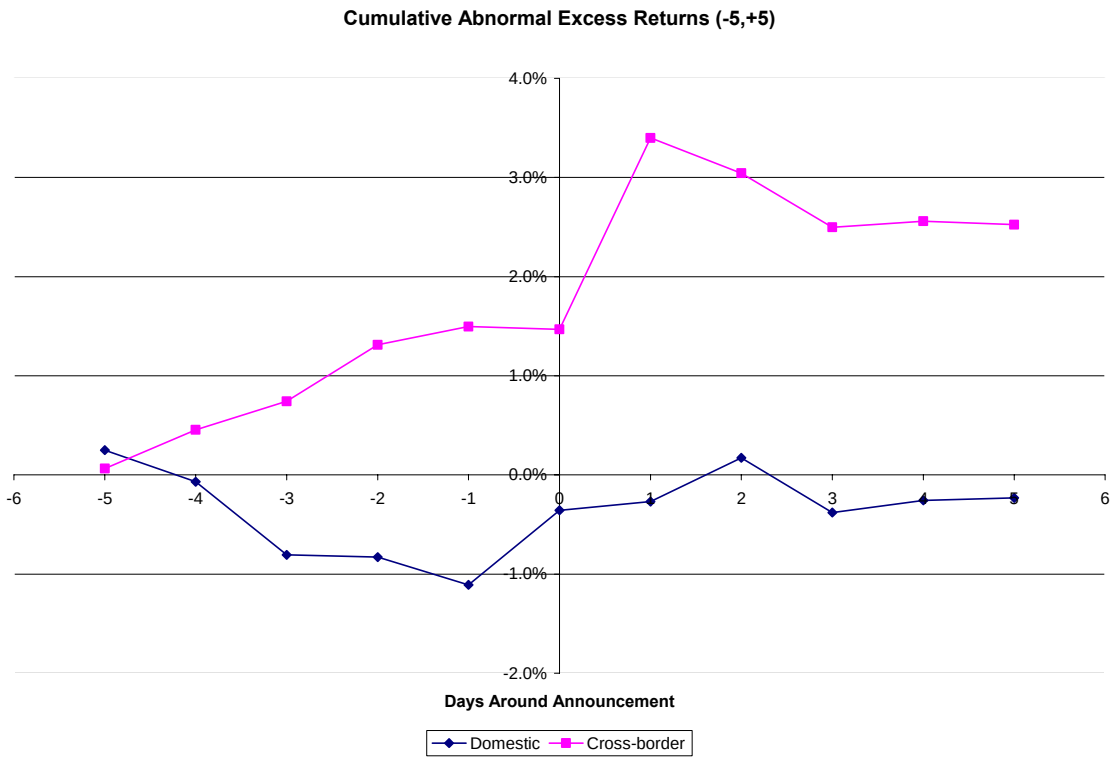
We first notice in the graph below[1] that over the longer period of twenty days prior to the announcement to twenty days following the announcement, the stock market reacts more positively to the domestic deal.

[1] See Figure 11 for detailed results of the (-20,+20) abnormal returns



However, as we examine a shorter period around the announcement, we also notice in the chart below[2] the cross-border deal shows a significantly larger abnormal return in the period of five days before to five days after the announcement as compared to a domestic deal.

[2] See Figure 12 for detailed results of the (-5, +5) abnormal returns



We can speculate that there is more excitement in the market about a cross-border deal than a domestic deal and that the abnormal excess returns are greater for a cross-border deal immediately around the announcement. However, the longer period still shows no systematic difference in performance of the stocks.

V.2 Explaining the Difference in Stock Performance

Given the clear difference in abnormal excess return around the deal announcement between acquirers announcing a deal with a domestic target and those looking at a cross-border target, I look at another set of cross-section regressions to attempt to explain this difference. The regressions are set up using the difference between cumulative abnormal excess return for five days around the announcement (from five days before to five days after) as the dependent variable. This will help answer the question of whether the market is able to predict the subsequence changes in the performance of the acquirers. I once again performed three sets of

regressions for the t+1, t+2, and t+3 sets and used two models for each. Both models use the same set of firm characteristics as the previous regressions, but add the difference in performance as independent variables. Specifically, the first model adds one independent variable that is ΔR_j and is defined as:

$$\Delta R_j = (R_{jc}\text{-}R_{jm})_{t+n} - (R_{jc}\text{-}R_{jm})_{t-1}$$

where R_{jc} is the ratio of the control deal in pair j, R_{jm} is the ratio of the matching deal in pair j, t is the fiscal year of the deal's effective date and n is the number of years after the deal where the acquirer was not involved in another transaction. The second model adds the differences before the deal and after the deal as two separate variables which are defined as:

$$\Delta R_{(j,t-1)} = (R_{jc}\text{-}R_{jm})_{t-1} \qquad \text{and} \qquad \Delta R_{(j,t+n)} = (R_{jc}\text{-}R_{jm})_{t+n}$$

Therefore the regression equations are set up as follows:

$$\text{Model 1: } dCER_{(-5,+5)} = A_i * X_{ij} + B_i * Y_{ij} + C * \Delta R_j$$
$$\text{Model 2: } dCER_{(-5,+5)} = A_i * X_{ij} + B_i * Y_{ij} + C * \Delta R_{(j,t-1)} + D * \Delta R_{(j,t+n)}$$

where X_{ij} is a vector of characteristics of control deal j and Y_{ij} is a vector of characteristics of matching deal j. Both regressions were performed for the three distinct sets of t+1, t+2, and t+3 (detailed results can be found in Figure 13, Figure 14, and Figure 15 for the three sets respectively with Model 1 results in columns labeled "(1)" and Model 2 results in columns labeled "(2)").

The results suggest that it is the sizes of the acquirers and targets in the deals examined that are the main drivers in explaining the difference in cumulative abnormal excess returns around the announcements. We can notice a clear indication that larger acquirers enjoy a higher abnormal return. At the same time, we also see that smaller targets have the same effect. When looking at the pre-announcement performance as well as future performance of the acquirers, we notice that there is no significant effect on the abnormal returns. Therefore, we can speculate that

the market does not take acquirers' pre-deal performance into account and, similarly, does not predict subsequent changes in acquirer's performance.

VI. SUMMARY

The trend toward globalization is here. As companies expand, they look for ways to expand globally. Answering the question of whether a marriage of a U.S. company and a foreign company is better or worse than one of only U.S. companies can give good insight into its value. Cross-border M&As are complicated and a great majority is thought to have unsuccessful results. There are many variables that must be considered including corporate governance, political factors, countries involved, and regulations. To date, it appears that there are differences in both post-deal performance of the acquirers and market reaction when comparing cross-border acquisitions to similar domestic deals. A cross-border acquisition strategy has many advantages to staying close to home and working on a local deal. Yet, there are just as many challenges. Today, even domestic deals between large companies (take HP acquiring Compaq) have great cross-border implications, and with care, this strategy can lead to ultimate success. As more and more cross-border deals are completed, future studies can examine more data and longer time periods to further understand the differences between domestic and cross-border deals.

Figure 1: Factors Associated with Performance of Cross-border Deals as Compared to their Domestic Matches (1 Year after Completion of Deal)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	0.1887	0.2447*	13.02	16.59	-0.079	0.0746	6.431	6.414	0.2853	0.3536*
		(1.36)	(1.86)	(1.01)	(1.28)	(-0.38)	(0.36)	(1.61)	(1.62)	(1.29)	(1.74)
Control Deal	D1 Cash / Other	-0.02377	-0.00246	-0.81	-1.288	-0.07305	-0.0108	2.436	2.443	0.02985	0.04488
		(-0.45)	(-0.05)	(-0.17)	(-0.27)	(-0.92)	(-0.14)	(1.61)	(1.62)	(0.36)	(0.58)
	D1 log(Acquirer Size)	-0.1426	-0.0869	-6.47	-6.99	-0.381	-0.3521	3.909	3.795	-0.0964	-0.0136
		(-0.90)	(-0.58)	(-0.44)	(-0.48)	(-1.59)	(-1.52)	(0.86)	(0.84)	(-0.38)	(-0.06)
	D1 log(Target Size)	0.0313	-0.0649	24.7*	22	0.1871	0.205	1.527	0.76	0.1143	-0.1055
		(0.22)	(-0.47)	(1.85)	(1.65)	(0.86)	(0.98)	(0.37)	(0.18)	(0.50)	(-0.49)
	D1 Target Public	0.11928**	0.09372*	-0.757	0.103	0.11003	0.10863	-1.32	-1.425	0.10292	0.06966
		(2.30)	(1.90)	(-0.16)	(0.02)	(1.40)	(1.44)	(-0.89)	(-0.96)	(1.24)	(0.91)
	D1 Market-to-Book	-0.007755	-0.007503	-0.5072	-0.4638	0.015911*	0.018397**	-0.2876*	-0.3106*	-0.022343**	-0.020157**
		(-1.32)	(-1.35)	(-0.93)	(-0.86)	(1.79)	(2.15)	(-1.71)	(-1.84)	(-2.39)	(-2.34)
Matching Deal	D2 Cash / Other	0.07347	0.07841	-3.117	-1.454	0.10901	0.1226	-1.625	-1.429	0.03183	0.06616
		(1.34)	(1.51)	(-0.61)	(-0.28)	(1.31)	(1.53)	(-1.03)	(-0.91)	(0.36)	(0.82)
	D2 log(Acquirer Size)	0.0738	-0.0065	1.22	0.49	0.3483	0.2508	-4.095	-3.93	0.0364	-0.0682
		(0.50)	(-0.05)	(0.09)	(0.04)	(1.57)	(1.16)	(-0.97)	(-0.94)	(0.16)	(-0.32)
	D2 log(Target Size)	0.0382	0.1349	-22.48*	-19.76	-0.1494	-0.1343	-2.557	-1.983	-0.0503	0.1445
		(0.27)	(0.99)	(-1.71)	(-1.50)	(-0.69)	(-0.65)	(-0.63)	(-0.49)	(-0.22)	(0.68)
	D2 Target Public	-0.13136**	-0.09714*	-1.811	-2.965	-0.02222	-0.04326	-1.215	-1.025	-0.14727*	-0.10333
		(-2.47)	(-1.91)	(-0.37)	(-0.60)	(-0.28)	(-0.56)	(-0.79)	(-0.67)	(-1.73)	(-1.32)
	D2 Market-to-Book	-0.004181*	-0.003316	-0.0702	-0.0635	0.003373	0.001537	0.17026**	0.19779***	-0.004266	-0.001311
		(-1.69)	(-1.41)	(-0.31)	(-0.28)	(0.90)	(0.42)	(2.40)	(2.71)	(-1.08)	(-0.36)
	t-1 Δ	---	0.5823***	---	0.5897**	---	0.82072***	---	-0.2371	---	0.45528***
		---	(6.36)	---	(2.77)	---	(17.58)	---	(-0.30)	---	(4.79)
	Acuirer Mfg Industry	-0.06779	-0.05009	-1.319	-1.871	-0.1135	-0.1455	-4.744**	-4.561**	-0.067	-0.0425
		(-0.93)	(-0.73)	(-0.20)	(-0.28)	(-1.03)	(-1.36)	(-2.27)	(-2.18)	(-0.58)	(-0.40)
	Acuirer Svcs Industry	-0.03224	-0.02615	3.236	1.782	0.0294	-0.0133	-6.549***	-6.698***	0.0249	-0.0191
		(-0.38)	(-0.32)	(0.41)	(0.22)	(0.23)	(-0.11)	(-2.66)	(-2.73)	(0.18)	(-0.15)
	Acq/Target Same Industry	-0.03979	-0.05002	1.605	1.462	0.0358	0.0256	1.144	1.09	-0.1286	-0.1396
		(-0.56)	(-0.75)	(0.25)	(0.22)	(0.33)	(0.25)	(0.56)	(0.54)	(-1.14)	(-1.35)
	R-Sq =	9.3%	26.2%	5%	9.2%	9.5%	69.1%	12.0%	13.0%	8.5%	19.6%
	R-Sq(adj) =	2.4%	20.1%	0%	1.6%	2.6%	66.6%	5.2%	5.8%	1.5%	12.9%
	Degrees of Freedom	13,170	14,169	13,170	14,169	13,170	14,169	13,170	14,169	13,170	14,169
	F-Value	1.35	4.28***	0.69	1.21	1.38	27.01***	1.78**	1.80**	1.21	2.94***

This table shows the influence of factors on the difference in 1-year post-deal performance of domestic deals as compared to cross-border matches. The dependent variables are the difference in accounting ratios depicted at the top of the tables, and the independent variables include various characteristics of the companies involved in the deal. t-values for the coefficients are in brackets.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 2: Factors Associated with Performance of Cross-border Deals as Compared to their Domestic Matches (2 Years after Completion of Deal)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	0.27	0.2711	12.77	13.7	0.2998	0.4003	0.092	1.437	0.3604	0.2869
		(0.94)	(1.10)	(0.96)	(1.04)	(0.85)	(1.02)	(0.05)	(1.00)	(0.95)	(1.07)
Control Deal	D1 Cash / Other	0.0063	0.05615	0.349	0.967	-0.0417	-0.0261	0.9488	1.021*	0.0044	0.1072
		(0.05)	(0.56)	(0.06)	(0.18)	(-0.29)	(-0.18)	(1.33)	(1.76)	(0.03)	(0.99)
	D1 log(Acquirer Size)	-0.2723	-0.0881	-6.16	-8.8	-0.4458	-0.5064	2.108	1.001	-0.0373	0.1092
		(-0.86)	(-0.32)	(-0.42)	(-0.61)	(-1.14)	(-1.24)	(1.10)	(0.64)	(-0.09)	(0.37)
	D1 log(Target Size)	0.5981**	0.2258	25.83*	21.89	0.3497	0.3796	-0.805	-0.585	0.7079*	0.1815
		(2.04)	(0.88)	(1.90)	(1.63)	(0.97)	(1.03)	(-0.45)	(-0.40)	(1.82)	(0.66)
	D1 Target Public	0.0627	-0.08328	0.739	-0.947	0.1837	0.1777	0.8013	0.3372	0.092	-0.08097
		(0.63)	(-0.94)	(0.16)	(-0.21)	(1.51)	(1.44)	(1.34)	(0.67)	(0.70)	(-0.87)
	D1 Market-to-Book	-0.00204	-0.002424	-0.8697*	-0.8954*	-0.01161	-0.0107	-0.00969	0.03673	-0.00593	0.002491
		(-0.20)	(-0.28)	(-1.81)	(-1.90)	(-0.91)	(-0.82)	(-0.15)	(0.72)	(-0.43)	(0.26)
Matching Deal	D2 Cash / Other	0.0904	0.03088	-0.779	0.221	0.1068	0.1169	-0.0553	-0.1962	0.005	-0.0349
		(0.80)	(0.32)	(-0.15)	(0.04)	(0.77)	(0.83)	(-0.08)	(-0.35)	(0.03)	(-0.34)
	D2 log(Acquirer Size)	0.1178	-0.0451	2.41	4.96	0.1682	0.1864	-1.285	-0.917	-0.1099	-0.1851
		(0.40)	(-0.18)	(0.18)	(0.37)	(0.46)	(0.51)	(-0.72)	(-0.63)	(-0.28)	(-0.68)
	D2 log(Target Size)	-0.4687	-0.1532	-26.04*	-21.77	0.002	-0.0054	-0.398	-0.21	-0.5845	-0.1886
		(-1.61)	(-0.60)	(-1.93)	(-1.63)	(0.01)	(-0.01)	(-0.23)	(-0.15)	(-1.51)	(-0.70)
	D2 Target Public	-0.1229	-0.04568	-0.798	-1.292	-0.3415**	-0.3396**	0.7045	0.2697	-0.1431	-0.0291
		(-1.14)	(-0.49)	(-0.16)	(-0.26)	(-2.58)	(-2.50)	(1.08)	(0.50)	(-1.00)	(-0.29)
	D2 Market-to-Book	-0.006026	-0.003102	-0.1062	-0.1009	-0.00373	-0.004053	-0.00996	0.00521	-0.008771*	-0.002456
		(-1.65)	(-0.99)	(-0.63)	(-0.61)	(-0.83)	(-0.89)	(-0.45)	(0.28)	(-1.81)	(-0.71)
	t-1 Δ	---	0.1322	---	0.3215	---	0.9271***	---	0.1782	---	0.1387
		---	(0.79)	---	(1.06)	---	(7.84)	---	(0.49)	---	(1.35)
	Acuirer Mfg Industry	-0.0004	0.0678	-0.755	-2.01	-0.0451	-0.058	-0.612	-0.6061	-0.0084	0.0263
		(0.00)	(0.61)	(-0.12)	(-0.33)	(-0.28)	(-0.35)	(-0.77)	(-0.93)	(-0.05)	(0.22)
	Acuirer Svcs Industry	0.0053	-0.047	5.646	5.139	-0.1517	-0.1804	0.329	-0.8349	0.2028	-0.0226
		(0.03)	(-0.31)	(0.70)	(0.64)	(-0.71)	(-0.81)	(0.31)	(-0.95)	(0.88)	(-0.14)
	Acq/Target Same Industry	-0.051	-0.0231	-0.278	-0.762	0.0518	0.0202	-0.8331	-0.544	-0.0696	-0.0403
		(-0.35)	(-0.19)	(-0.04)	(-0.12)	(0.29)	(0.11)	(-0.95)	(-0.76)	(-0.36)	(-0.30)
	R-Sq =	11.7%	12.2%	17.6%	17.9%	19.6%	62.0%	16.5%	14.5%	15.3%	12.0%
	R-Sq(adj) =	0.0%	0.0%	1.4%	0.0%	3.7%	53.7%	0.1%	0.0%	0.0%	0.0%
	Degrees of Freedom	13,66	14,64	13,66	14,64	13,66	14,64	13,66	14,64	13,66	14,64
	F-Value	0.67	0.63	1.08	1.00	1.23	7.46***	1.01	0.77	0.92	0.62

This table shows the influence of factors on the difference in 2-year post-deal performance of domestic deals as compared to cross-border matches. The dependent variables are the difference in accounting ratios depicted at the top of the tables, and the independent variables include various characteristics of the companies involved in the deal. t-values for the coefficients are in brackets.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 3: Factors Associated with Performance of Cross-border Deals as Compared to their Domestic Matches (3 Years after Completion of Deal)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	0.6984	0.7934	14.37	14.14	-0.8958	-0.5166	-3.552	-3.442	0.9942	0.9407
		(0.89)	(1.01)	(1.23)	(1.18)	(-1.66)	(-0.89)	(-0.96)	(-0.93)	(1.06)	(1.27)
Control Deal	D1 Cash / Other	-0.2484	-0.229	-1.923	-1.77	-0.4619*	-0.2958	0.193	0.198	-0.0999	-0.1281
		(-0.69)	(-0.64)	(-0.36)	(-0.32)	(-1.87)	(-1.12)	(0.11)	(0.12)	(-0.23)	(-0.38)
	D1 log(Acquirer Size)	-0.2966	-0.2638	-16.05	-16.51	-0.7252	-0.8724	1.903	1.138	-1.017	-0.4003
		(-0.33)	(-0.29)	(-1.18)	(-1.18)	(-1.15)	(-1.41)	(0.44)	(0.26)	(-0.93)	(-0.45)
	D1 log(Target Size)	0.8109	0.6528	13.19	13.75	0.584	0.386	2.721	3.589	1.407	0.7277
		(1.15)	(0.91)	(1.25)	(1.26)	(1.20)	(0.79)	(0.81)	(1.05)	(1.66)	(1.05)
	D1 Target Public	0.0142	-0.0378	2.601	2.925	-0.1741	-0.0835	-0.09	0.264	0.2252	-0.0429
		(0.05)	(-0.12)	(0.56)	(0.61)	(-0.82)	(-0.39)	(-0.06)	(0.18)	(0.61)	(-0.14)
	D1 Market-to-Book	0.00672	0.00791	-0.1523	-0.1567	-0.00985	-0.00596	0.0176	0.0075	-0.00446	0.00253
		(0.31)	(0.36)	(-0.46)	(-0.47)	(-0.65)	(-0.40)	(0.17)	(0.07)	(-0.17)	(0.12)
Matching Deal	D2 Cash / Other	-0.194	-0.1516	-0.614	-0.61	-0.38**	-0.3571**	1.024	0.878	-0.1366	-0.0669
		(-0.85)	(-0.66)	(-0.18)	(-0.17)	(-2.41)	(-2.33)	(0.95)	(0.81)	(-0.50)	(-0.31)
	D2 log(Acquirer Size)	0.2524	0.1612	11.81	12.38	1.1955*	1.1572*	-0.812	-0.048	0.767	0.1618
		(0.29)	(0.19)	(0.92)	(0.94)	(2.01)	(2.01)	(-0.20)	(-0.01)	(0.74)	(0.19)
	D2 log(Target Size)	-0.9398	-0.7294	-13.02	-13.65	-0.829	-0.5565	-3.581	-4.517	-1.3795	-0.6534
		(-1.29)	(-0.97)	(-1.20)	(-1.22)	(-1.65)	(-1.07)	(-1.04)	(-1.28)	(-1.58)	(-0.91)
	D2 Target Public	-0.0826	0.0131	-3.07	-3.407	-0.4569*	-0.3157	-0.413	-0.863	-0.3734	-0.0764
		(-0.26)	(0.04)	(-0.65)	(-0.69)	(-2.08)	(-1.36)	(-0.27)	(-0.56)	(-0.98)	(-0.24)
	D2 Market-to-Book	-0.0161	-0.01285	-0.0452	-0.0624	-0.00079	-0.00201	-0.08995	-0.109	-0.03146	-0.02114
		(-0.97)	(-0.76)	(-0.18)	(-0.24)	(-0.07)	(-0.18)	(-1.15)	(-1.37)	(-1.58)	(-1.33)
	t-1 Δ	---	0.6341*	---	1.3438	---	0.8208***	---	1.8547**	---	0.3724**
		---	(1.76)	---	(1.57)	---	(6.97)	---	(2.44)	---	(2.11)
	Acuirer Mfg Industry	-0.0402	-0.0017	-4.48	-4.764	-0.144	-0.1405	1.32	1.045	-0.0758	0.0874
		(-0.12)	(-0.01)	(-0.91)	(-0.93)	(-0.63)	(-0.64)	(0.84)	(0.66)	(-0.19)	(0.28)
	Acuirer Svcs Industry	-0.3552	-0.3424	-3.913	-3.825	-0.416	-0.3202	0.468	0.493	-0.151	-0.1442
		(-0.81)	(-0.78)	(-0.60)	(-0.57)	(-1.37)	(-1.07)	(0.22)	(0.24)	(-0.29)	(-0.35)
	Acq/Target Same Industry	-0.0324	-0.149	1.734	2.132	0.8465**	0.6275*	1.6	2.035	0.1264	-0.1858
		(-0.07)	(-0.30)	(0.24)	(0.28)	(2.51)	(1.76)	(0.69)	(0.87)	(0.22)	(-0.39)
	R-Sq =	24.7%	38.7%	31.0%	34.5%	66.2%	82.4%	31.1%	46.2%	39.4%	46.1%
	R-Sq(adj) =	0.0%	0.0%	0.0%	0.0%	43.1%	68.7%	0.0%	4.4%	0.0%	4.2%
	Degrees of Freedom	13,19	14,18	13,19	14,18	13,19	14,18	13,19	14,18	13,19	14,18
	F-Value	0.48	0.81	0.66	0.68	2.86	6.02***	0.66	1.11	0.95	1.10

This table shows the influence of factors on the difference in 3-year post-deal performance of domestic deals as compared to cross-border matches. The dependent variables are the difference in accounting ratios depicted at the top of the tables, and the independent variables include various characteristics of the companies involved in the deal. t-values for the coefficients are in brackets.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 4: Affect of Target Location on Acquirer Performance

	Δ EBIT / Total Assets (t+k)		
	1 Year Post Deal	**2 Year Post Deal**	**3 Year Post Deal**
Constant	0.01575	0.05533	0.07306
	0.75	1.46	1.00
Target in Developing Country	0.7475	-0.0572	-0.085
	1.14	(0.51)	(0.31)
t-1 Δ	0.51768	0.4171	0.4733
	7.20***	4.03***	2.69***
R-Sq =	20.9%	15.1%	15.7%
R-Sq(adj) =	20.1%	13.3%	11.4%
Degrees of Freedom	2,199	2,94	2,39
F-Value	26.31***	8.38***	3.65**

This table shows the influence of target location and acquirer's pre-deal performance on post-deal performance for 1, 2, and 3 years after deal completion for cross-border deals. The dependent variables are change in EBIT / Total Assets 1, 2, and 3 years post completion of acquisition. Target location is a dummy variable with 1 for targets located in developing countries and 0 otherwise.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 5: Factors Associated with Performance of Cross-border Deals as Compared to Industry (1 Year after Completion of Deal: Model 1)

	1 Year Post Deal Performance														
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.1961	0.18894**	0.05391	14.38	15.934*	6.519	-0.2125	-0.2141**	-0.0975	7.951**	0.386	6.763***	0.2721	0.2658**	0.053
	(1.59)	(2.58)	(0.66)	(1.02)	(1.92)	(0.71)	(-1.34)	(-2.30)	(-0.94)	(2.01)	(0.16)	(2.62)	(1.57)	(2.58)	(0.46)
Acuirer Mfg Industry	-0.05039	---	-0.02143	-3.082	---	-1.589	-0.0333	---	-0.04608	-5.936***	---	-5.556***	-0.03284	---	-0.00437
	(-0.76)		(-0.33)	(-0.41)		(-0.22)	(-0.39)		(-0.56)	(-2.78)		(-2.70)	(-0.35)		(-0.05)
Acuirer Svcs Industry	0.02867	---	0.08535	2.251	---	4.622	-0.07273	---	-0.05218	-7.64***	---	-6.679***	0.1193	---	0.1642
	(0.37)		(1.17)	(0.26)		(0.56)	(-0.74)		(-0.56)	(-3.09)		(-2.90)	(1.11)		(1.62)
Acq/Target Same Industry	-0.01244	---	---	2.065	---	---	0.08917	---	---	1.242	---	---	-0.09646	---	---
	(-0.19)			(0.27)			(1.05)			(0.58)			(-1.04)		
Cash / Other	0.05676	---	---	-4.041	---	---	-0.03073	---	---	-0.412	---	---	0.05333	---	---
	(1.20)			(-0.75)			(-0.51)			(-0.27)			(0.81)		
log(Acquirer Size)	-0.05785	-0.03579	---	-4.213	-5.265	---	0.05152	0.06605*	---	-0.758	-0.0788	---	-0.06742	-0.05159	---
	(-1.43)	(-1.24)		(-0.91)	(-1.62)		(0.99)	(1.80)		(-0.58)	(-0.08)		(-1.19)	(-1.28)	
log(Target Size)	0.04328	---	-0.00585	-0.784	---	-3.642	0.0096	---	0.0426	-0.772	---	-1.326	0.05451	---	-0.00752
	(0.97)		(-0.17)	(-0.15)		(-0.95)	(0.17)		(0.98)	(-0.54)		(-1.23)	(0.87)		(-0.16)
Target Public	-0.11125**	-0.11731***	---	-2.001	-3.52	---	-0.07952	-0.06048	---	-1.486	-0.643	---	-0.11633*	-0.1435**	---
	(-2.33)	(-2.68)		(-0.37)	(-0.71)		(-1.30)	(-1.08)		(-0.97)	(-0.45)		(-1.74)	(-2.33)	
Market-to-Book	-0.004463**	-0.003872*	-0.003489*	-0.0952	-0.075	-0.0426	0.002577	0.002812	0.00279	0.15453**	0.1437**	0.1711***	-0.00555*	-0.004822*	-0.00459
	(-2.10)	(-1.88)	(-1.66)	(-0.39)	(-0.32)	(-0.18)	(0.95)	(1.07)	(1.05)	(2.27)	(2.13)	(2.59)	(-1.87)	(-1.67)	(-1.58)
R-Sq =	9.3%	6.5%	4.7%	3.1%	2.0%	2.1%	4.6%	3.5%	2.0%	9.5%	3.3%	8.6%	8.6%	5.3%	5.6%
R-Sq(adj) =	4.4%	4.7%	2.2%	0.0%	0.1%	0.0%	0.0%	1.6%	0.0%	4.7%	1.4%	6.2%	3.7%	3.5%	3.1%
Degrees of Freedom	8,149	3,154	4,153	8,149	3,154	4,153	8,149	3,154	4,153	8,149	3,154	4,153	8,149	3,154	4,153
F-Value	1.9*	3.58**	1.87	0.59	1.05	0.80	0.91	1.87	0.77	1.96*	1.74	3.60***	1.76*	2.88**	2.26*

This table shows the influence of factors on the difference in 1-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios one year after the deal was completed minus the same difference one year before the deal was completed. The independent variables are various characteristics of the companies involved deals. t-values for the coefficients are in brackets.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 6: Factors Associated with Performance of Cross-border Deals as Compared to Industry (1 Year after Completion of Deal: Model 2)

	1 Year Post Deal Performance														
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.3536***	0.27017***	0.09197	18	19.012**	7.598	-0.1768	-0.20962**	-0.15933	6.829*	-0.462	6.27**	0.4732***	0.38482***	0.1177
	(3.13)	(4.07)	(1.23)	(1.26)	(2.26)	(0.83)	(-1.21)	(-2.42)	(-1.63)	(1.69)	(-0.19)	(2.41)	(3.07)	(4.23)	(1.15)
Acuirer Mfg Industry	-0.06829	---	-0.02055	-3.257	---	-1.203	-0.0499	---	-0.04223	-5.678***	---	-5.43***	-0.04282	---	0.00973
	(-1.15)		(-0.35)	(-0.43)		(-0.16)	(-0.63)		(-0.55)	(-2.66)		(-2.65)	(-0.53)		(0.12)
Acuirer Svcs Industry	-0.02623	---	0.04362	0.818	---	4.128	-0.07243	---	-0.02358	-7.165***	---	-6.319***	0.0344	---	0.10035
	(-0.38)		(0.65)	(0.09)		(0.50)	(-0.79)		(-0.27)	(-2.88)		(-2.74)	(0.36)		(1.10)
Acq/Target Same Industry	-0.03409	---	---	2.292	---	---	0.06919	---	---	1.165	---	---	-0.10728	---	---
	(-0.58)			(0.30)			(0.88)			(0.55)			(-1.32)		
Cash / Other	0.04104	---	---	-3.01	---	---	0.01912	---	---	-0.261	---	---	0.04601	---	---
	(0.97)			(-0.56)			(0.34)			(-0.17)			(0.79)		
log(Acquirer Size)	-0.11822***	-0.08408***	---	-5.595	-6.357*	---	0.00601	0.06716*	---	-0.372	0.3441	---	-0.14258***	-0.11373***	---
	(-3.16)	(-3.15)		(-1.19)	(-1.93)		(0.12)	(1.97)		(-0.28)	(0.36)		(-2.80)	(-3.14)	
log(Target Size)	0.04868	---	-0.03661	-0.559	---	-4.293	0.08495	---	0.08041*	-0.746	---	-1.064	0.05443	---	-0.05203
	(1.23)		(-1.17)	(-0.11)		(-1.12)	(1.55)		(1.96)	(-0.52)		(-0.98)	(1.00)		(-1.22)
Target Public	-0.08344*	-0.07506*	---	-2.791	-3.881	---	-0.12441**	-0.08375	---	-1.622	-0.922	---	-0.08479	-0.08765	---
	(-1.94)	(-1.90)		(-0.51)	(-0.79)		(-2.17)	(-1.61)		(-1.06)	(-0.64)		(-1.44)	(-1.62)	
Market-to-Book	-0.003155*	-0.002677	-0.002015	-0.097	-0.0799	-0.0317	0.000911	0.001927	0.001694	0.11294	0.09154	0.12744*	-0.002804	-0.002313	-0.001656
	(-1.65)	(-1.45)	(-1.05)	(-0.40)	(-0.34)	(-0.14)	(0.36)	(0.79)	(0.68)	(1.52)	(1.25)	(1.76)	(-1.06)	(-0.91)	(-0.63)
Δ t - 1	0.40599***	0.4029***	0.45807***	0.6031**	0.5619**	0.6511***	0.72685***	0.75222***	0.74144***	3.405**	4.066**	3.378**	0.2704**	0.2567**	0.3206***
	(4.27)	(4.34)	(4.94)	(2.34)	(2.25)	(2.61)	(13.80)	(15.01)	(14.48)	(1.99)	(2.37)	(2.06)	(2.52)	(2.45)	(3.03)
R-Sq =	23.2%	21.2%	16.7%	7.7%	7.1%	6.5%	62.1%	60.9%	60.5%	12.7%	7.4%	11.9%	14.8%	12.8%	9.1%
R-Sq(adj) =	18.5%	19.2%	14.0%	2.1%	4.6%	3.4%	59.8%	59.9%	59.2%	7.4%	4.9%	9.0%	9.7%	10.5%	6.1%
Degrees of Freedom	9,148	4,153	5,152	9,148	4,153	5,152	9,148	4,153	5,152	9,148	4,153	5,152	9,148	4,153	5,152
F-Value	4.97***	10.32***	6.1***	1.38	2.91**	2.10*	26.91***	59.56***	46.64***	2.39**	3.04**	4.09***	2.86***	5.63***	3.04**

This table shows the influence of factors on the difference in 1-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios one year after the deal was completed. In addition to the various characteristics of the companies involved in the deal, this model includes the difference in the ratios one year prior to the deal completion as an independent variable. t-values for the coefficients are in brackets.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 7: Factors Associated with Performance of Cross-border Deals as Compared to Industry (2 Years after Completion of Deal: Model 1)

	2 Year Post Deal Performance														
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.2357	0.2191	-0.0265	14.84	14.229**	5.122	-0.0106	-0.3872*	-0.1437	-0.105	-0.4548	0.3485	0.3281	0.3129*	0.0251
	(0.90)	(1.43)	(-0.18)	(1.43)	(2.37)	(0.89)	(-0.03)	(-1.87)	(-0.74)	(-0.07)	(-0.50)	(0.40)	(1.12)	(1.82)	(0.15)
Acuirer Mfg Industry	-0.0413	---	0.0186	-2.648	---	-0.437	-0.1703	---	-0.1346	0.2786	---	-0.0238	-0.0098	---	0.0438
	(-0.34)		(0.16)	(-0.54)		(-0.10)	(-1.06)		(-0.90)	(0.38)		(-0.03)	(-0.07)		(0.34)
Acuirer Svcs Industry	0.1069	---	0.1854	1.909	---	4.668	-0.4789**	---	-0.3118*	0.5008	---	-0.2279	0.1719	---	0.2244
	(0.70)		(1.39)	(0.32)		(0.89)	(-2.40)		(-1.77)	(0.55)		(-0.29)	(1.00)		(1.50)
Acq/Target Same Industry	-0.0388	---	---	-0.089	---	---	0.1173	---	---	-1.0789	---	---	-0.114	---	---
	(-0.29)			(-0.02)			(0.68)			(-1.36)			(-0.76)		
Cash / Other	0.07016	---	---	-0.849	---	---	-0.102	---	---	0.2733	---	---	0.0716	---	---
	(0.73)			(-0.23)			(-0.82)			(0.48)			(0.67)		
log(Acquirer Size)	-0.1162	-0.04412	---	-5.119	-5.062**	---	-0.0381	0.09373	---	0.5167	0.1675	---	-0.114	-0.06941	---
	(-1.14)	(-0.68)		(-1.27)	(-1.99)		(-0.29)	(1.07)		(0.85)	(0.43)		(-0.99)	(-0.95)	
log(Target Size)	0.1157	---	0.02456	0.274	---	-3.273	0.0995	---	0.05555	-0.5671	---	-0.2256	0.0804	---	-0.01141
	(1.16)		(0.35)	(0.07)		(-1.20)	(0.76)		(0.60)	(-0.95)		(-0.54)	(0.71)		(-0.15)
Target Public	-0.11533	-0.1277	---	-1.192	-2.487	---	-0.2373*	-0.1012	---	0.4526	0.1477	---	-0.1019	-0.14467	---
	(-1.19)	(-1.53)		(-0.31)	(-0.76)		(-1.88)	(-0.90)		(0.78)	(0.30)		(-0.94)	(-1.54)	
Market-to-Book	-0.004574	-0.003251	-0.003153	-0.0419	-0.0332	-0.0058	-0.004073	-0.003128	-0.00218	-0.01041	-0.01939	-0.01785	-0.006227	-0.005492	-0.005027
	(-1.34)	(-1.02)	(-0.97)	(-0.31)	(-0.27)	(-0.05)	(-0.91)	(-0.73)	(-0.51)	(-0.51)	(-1.01)	(-0.92)	(-1.62)	(-1.53)	(-1.38)
R-Sq =	8.5%	4.7%	0.048	8.2%	6.4%	0.058	12.4%	2.8%	0.066	6.8%	2.0%	0.021	9.9%	6.6%	0.067
R-Sq(adj) =	0.0%	0.7%	0.0%	0.0%	2.4%	0.005	2.1%	0.0%	0.014	0.0%	0.0%	0.0%	0.0%	2.8%	0.015
Degrees of Freedom	8,68	3,73	4,72	8,68	3,73	4,72	8,68	3,73	4,72	8,68	3,73	4,72	8,68	3,73	4,72
F-Value	0.79	1.19	0.91	0.76	1.63	1.1	1.21	0.70	1.28	0.62	0.50	0.38	0.93	1.73	1.3

This table shows the influence of factors on the difference in 2-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios two years after the deal was completed minus the same difference one year before the deal was completed. The independent variables are various characteristics of the companies involved deals. t-values for the coefficients are in brackets.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 8: Factors Associated with Performance of Cross-border Deals as Compared to Industry (2 Years after Completion of Deal: Model 2)

	2 Year Post Deal Performance													
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.444**	0.3764***	0.0832	17.54	16.57***	5.114	0.0746	-0.3451*	-0.2354	0.346	-0.1271	0.8295	0.4406*	0.393***	0.1157
	(2.06)	(3.02)	(0.68)	(1.66)	(2.66)	(0.89)	(0.23)	(-1.77)	(-1.27)	(0.23)	(-0.14)	(0.96)	(1.84)	(2.85)	(0.96)
Acuirer Mfg Industry	-0.022	---	0.05094	-2.232	---	0.045	-0.1864	---	-0.1122	0.2354	---	-0.0462	0.0282	---	0.0842
	(-0.22)		(0.54)	(-0.46)		(0.01)	(-1.24)		(-0.79)	(0.33)		(-0.07)	(0.25)		(-0.07)
Acuirer Svcs Industry	0.0135	---	0.0941	1.301	---	4.724	-0.4049**	---	-0.2217	0.0453	---	-0.6416	0.0567	---	0.103
	(0.11)		(0.85)	(0.22)		(0.90)	(-2.15)		(-1.32)	(0.05)		(-0.82)	(0.40)		(-0.82)
Acq/Target Same Industry	-0.0487	---	---	0.134	---	---	0.0626	---	---	-0.8685	---	---	-0.1009	---	---
	(-0.45)			(0.03)			(0.38)			(-1.13)			(-0.83)		
Cash / Other	-0.00534	---	---	-1.831	---	---	-0.0403	---	---	0.0444	---	---	0.00543	---	---
	(-0.07)			(-0.48)			(-0.34)			(0.08)			(0.06)		
log(Acquirer Size)	-0.17696**	-0.14216***	---	-6.714	-6.017**	---	-0.1281	0.08049	---	0.4383	-0.0214	---	-0.1405	-0.13044**	---
	(-2.12)	(-2.63)		(-1.58)	(-2.28)		(-1.00)	(0.97)		(0.74)	(-0.06)		(-1.51)	(-2.21)	
log(Target Size)	0.04673	---	-0.07268	1.226	---	-3.306	0.2148*	---	0.10372	-0.8156	---	-0.5134	0.01416	---	-0.08697
	(0.57)		(-1.22)	(0.30)		(-1.21)	(1.68)		(1.18)	(-1.40)		(-1.24)	(0.15)		(-1.24)
Target Public	-0.03286	-0.03809	---	-0.865	-1.812	---	-0.2541**	-0.117	---	0.5961	0.3447	---	-0.03023	-0.05071	---
	(-0.41)	(-0.56)		(-0.23)	(-0.55)		(-2.14)	(-1.10)		(1.07)	(0.70)		(-0.34)	(-0.66)	
Market-to-Book	-0.001313	-0.000946	-0.000303	-0.0399	-0.0238	-0.0018	-0.005867	-0.003734	-0.003324	0.01504	0.00142	0.00824	-0.001466	-0.00165	-0.000655
	(-0.47)	(-0.37)	(-0.11)	(-0.30)	(-0.19)	(-0.01)	(-1.39)	(-0.92)	(-0.82)	(0.68)	(0.07)	(0.39)	(-0.46)	(-0.56)	(0.39)
Δ t - 1	0.0396	0.0295	0.0819	-1.215	-1.208	-0.041	0.5578***	0.5759***	0.5812***	-0.5762	-0.4328	-0.6394	0.0797	0.0792	0.086
	(0.25)	(0.20)	(0.53)	(-0.65)	(-0.71)	(-0.02)	(4.07)	(4.35)	(4.34)	(-0.90)	(-0.72)	(-1.04)	(0.53)	(0.56)	(-1.04)
R-Sq =	11.4%	10.6%	0.052	9.4%	7.7%	0.055	31.6%	23.3%	0.26	7.3%	1.4%	0.034	9.3%	8.3%	0.056
R-Sq(adj) =	0.0%	5.7%	0	0.0%	2.6%	0	22.5%	19.0%	0.207	0.0%	0.0%	0	0.0%	3.2%	0
Degrees of Freedom	9,67	4,72	5,71	9,67	4,72	5,71	9,67	4,72	5,71	9,67	4,72	5,71	9,67	4,72	5,71
F-Value	0.96	2.14*	0.78	0.77	1.50	0.83	3.45***	5.46***	4.98***	0.59	0.26	0.51	0.77	1.62	0.85

This table shows the influence of factors on the difference in 2-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios two years after the deal was completed. In addition to the various characteristics of the companies involved in the deal, this model includes the difference in the ratios one year prior to the deal completion as an independent variable. t-values for the coefficients are in brackets.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 9: Factors Associated with Performance of Cross-border Deals as Compared to Industry (3 Years after Completion of Deal: Model 1)

	3 Year Post Deal Performance														
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.7131	0.5302*	0.3173	11.253	8.566**	2.507	-1.5074**	-0.7131**	-0.4696	-1.362	0.622	0.831	1.0466*	0.7972***	0.4147
	(1.25)	(1.99)	(1.02)	(1.35)	(2.21)	(0.53)	(-2.40)	(-2.21)	(-1.24)	(-0.58)	(0.56)	(0.65)	(2.05)	(3.37)	(1.46)
Acuirer Mfg Industry	0.0522	---	0.0855	-0.933	---	0.632	0.0473	---	-0.058	0.16	---	0.0275	0.0198	---	0.0887
	(0.19)		(0.35)	(-0.24)		(0.17)	(0.16)		(-0.20)	(0.14)		(0.03)	(0.08)		(0.40)
Acuirer Svcs Industry	-0.0983	---	-0.0088	-1.133	---	1.653	-0.2694	---	-0.0087	0.378	---	0.138	0.0003	---	0.0929
	(-0.32)		(-0.03)	(-0.25)		(0.42)	(-0.80)		(-0.03)	(0.30)		(0.13)	(0.00)		(0.39)
Acq/Target Same Industry	-0.0671	---	---	0.605	---	---	0.9711**	---	---	0.864	---	---	-0.1836	---	---
	(-0.19)			(0.12)			(2.49)			(0.59)			(-0.58)		
Cash / Other	-0.2013	---	---	-2.358	---	---	-0.1441	---	---	0.8486	---	---	-0.1504	---	---
	(-0.94)			(-0.76)			(-0.61)			(0.97)			(-0.79)		
log(Acquirer Size)	-0.1396	-0.1327	---	-4.286	-2.788*	---	0.3855	0.2398*	---	0.6977	-0.0337	---	-0.2453	-0.20184**	---
	(-0.64)	(-1.25)		(-1.35)	(-1.81)		(1.61)	(1.86)		(0.78)	(-0.08)		(-1.26)	(-2.14)	
log(Target Size)	-0.016	---	-0.1041	1.539	---	-1.59	-0.1025	---	0.2082	-0.6953	---	-0.2309	0.0264	---	-0.1535
	(-0.08)		(-0.91)	(0.50)		(-0.92)	(-0.44)		(1.48)	(-0.81)		(-0.48)	(0.14)		(-1.46)
Target Public	-0.0721	-0.0283	---	-3.085	-2.385	---	-0.3859	-0.0969	---	0.1935	0.0669	---	-0.1117	-0.1311	---
	(-0.32)	(-0.16)		(-0.94)	(-0.95)		(-1.56)	(-0.46)		(0.21)	(0.09)		(-0.56)	(-0.86)	
Market-to-Book	-0.01733	-0.01552	-0.012362	-0.0833	-0.0148	0.0654	-0.01127	-0.00274	-0.00498	-0.05799	-0.07608*	-0.07585*	-0.02305**	-0.022367**	-0.016655
	(-1.43)	(-1.53)	(-1.24)	(-0.47)	(-0.10)	(0.43)	(-0.85)	(-0.22)	(-0.41)	(-1.16)	(-1.79)	(-1.83)	(-2.13)	(-2.48)	(-1.82)
R-Sq =	16.0%	11.5%	10.4%	17.9%	13.8%	5.8%	31.2%	11.7%	9.8%	19.7%	11.5%	12.6%	29.6%	26.2%	20.7%
R-Sq(adj) =	0.0%	2.0%	0.0%	0.0%	4.6%	0.0%	7.2%	2.2%	0.0%	0.0%	2.0%	0.0%	5.1%	18.2%	9.0%
Degrees of Freedom	8,23	3,28	4,27	8,23	3,28	4,27	8,23	3,28	4,27	8,23	3,28	4,27	8,23	3,28	4,27
F-Value	0.55	1.21	0.79	0.63	1.50	0.42	1.30	1.23	0.67	0.70	1.22	0.97	1.21	3.31**	1.76

This table shows the influence of factors on the difference in 3-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios three years after the deal was completed minus the same difference one year before the deal was completed. The independent variables are various characteristics of the companies involved deals. t-values for the coefficients are in brackets.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 10: Factors Associated with Performance of Cross-border Deals as Compared to Industry (3 Years after Completion of Deal: Model 2)

	3 Year Post Deal Performance														
Variable	**Δ EBIT / TOTAL ASSETS**			**Δ EBIT / SALES**			**Δ SALES / ASSETS**			**Δ NI / EQUITY**			**Δ (NI+Int) / ASSETS**		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**
Constant	0.7905	0.4966*	0.3049	10.866	8.222**	2.776	-1.3359**	-0.6543*	-0.5424	-1.354	0.576	0.836	1.0324*	0.7776***	0.3948
	(1.40)	(1.89)	(1.00)	(1.27)	(2.08)	(0.58)	(-2.08)	(-2.04)	(-1.45)	(-0.56)	(0.50)	(0.63)	(1.98)	(3.13)	(1.36)
Acuirer Mfg Industry	0.065	---	0.1127	-1.189	---	-0.039	0.0103	---	-0.0484	0.136	---	0.024	0.0305	---	0.1069
	(0.25)		(0.47)	(-0.29)		(-0.01)	(0.03)		(-0.17)	(0.12)		(0.02)	(0.12)		(0.47)
Acuirer Svcs Industry	-0.0755	---	-0.0576	-1.052	---	1.633	-0.2282	---	0.0658	0.293	---	0.123	-0.0062	---	0.0677
	(-0.25)		(-0.22)	(-0.23)		(0.41)	(-0.68)		(0.21)	(0.21)		(0.10)	(-0.02)		(0.27)
Acq/Target Same Industry	-0.2264	---	---	0.641	---	---	0.8958**	---	---	0.867	---	---	-0.1968	---	---
	(-0.62)			(0.12)			(2.29)			(0.58)			(-0.61)		
Cash / Other	-0.1465	---	---	-2.146	---	---	-0.106	---	---	0.8591	---	---	-0.1419	---	---
	(-0.69)			(-0.67)			(-0.45)			(0.96)			(-0.72)		
log(Acquirer Size)	-0.1858	-0.1563	---	-4.001	-2.6	---	0.2689	0.2204*	---	0.6993	-0.0333	---	-0.2468	-0.19992**	---
	(-0.86)	(-1.48)		(-1.21)	(-1.63)		(1.04)	(1.72)		(0.77)	(-0.07)		(-1.25)	(-2.08)	
log(Target Size)	-0.0035	---	-0.1241	1.355	---	-1.593	0.0137	---	0.2333	-0.7091	---	-0.2325	0.0308	---	-0.1486
	(-0.02)		(-1.09)	(0.43)		(-0.91)	(0.05)		(1.69)	(-0.80)		(-0.48)	(0.16)		(-1.39)
Target Public	0.0782	0.0721	---	-3.186	-2.729	---	-0.4189	-0.1468	---	0.2365	0.1232	---	-0.0923	-0.1112	---
	(0.32)	(0.39)		(-0.95)	(-1.05)		(-1.69)	(-0.70)		(0.24)	(0.15)		(-0.43)	(-0.66)	
Market-to-Book	-0.01024	-0.01097	-0.0089	-0.0919	-0.0324	0.0411	-0.01211	-0.00257	-0.0037	-0.0513	-0.07018	-0.07496	-0.02159*	-0.021258**	-0.015115
	(-0.79)	(-1.04)	(-0.88)	(-0.51)	(-0.21)	(0.26)	(-0.91)	(-0.21)	(-0.31)	(-0.82)	(-1.30)	(-1.46)	(-1.81)	(-2.16)	(-1.55)
Δ t - 1	0.1649	0.2821	0.2802	1.555	1.722	2.008	0.7002**	0.6829***	0.6156**	0.752	0.788	0.963	0.8609*	0.885**	0.7894*
	(0.27)	(0.54)	(0.55)	(1.12)	(1.44)	(1.56)	(2.72)	(2.86)	(2.53)	(0.56)	(0.68)	(0.77)	(2.00)	(2.43)	(1.97)
R-Sq =	19.0%	13.4%	12.9%	23.6%	20.3%	13.7%	45.2%	29.9%	29.8%	16.6%	8.2%	9.2%	33.1%	29.8%	25.1%
R-Sq(adj) =	0.0%	0.5%	0.0%	0.0%	8.5%	0.0%	22.8%	19.5%	16.3%	0.0%	0.0%	0.0%	5.7%	19.4%	10.7%
Degrees of Freedom	9,22	4,27	5,26	9,22	4,27	5,26	9,22	4,27	5,26	9,22	4,27	5,26	9,22	4,27	5,26
F-Value	0.57	1.04	0.77	0.75	1.72	0.82	2.02*	2.88**	2.21*	0.49	0.60	0.53	1.21	2.86**	1.74

This table shows the influence of factors on the difference in 3-year post-deal performance of cross-border deals as compared to their industry median values. The dependent variables are the difference in accounting ratios depicted at the top of the tables. In this model, the difference is defined as the difference between the industry median and the acquirer's ratios three years after the deal was completed. In addition to the various characteristics of the companies involved in the deal, this model includes the difference in the ratios one year prior to the deal completion as an independent variable. t-values for the coefficients are in brackets.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 11: Difference in Means (CER -20,+20)

Δ	sdev	t-stat	p-value
0.06%	0.07	0.11	0.91
1.04%	0.10	1.44	0.15
1.71%	0.12	2.00	0.05
2.16%	0.13	2.28	0.02
2.46%	0.14	2.41	0.02
2.00%	0.15	1.78	0.08
2.58%	0.16	2.13	0.03
2.92%	0.17	2.27	0.02
3.45%	0.19	2.50	0.01
3.65%	0.20	2.51	0.01
4.52%	0.21	2.97	0.00
4.89%	0.23	2.91	0.00
4.47%	0.23	2.62	0.01
4.66%	0.24	2.59	0.01
4.69%	0.24	2.65	0.01
4.97%	0.24	2.86	0.00
4.28%	0.24	2.41	0.02
3.27%	0.26	1.71	0.09
2.71%	0.27	1.36	0.17
2.28%	0.28	1.12	0.26
2.97%	0.29	1.41	0.16
0.93%	0.31	0.41	0.69
1.79%	0.32	0.76	0.45
1.81%	0.32	0.76	0.45
1.86%	0.33	0.76	0.45
2.02%	0.33	0.81	0.42
1.94%	0.34	0.78	0.44
1.95%	0.35	0.75	0.45
1.36%	0.36	0.51	0.61
1.51%	0.35	0.58	0.56
1.09%	0.35	0.42	0.67
0.88%	0.34	0.35	0.73
0.75%	0.35	0.29	0.77
0.40%	0.35	0.15	0.88
0.71%	0.35	0.27	0.79
0.53%	0.36	0.20	0.84
0.90%	0.37	0.33	0.74
1.29%	0.37	0.47	0.64
1.32%	0.37	0.48	0.63
1.60%	0.38	0.57	0.57
1.90%	0.39	0.66	0.51

This table shows the difference between the means of cumulative abnormal excess returns of acquirers involved in domestic deals and acquirers involved in cross-border deals. The cumulative excess returns are calculated starting 20 days prior to the deal announcement until 20 days after the deal was announced.

Figure 12: Difference in Means (-5, +5)

Δ	sdev	t-stat	p-value
0.19%	0.07	0.38	0.70
-0.52%	0.10	(0.73)	0.46
-1.55%	0.12	(1.74)	0.08
-2.14%	0.12	(2.37)	0.02
-2.61%	0.13	(2.75)	0.01
-1.83%	0.15	(1.66)	0.10
-3.67%	0.19	(2.66)	0.01
-2.87%	0.20	(2.00)	0.05
-2.88%	0.19	(2.01)	0.05
-2.82%	0.20	(1.91)	0.06
-2.76%	0.21	(1.79)	0.08

This table shows the difference between the means of cumulative abnormal excess returns of acquirers involved in domestic deals and acquirers involved in cross-border deals. The cumulative excess returns are calculated starting 5 days prior to the deal announcement until 5 days after the deal was announced.

Figure 13: Factors Associated with Cumulative Abnormal Excess Returns (1 Year Accounting Data)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	-0.01502	-0.01977	-0.003	-0.00281	-0.01012	-0.03015	-0.00078	-0.00175	-0.0159	-0.01023
		(-0.16)	(-0.20)	(-0.03)	(-0.03)	(-0.11)	(-0.31)	(-0.01)	(-0.02)	(-0.16)	(-0.11)
Control Deal	D1 Cash / Other	-0.03678	-0.03886	-0.03781	-0.03772	-0.03723	-0.04664	-0.03444	-0.03347	-0.03768	-0.0357
		(-1.04)	(-1.09)	(-1.07)	(-1.07)	(-1.05)	(-1.30)	(-0.97)	(-0.94)	(-1.07)	(-1.01)
	D1 log(Acquirer Size)	0.2281**	0.2255**	0.2192**	0.2188**	0.2221**	0.2197**	0.2248**	0.2243**	0.2277**	0.2295**
		(2.08)	(2.05)	(2.02)	(2.00)	(2.03)	(2.01)	(2.07)	(2.06)	(2.08)	(2.09)
	D1 log(Target Size)	-0.12546	-0.1195	-0.1177	-0.1182	-0.1271	-0.1393	-0.125	-0.1363	-0.12708	-0.1377
		(-1.26)	(-1.18)	(-1.17)	(-1.17)	(-1.26)	(-1.38)	(-1.25)	(-1.36)	(-1.27)	(-1.36)
	D1 Target Public	0.00779	0.00997	0.01022	0.01005	0.01014	0.00986	0.00867	0.00633	0.00826	0.00609
		(0.22)	(0.27)	(0.29)	(0.28)	(0.28)	(0.28)	(0.24)	(0.18)	(0.23)	(0.17)
	D1 Market-to-Book	-0.001221	-0.001287	-0.001682	-0.00168	-0.001472	-0.002256	-0.001694	-0.001923	-0.001174	-0.001116
		(-0.30)	(-0.32)	(-0.42)	(-0.42)	(-0.37)	(-0.56)	(-0.42)	(-0.48)	(-0.29)	(-0.27)
Matching Deal	D2 Cash / Other	0.02944	0.02965	0.02983	0.0299	0.03074	0.02874	0.02864	0.03006	0.03024	0.03116
		(0.79)	(0.80)	(0.81)	(0.81)	(0.83)	(0.77)	(0.77)	(0.81)	(0.82)	(0.84)
	D2 log(Acquirer Size)	-0.2108**	-0.2053**	-0.2058**	-0.2055**	-0.2061**	-0.193*	-0.2097**	-0.2084**	-0.2101**	-0.2143**
		(-2.08)	(-2.01)	(-2.04)	(-2.03)	(-2.03)	(-1.90)	(-2.08)	(-2.07)	(-2.08)	(-2.11)
	D2 log(Target Size)	0.12853	0.1204	0.1224	0.123	0.1311	0.13569	0.12841	0.13737	0.12998	0.1415
		(1.30)	(1.19)	(1.23)	(1.22)	(1.32)	(1.37)	(1.30)	(1.38)	(1.31)	(1.41)
	D2 Target Public	-0.0044	-0.00623	-0.00729	-0.00738	-0.00621	-0.00308	-0.00735	-0.00485	-0.0045	-0.00306
		(-0.12)	(-0.17)	(-0.20)	(-0.20)	(-0.17)	(-0.08)	(-0.20)	(-0.13)	(-0.12)	(-0.08)
	D2 Market-to-Book	-0.001935	-0.001951	-0.002043	-0.00204	-0.002015	-0.00173	-0.001848	-0.001369	-0.00194	-0.001832
		(-1.18)	(-1.18)	(-1.25)	(-1.25)	(-1.23)	(-1.05)	(-1.12)	(-0.80)	(-1.18)	(-1.11)
	Acuirer Mfg Industry	0.0228	0.0218	0.01957	0.01947	0.0204	0.02785	0.01375	0.01629	0.02223	0.02304
		(0.44)	(0.42)	(0.38)	(0.38)	(0.40)	(0.54)	(0.26)	(0.31)	(0.43)	(0.45)
	Acuirer Svcs Industry	0.03673	0.03638	0.03761	0.03751	0.03693	0.04418	0.02866	0.02415	0.03567	0.03376
		(0.62)	(0.61)	(0.64)	(0.63)	(0.62)	(0.74)	(0.47)	(0.40)	(0.60)	(0.57)
	Acq/Target Same Industry	-0.06911	-0.06812	-0.06927	-0.06933	-0.07	-0.06843	-0.06871	-0.06894	-0.06809	-0.07017
		(-1.46)	(-1.43)	(-1.47)	(-1.46)	(-1.48)	(-1.45)	(-1.45)	(-1.46)	(-1.43)	(-1.47)
	Δ Ratio	0.02303	---	-0.0003912	---	-0.00069	---	-0.001115	---	0.01577	---
		(0.41)		(-0.72)		(-0.02)		(-0.61)		(0.44)	
	Δ t + 1	---	0.03182	---	-0.00039	---	0.0117	---	-0.001376	---	0.00423
			(0.53)		(-0.72)		(0.32)		(-0.75)		(0.11)
	Δ t - 1	---	0.00366	---	0.000254	---	0.01799	---	-0.01952	---	-0.03875
			(0.05)		(0.08)		(0.48)		(-1.03)		(-0.78)
	R-Sq =	7.2%	7.3%	7.4%	7.4%	7.1%	8.1%	7.3%	8.0%	7.2%	7.5%
	R-Sq(adj) =	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Degrees of Freedom	14,152	15,151	14,152	15,151	14,152	15,151	14,152	15,151	14,152	15,151
	F-Value	0.84	0.79	0.87	0.80	0.83	0.89	0.85	0.88	0.84	0.81

This table shows the influence of factors on the difference in cumulative abnormal excess returns of domestic deals as compared to their cross-border deals matches. The dependent variable is the difference in cumulative excess returns and the independent variables include a set of characteristics for both deals as well as the difference in accounting ratios. The variables labeled as Δ Ratio, Δ t + 1, and Δ t – 1 represent the difference in the ratios labeled in the top row with Δ Ratio being the difference at t+1 subtracted from t-1 and Δ t+1 being the difference a year after the deal while Δ t-1 being the difference a year before the deal.
***Statistically significant at the 1% level.
**Statistically significant at the 5% level.
*Statistically significant at the 10% level.

Figure 14: Factors Associated with Cumulative Abnormal Excess Returns (2 Year Accounting Data)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	-0.0714	-0.0248	-0.0837	-0.0747	-0.1467	-0.0405	-0.0951	-0.0974	-0.0824	-0.033
		(-0.35)	(-0.13)	(-0.40)	(-0.35)	(-0.75)	(-0.19)	(-0.46)	(-0.48)	(-0.40)	(-0.17)
Control Deal	D1 Cash / Other	-0.11395	-0.07582	-0.11751	-0.11613	-0.10154	-0.09095	-0.12102	-0.09539	-0.11701	-0.06398
		(-1.40)	(-0.96)	(-1.44)	(-1.41)	(-1.31)	(-1.17)	(-1.47)	(-1.16)	(-1.43)	(-0.79)
	D1 log(Acquirer Size)	0.2396	0.2801	0.2532	0.2415	0.3585	0.2833	0.2502	0.2434	0.2565	0.3107
		(1.03)	(1.26)	(1.09)	(1.02)	(1.61)	(1.23)	(1.08)	(1.06)	(1.11)	(1.40)
	D1 log(Target Size)	-0.2074	-0.2881	-0.2331	-0.2417	-0.28	-0.2392	-0.2411	-0.3017	-0.232	-0.2791
		(-0.98)	(-1.41)	(-1.09)	(-1.11)	(-1.43)	(-1.21)	(-1.17)	(-1.46)	(-1.10)	(-1.38)
	D1 Target Public	-0.05439	-0.11603	-0.06624	-0.07134	-0.09935	-0.10391	-0.06932	-0.09909	-0.06372	-0.10184
		(-0.73)	(-1.54)	(-0.91)	(-0.96)	(-1.42)	(-1.49)	(-0.95)	(-1.34)	(-0.87)	(-1.42)
	D1 Market-to-Book	-0.007869	-0.008052	-0.00818	-0.00832	-0.005926	-0.005062	-0.007957	-0.006923	-0.007991	-0.005994
		(-1.13)	(-1.21)	(-1.14)	(-1.15)	(-0.89)	(-0.76)	(-1.14)	(-1.00)	(-1.14)	(-0.89)
Matching Deal	D2 Cash / Other	0.08218	0.07892	0.07186	0.07476	0.06142	0.06992	0.07387	0.06876	0.07281	0.07278
		(1.07)	(1.07)	(0.94)	(0.97)	(0.85)	(0.97)	(0.97)	(0.91)	(0.96)	(1.00)
	D2 log(Acquirer Size)	-0.1438	-0.2002	-0.1512	-0.142	-0.2045	-0.1746	-0.1486	-0.132	-0.1552	-0.2033
		(-0.67)	(-0.97)	(-0.70)	(-0.65)	(-1.00)	(-0.85)	(-0.69)	(-0.62)	(-0.72)	(-0.99)
	D2 log(Target Size)	0.1918	0.2696	0.213	0.2235	0.2005	0.1883	0.226	0.2624	0.2136	0.2234
		(0.87)	(1.27)	(0.94)	(0.97)	(0.98)	(0.92)	(1.05)	(1.23)	(0.97)	(1.06)
	D2 Target Public	0.06296	0.07372	0.06781	0.06515	0.13173*	0.12813	0.06739	0.06913	0.06702	0.07825
		(0.81)	(0.99)	(0.87)	(0.83)	(1.69)	(1.65)	(0.87)	(0.90)	(0.86)	(1.05)
	D2 Market-to-Book	-0.001234	-0.000925	-0.000882	-0.00087	-0.000257	-0.000696	-0.000817	0.000521	-0.000994	-0.000397
		(-0.51)	(-0.40)	(-0.37)	(-0.37)	(-0.11)	(-0.31)	(-0.34)	(0.21)	(-0.41)	(-0.17)
	Acuirer Mfg Industry	0.02932	0.05133	0.0343	0.02905	0.04376	0.03042	0.03687	0.04991	0.03311	0.02617
		(0.30)	(0.55)	(0.35)	(0.29)	(0.48)	(0.33)	(0.38)	(0.52)	(0.34)	(0.28)
	Acuirer Svcs Industry	0.1572	0.1175	0.156	0.1534	0.1912	0.1614	0.1557	0.1258	0.1577	0.1011
		(1.30)	(1.01)	(1.28)	(1.25)	(1.66)	(1.38)	(1.28)	(1.04)	(1.29)	(0.85)
	Acq/Target Same Industry	-0.1638	-0.15215	-0.1556	-0.1574	-0.17447*	-0.20945**	-0.1513	-0.1479	-0.1575	-0.16091
		(-1.61)	(-1.56)	(-1.53)	(-1.53)	(-1.81)	(-2.10)	(-1.47)	(-1.46)	(-1.55)	(-1.66)
	Δ Ratio	-0.06561	---	-0.00033	---	0.16067**	---	0.0056	---	-0.01658	---
		(-0.75)		(-0.19)		(2.45)		(0.33)		(-0.27)	
	Δ t + 2	---	-0.2304**	---	-0.00050	---	0.15295**	---	-0.00445	---	-0.19681**
			(-2.13)		(-0.28)		(2.34)		(-0.25)		(-2.09)
	Δ t - 1	---	-0.1739	---	-0.00123	---	-0.23386**	---	-0.0797	---	-0.08512
			(-1.34)		(-0.27)		(-2.67)		(-1.62)		(-1.18)
	R-Sq =	19.3%	27.7%	18.4%	18.6%	27.1%	29.4%	18.5%	22.6%	18.5%	27.5%
	R-Sq(adj) =	0.0%	5.6%	0.0%	0.0%	6.7%	7.7%	0.0%	0.0%	0.0%	5.3%
	Degrees of Freedom	14,50	15,49	14,50	15,49	14,50	15,49	14,50	15,49	14,50	15,49
	F-Value	0.85	1.25	0.81	0.75	1.33	1.36	0.81	0.95	0.81	1.24

This table shows the influence of factors on the difference in cumulative abnormal excess returns of domestic deals as compared to their cross-border deals matches. The dependent variable is the difference in cumulative excess returns and the independent variables include a set of characteristics for both deals as well as the difference in accounting ratios. The variables labeled as Δ Ratio, Δ t + 2, and Δ t – 1 represent the difference in the ratios labeled in the top row with Δ Ratio being the difference at t+2 subtracted from t-1 and Δ t+2 being the difference a two years after the deal while Δ t-1 being the difference a year before the deal.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Figure 15: Factors Associated with Cumulative Abnormal Excess Returns (3 Year Accounting Data)

		Δ EBIT / Total Assets		Δ EBIT / Sales		Δ Sales / Total Assets		Δ NI / Equity		Δ (NI + Int) / Total	
		(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
	Constant	-0.1479	-0.2535	-0.2912	-0.2886	-0.2747	-0.2482	-0.3222	-0.3278	-0.1775	-0.1541
		(-0.53)	(-0.76)	(-1.11)	(-1.06)	(-0.78)	(-0.67)	(-1.33)	(-1.30)	(-0.64)	(-0.46)
Control Deal	D1 Cash / Other	0.0969	0.0972	0.0888	0.0828	0.0677	0.0767	0.0998	0.1028	0.1004	0.1022
		(0.81)	(0.80)	(0.79)	(0.70)	(0.47)	(0.51)	(0.95)	(0.95)	(0.82)	(0.80)
	D1 log(Acquirer Size)	0.0027	0.0868	0.4393	0.5433	0.0449	-0.0913	0.2331	0.1688	0.0524	0.018
		(0.01)	(0.17)	(1.00)	(0.91)	(0.09)	(-0.16)	(0.65)	(0.41)	(0.09)	(0.03)
	D1 log(Target Size)	-0.3374	-0.3186	-0.5685*	-0.6396	-0.3248	-0.2997	-0.3661	-0.321	-0.3542	-0.3465
		(-1.15)	(-1.06)	(-2.01)	(-1.63)	(-0.95)	(-0.84)	(-1.55)	(-1.15)	(-1.03)	(-0.96)
	D1 Target Public	-0.0755	-0.0795	-0.1522	-0.1738	-0.1053	-0.0912	-0.10469	-0.0895	-0.0889	-0.0851
		(-0.62)	(-0.64)	(-1.41)	(-1.27)	(-0.97)	(-0.78)	(-1.10)	(-0.83)	(-0.66)	(-0.60)
	D1 Market-to-Book	0.00113	-0.00059	-0.001168	-0.00157	-0.000724	0.000234	-0.000491	-0.000285	0.000164	0.000557
		(0.14)	(-0.07)	(-0.17)	(-0.21)	(-0.10)	(0.03)	(-0.08)	(-0.04)	(0.02)	(0.06)
Matching Deal	D2 Cash / Other	-0.04398	-0.05191	-0.03918	-0.03931	-0.05425	-0.05555	0.00023	-0.00188	-0.03966	-0.03759
		(-0.59)	(-0.67)	(-0.56)	(-0.54)	(-0.64)	(-0.64)	(0.00)	(-0.03)	(-0.53)	(-0.48)
	D2 log(Acquirer Size)	0.1372	0.0807	-0.2598	-0.3636	0.1342	0.2506	-0.0464	0.0188	0.0837	0.1111
		(0.29)	(0.17)	(-0.62)	(-0.63)	(0.25)	(0.41)	(-0.13)	(0.05)	(0.15)	(0.18)
	D2 log(Target Size)	0.2129	0.1902	0.4821	0.5645	0.1994	0.1867	0.2371	0.185	0.251	0.2439
		(0.63)	(0.55)	(1.57)	(1.28)	(0.49)	(0.44)	(0.91)	(0.60)	(0.67)	(0.62)
	D2 Target Public	-0.0341	-0.05	0.0071	0.0212	-0.0571	-0.0678	-0.0383	-0.05	-0.0311	-0.0318
		(-0.29)	(-0.40)	(0.06)	(0.17)	(-0.37)	(-0.42)	(-0.37)	(-0.45)	(-0.25)	(-0.24)
	D2 Market-to-Book	-0.008026	-0.007816	-0.00749	-0.00735	-0.006826	-0.00687	-0.0097*	-0.00999*	-0.007825	-0.008144
		(-1.43)	(-1.36)	(-1.44)	(-1.36)	(-1.18)	(-1.15)	(-1.96)	(-1.92)	(-1.34)	(-1.26)
	Acuirer Mfg Industry	0.0411	0.0483	0.0642	0.0634	0.0549	0.059	0.0815	0.0822	0.0452	0.0471
		(0.35)	(0.40)	(0.58)	(0.55)	(0.45)	(0.47)	(0.79)	(0.77)	(0.38)	(0.38)
	Acuirer Svcs Industry	0.0409	0.0689	0.0922	0.0947	0.0403	0.0309	0.0834	0.0837	0.0593	0.057
		(0.28)	(0.45)	(0.69)	(0.68)	(0.26)	(0.19)	(0.68)	(0.66)	(0.42)	(0.39)
	Acq/Target Same Industry	0.0223	0.0714	-0.0061	-0.0269	0.0786	0.0738	0.0644	0.0801	0.0292	0.0209
		(0.14)	(0.40)	(-0.04)	(-0.16)	(0.35)	(0.32)	(0.46)	(0.53)	(0.18)	(0.12)
	Δ Ratio	-0.0827	---	0.007055	---	-0.051	---	-0.03075*	---	-0.02064	---
		(-0.53)		(1.37)		(-0.36)		(-2.06)		(-0.21)	
	Δ t + 3	---	0.0207	---	0.008036	---	-0.0933	---	-0.03128*	---	-0.0472
			(0.09)		(1.25)		(-0.53)		(-2.01)		(-0.22)
	Δ t - 1	---	0.0989	---	-0.01576	---	0.0478	---	0.05003	---	0.0252
			(0.61)		(-0.49)		(0.32)		(0.84)		(0.24)
	R-Sq =	51.1%	52.6%	56.3%	56.6%	50.5%	51.3%	62.3%	62.7%	50.2%	50.3%
	R-Sq(adj) =	0.0%	0.0%	9.3%	2.4%	0.0%	0.0%	21.7%	16.0%	0.0%	0.0%
	Degrees of Freedom	14,13	15,12	14,13	15,12	14,13	15,12	14,13	15,12	14,13	15,12
	F-Value	0.97	0.89	1.20	1.04	0.95	0.84	1.54	1.34	0.94	0.81

This table shows the influence of factors on the difference in cumulative abnormal excess returns of domestic deals as compared to their cross-border deals matches. The dependent variable is the difference in cumulative excess returns and the independent variables include a set of characteristics for both deals as well as the difference in accounting ratios. The variables labeled as Δ Ratio, Δ t + 3, and Δ t – 1 represent the difference in the ratios labeled in the top row with Δ Ratio being the difference at t+3 subtracted from t-1 and Δ t+3 being the difference a three years after the deal while Δ t-1 being the difference a year before the deal.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

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