A Comprehensive Review of the Role of Financial Advisors in Mergers and Acquisitions

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ABSTRACT

This thesis investigates the role of financial advisors and their impact on their clients' short-term M&A deal performance. The examination of the extant literature on M&A advisors reveals a lack of focus on the target side of the equation. Therefore, the first topic is dedicated to the examination of the effects of target financial advisors' involvement and quality on their clients' short-term M&A deal outcomes. The findings reveal that targets that opt to hire an advisor are able to achieve better short-term deal performance, and that highly reputable target advisors are associated with higher premiums in all-cash deals.

To add more clarity on the mechanisms through which target advisors contribute to the performance of M&A deals, I leverage a hand-collected dataset, from public targets' SEC filings, that covers the actual activities conducted by target advisors. The results of the analyses conducted show that target advisors add value through the provision of services relating to the evaluation of deals from a financial perspective, however, assigning them to the search/matching activities is associated with a negative effect on the premium achieved.

Despite the abundant literature on the role of acquirers' financial advisors in M&A deals, findings on the impact of their involvement in such deals are rather inconclusive, and the bulk of research in this area is quite dated. Using the different ranking schemes developed, I re-examine this topic using a most recent dataset (2001 to 2017). I find that acquirers' financial advisors with stronger past performance are able to secure better short-term deal outcomes to their clients, and in line with Golubov et al. (2012), highly reputable acquirers' advisors deliver higher returns to their clients in public deals. The presence of an advisor (on the target or on the acquirer side) allows completing deals in a shorter period of time.

This thesis covers, as well, the determinants of advisor hiring-related decisions regarding the reputation of the advisor selected. The findings reveal that, on the target side, there is a higher propensity to hire a highly-ranked financial advisor when the firm is being served by a Big-4 accounting firm, and in the presence of a larger institutional ownership base. On the acquirer side, firms are found to be more likely to hire a highly-ranked financial advisor if they face a higher litigation risk, if they are served by a Big-4 accounting company, and if they involve a higher institutional ownership base.

The findings of this research project hold important implications both for businesses involved, through guiding their choice of advisor to assist them with their M&A deals, and for the academic research by offering a comprehensive analysis that incorporates a range of existing and newly developed proxies of quality, thus reconciling the inconclusive findings reached in the extant literature.

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CHAPTER 1. INTRODUCTION

Mergers and acquisitions (M&As) represent one of the most researched topics in finance. These critical strategic events require significant corporate resource allocations from firms' management and have major potential implications for shareholders' wealth. Positive deal outcomes could involve significant synergetic gains (Bao and Edmans, 2011), whereas a failure can entail the destruction of shareholders' value. The abundance and financial and business implications of M&A deals justify the efforts exerted by academics to better understand the dynamics of the processes involved and the determinants of the outcomes of such deals on firms. According to the Institute for Mergers, Acquisitions, and Alliances (IMAA), since the year 2000, there have been over 790,000 deals with a value exceeding 57 trillion US dollars; in 2018, alone, firms worldwide executed over 49,000 M&A deals, with a total value of 3.8 trillion USD[1]. Managers of firms, both acquirers and targets, can resort to hiring advisors to advise them on the strategic and financial aspects of their M&A plans and transactions (Roll, 1986). Given their important role in the decision-making process, investment bankers, through their role as M&A advisors, are emerging as the principal architects of business combinations (Bowers and Miller, 1990).

There is a considerable body of literature on advisors' role and the resulting effect on M&A deal outcomes. Yet, there are important aspects that warrant further investigation of this topic: (a) Lack of focus in the extant literature on the effect of target advisor's reputation on target M&A performance; (b) Scarcity of studies exploring the nature of the activities conducted by target advisors, and how these impact deal outcomes; (c) Inconclusive evidence on the relevance of M&A

[1] Source: https://imaa-institute.org/mergers-and-acquisitions-statistics/.

advisor reputation, especially on the acquirer's side of the deal; and (d) the ambiguity surrounding the drivers of firms' advisor hiring-related decisions.

Despite the abundant literature on the role of financial advisors in M&A deals, the majority of research in this field is focused on the role of acquirers' advisors, without much attention attributed to the role of targets' advisors. A relevant aspect that justifies the importance of exploring the role of target advisors, specifically, is the fact that, whereas acquirers' shareholders possess the right to vote on M&A deals only in certain cases (such as when acquirers are to issue 20% of more of their shares to acquire the target), targets' shareholders have their say when being acquired, either through voting or through deciding to tender their shares in the case of a tender offer. This fact is especially important when considering how hiring an advisor contributes to convincing shareholders that the deal is for their advantage, and thus motivating them to approve the deal. In such contexts, one could argue that shareholders' voting can increase the requirement for performance and efforts from financial advisors to achieve better deal terms. In order to extend the understanding of target advisor's role and effect on M&A deal outcomes, I conduct a two-fold analysis. At a first stage, I explore how the hiring and reputation of target advisors impact their clients' short-term deal performance. Thereafter, I leverage a hand-collected dataset to examine the actual activities rendered by target advisors, and how these activities affect deal outcomes. To my knowledge, no other studies have investigated the role of target advisors as extensively, or addressed the actual activities conducted by these advisors and the resulting value added.

Furthermore, the conclusions derived from the substantial body of literature investigating the role of acquirers' financial advisors in assisting with M&A deals are equivocal; findings on the impact of their involvement in such deals are rather inconclusive. Whereas some studies have documented a positive role of financial advisors in achieving better deal outcomes (i.e., Kale et al., 2003; Bao

and Edmans, 2011; Golubov et al., 2012), others found the opposite (i.e., Rau, 2000), or that there is no differential bargaining power between investment bankers (Bowers and Miller, 1990). Given this inconclusive evidence, it is puzzling to see that M&A firms tend to commit significant resources towards the hiring of 'reputed' M&A advisors. This motivates me to re-examine the relevance of advisor's reputation in M&A deals by using a battery of M&A advisor reputation measures.[2]

Another aspect supporting the need to re-examine this topic is the fact that most of the research in this area is quite dated. Recent years are characterized by a heightened investors' expectations from boards of public firms, and a strengthened oversight and involvement to ensure that boards are taking the correct actions and balancing between short-term and long-term goals, while focusing on the latter[3]. Therefore, I argue that a re-examination of the role of advisors using a most recent sample is justified, to check whether their involvement is of value to help boards of directors achieve higher shareholders' value, and thus perform their fiduciary duties towards them.

A puzzling observation that could be noted in the context of the role of financial advisors in M&A deals, is the fact that a significant portion of the firms involved in such deals decide to forego hiring an investment bank and rely mainly on their own internal resources to manage the entire process. The decision to conduct M&A deals in-house are not necessarily driven by a lack of financial resources to pay the investment banking fees required. Not only small firms, but also giant corporations such as Facebook and Apple[4] are known for completing a significant portion of their M&A transactions without involving investment banks on their side of the process. This

[2] One plausible reason for the inconclusive results in the literature is the use of different M&A advisor reputation measures. I intend to test using different measures to derive robust conclusions.
[3] Source: https://corpgov.law.harvard.edu/2018/12/30/2019-global-regional-trends-in-corporate-governance/.
[4] https://www.cnbc.com/2021/05/01/how-apple-does-ma-small-and-quiet-with-no-bankers.html

aspect questions the value added by investment banks for the companies hiring them, or more specifically, it sheds light on the importance of the process-related activities conducted to ensure good deal outcomes, rather than the focus on the market share-based ranking often linked to the ability of bankers to lead better deals. Therefore, the question should not be restricted to the effect of advisor's tier on deal performance, which is often the focus of research in this field, but should be extended to the actual activities conducted by these advisors, and whether and which of these activities are value-adding to the hiring firm. Furthermore, these differences support the relevancy of exploring the determinants of firms' choices when deciding on the tier of the advisor to be hired, if management decides to rely on one to assist in conducting their M&A transaction, which is addressed in this study.

In this research project, I re-examine the role of M&A financial advisors both on the acquirer and target sides, to derive insights as to the significance of such role on the deal performance and completion time, using a sample of deals that spans the period from 2001 to 2017. In line with previous studies, focusing on M&A performance (i.e., CARs) allows to capture and incorporate the market's expectations with regard to the acquisition and the future financial implications associated with it (Anand and Singh, 1997; Capron and Pistre, 2002) through the adjustments in terms of the financial values of the parties involved, around the deal announcement date.

Different studies use different models in addressing research questions on the role of M&A advisors, and how the reputation (tier) of these latter affects deal performance. Different categorization schemes are also used to categorize advisors into tiers that supposedly reflect the quality (reputation) of these latter. In my research, I contribute to existing literature by developing new proxies of advisor reputation, which I use in addition to other measures that were used in previous studies (Rau, 2000; Golubov et al., 2012). Then, one model is used to evaluate the effect

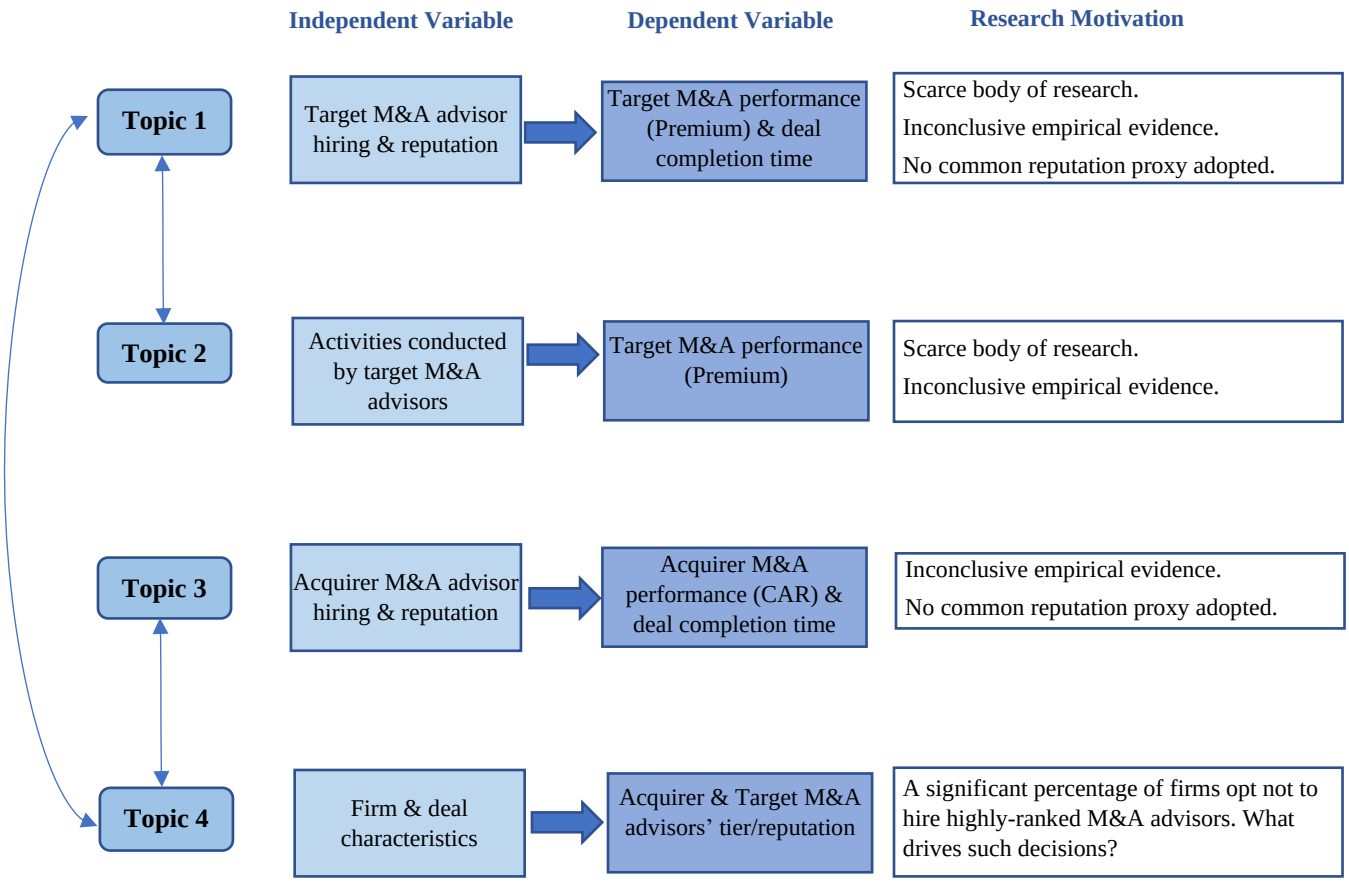
of advisors' tier on the outcomes of deals. Using different measures of reputation and different models to address this topic could potentially be one of the reasons explaining the discrepancies in the findings reached in previous research. Relying on a common framework to test the research hypotheses, while using different tier categorization schemes provides more consistency and confidence in the conclusions derived from the analysis. In addition to the reputation of advisors, I also address how the mere decision to hire a financial advisor affects deal performance and completion time, as a significant portion of firms involved in M&A transactions opt to conduct their deals in-house, without hiring an advisor. Despite the abundance of research on financial advisors' role on the acquirer side, studies focused on the target side of the equation are rather scarce. Therefore, in addition to conducting an analysis on advisors' presence and tier's effect on short-term deal outcomes, and in an effort to dig deeper into the specifics of investment banks' involvement, I hand collected data on the specific activities conducted by target advisors from firms' Securities and Exchange Commission (SEC) filings. I leverage this data to better understand if and which of these activities conducted by target financial advisors are value adding to their clients. An overview of the research questions addressed in this thesis is presented in Figure 1.

Figure 1: **Overview of the Research Areas Addressed in the Thesis**

Background: Firms involved in M&A transactions invest significant financial resources to hire financial advisors, especially when opting for top-tier ones, to assist them in conducting their deals. Does this pay off?

Objectives:

(a) to examine the relevance of the involvement of M&A advisors both on the target and on the acquirer sides.
(b) to examine how the reputation of financial advisors affects deal outcomes both on the target and on the acquirer sides.
(c) to explore the activities conducted by target financial advisors and identify value-adding ones.
(d) to examine the determinants of financial advisor hiring-related decisions both on the target and on the acquirer sides.



The thesis is structured to first present a general review of the existing literature on the role of M&A advisors, and how their involvement and reputation impact deals' outcomes. This review applies to all the topics covered in the thesis. In the literature review (chapter 2), I incorporate the hypotheses and research questions addressed in this study. In chapter 3, I present the data and methodology used to address each of the research topics: (*Research topic 1*) the effect of financial advisors on targets' short-term deal outcomes and completion time; (*Research topic 2*) the analysis on how the activities conducted by target advisors influence short-term deal performance; (*Research topic 3*) the effect of acquirers' financial advisors on their clients' short-term deal performance and completion time; and, (*Research topic 4*) the determinants of the choice of advisor's tier/ranking both on the acquirer and the target sides. In chapter 4, I present the empirical findings, and address the robustness of the results. In chapter 5, I conclude.

CHAPTER 2. LITERATURE REVIEW

2.1. M&A Advisors' Ranking

In order to examine the role of financial advisors, the extant finance research generally relies on proxies of advisors' quality. Advisors of higher quality are often referred to as top-tier or tier-one advisors or highly-ranked advisors. Different measures of reputation have been used in existing finance literature on M&A financial advisors. A variable that is often used to proxy for advisors' reputation is their market share. The ranking scheme used to assign ratings for advisors is not common across existing studies in this field. For example, Rau (2000) and Song et al. (2013) use three-tier ranking systems (advisors are assigned either a first-tier, a second-tier, or a third-tier category). On the other hand, others such as Ismail (2009) and Golubov et al. (2012), amongst others, adopt a binary classification approach (top-tier and non-top-tier categories). Even when studies classify advisors into the same number of categories, the actual definition of the tier could differ across studies. For instance, although Song et al. (2013) and Hunter and Jagtiani (2003) both use a three-tier ranking system, one study considers the first tier to consist of ranks 1 to 5, second-tier of ranks 6 to 20, and the rest as third-tier advisors (Song et al., 2013), the second study defines tier-one, tier-two, and tier-three advisors to be the top-ranked 15 advisors, the 16th to 50th ranked advisors, and the rest (51st to 665th advisors), respectively (Hunter and Jagtiani, 2003). These differences across studies can contribute to explaining the different conclusions reached.

Rau (2000) uses market share (the value of transactions advised during the year) to classify financial advisors into three tiers, based on the average of their yearly ranking across the sample period. Using data for the entire period covered by his study, Rau derives a quality proxy that is fixed over the sample period, which does not account for changes taking place throughout the

years. The first-tier consists of the top five investment banks, the second-tier includes the next fifteen banks, and the third-tier is for the rest of the banks. Ismail (2009) also uses market share to rank advisors, but rather adopts a binary classification; he specifies top-tier advisors as being the top ten, and considers the remaining ones to be tier-two advisors. Bowers and Miller (1990) and Servaes and Zenner (1996), consider the top-tier advisors' category to consist of the five top banks, and classify the rest as second-tier ones. Kale et al. (2003) construct a relative reputation measure of the bidder's advisor, as the ratio of the bidder's advisor's reputation to the target's advisor's reputation, which are both measured based on the respective advisors' market shares.

Golubov et al. (2012) use league tables from Thomson Financial SDC, where advisors are ranked based on the value of the deals they advised on, to classify advisors into two categories: top-tier, and non-top-tier advisors. The top-tier category consists of the top eight banks, and the remaining ones are classified as non-top-tier. Similar to Rau (2000), the resulting quality ranking is fixed over their sample period, ignoring the dynamics that govern the M&A advisors' market.

The proxies used to evaluate the quality of M&A advisors, and the way the ranking is specified can contribute to explaining the contradicting findings on the value created by hiring an M&A advisor. The validity of the use of the market share to rank advisors has been questioned by many studies. For instance, Rajamani et al. (2017) argue that an advisor's past performance is more useful as a determinant for selecting an advisor, than their market share. Whereas a large number of studies use the market share as an indicator for the quality of the advisors, others such as Bao and Edmans (2011) use past performance to measure advisors' quality. Bao and Edmans (2011) argue that firms should consider advisors' past performance when selecting their advisors given its positive effect on deal performance, despite acknowledging that this might not be the case in practice. Firms tend to use advisors' past market share as a determinant for advisor selection,

despite it being found to be a negative predictor of future performance (Bao and Edmans, 2011). This is consistent with Rau (2000) who found that the percentage of deals conducted by an investment bank in previous years to be positively and significantly related to the bank's market share in subsequent years. In addition, Rau (2000) also found that the post-acquisition performance of the deals previously advised by the investment bank is not related to the bank's subsequent market share. These results suggest that top-tier banks are more focused on deal completion rather than on deal performance. On the other hand, Francis et al. (2014) found that an advisor's past performance influence firm's decision to retain them or not.

The general approach of using league tables to rank advisors, which is often adopted to quantify the quality of advisors, is based on the market share of these latter. In order to attain a considerable market share to secure a place at the top of the list, especially when some advisors show consistently as top advisors, cannot be assumed to be a mere coincidence. The intuitive question when doubting whether top advisors add value or not, is how they could gain that much market share if not for their performance in serving their clients. Discounting the importance of market share would also question the mere existence of league tables. The market, through the decisions of firms to select such advisors, and thus granting them a high market share, supports their superiority in terms of the services they provide. The higher market share, which signals the expertise of the advisor, could also entail the establishment of larger networks and a strong knowledge of market conditions, allowing investment banks to find suitable acquirors or targets at relatively lower costs than what firms would have to spend should they conduct the search activities themselves. This is in line with Bowers and Miller's (1990) "better merger" hypothesis. In addition, one could argue that, in order to reach a higher ranking on the league tables, an advisor should value their reputational capital, and exert high level of efforts and act in good faith while

serving their clients, to ensure that they are later hired again. A higher market share could also entail an advanced ability to negotiate throughout the M&A deal process, and to conduct other advisory activities required to achieve better deal outcomes, such as valuation and due-diligence.

The structure of the fees received by advisors has been argued to be a source of conflict of interest between the hiring firm and the advisor (McLaughlin, 1990; McLaughlin, 1992). This is especially relevant in the case of first-tier advisors who generally charge fees that are contingent on the completion of the deal (according to Rau, 2000, on average, 55% and 73% of first-tier advisors' total fees, in mergers and in tender offers respectively, are contingent fees). In such cases, these advisors are more focused on the completion of the deal rather than the performance of their clients (Rajamani et al., 2017). Contingent fees are very common among advisors in general; for instance, McLaughlin (1990) found 94% of the investment banks advising on the sample of tender offers he investigates to have contingent fees (based on the number of shares purchased or the offer value) as part of their fee structure. He also finds that, on average, 80% of the fees are paid if the acquisition is completed.

It is argued that the reputation capital of advisors is thought to be one of the main aspects allowing to mitigate such a conflict (McLaughlin, 1990). This argument has been supported by Kale et al. (2003) who found that acquirers benefit from hiring advisors with high reputation to identify valuable mergers, achieve higher synergies, structure better deals, and receive a larger portion of these synergies. The premium fees received by top-tier advisors are justified by the reputation they build as providers of superior services (Chemmanur and Fulghieri, 1994), which translates into a higher market share, and therefore a better ranking in the league tables. Golubov et al. (2012) refer to earlier models established by Klein and Leffler (1981), Shapiro (1983), and Allen (1984) that address the relation between reputation, quality, and price, and link it to the case of investment

bankers. They argue that these advisors use the higher fees as a signalling mechanism of their superior-quality services, which cannot be observed ex-ante. These higher fees compensate them for the resources they expend to build up their reputation. In the spirit of this work, and in the context of M&A advisory services, advisors with higher reputation provide services of higher quality and, therefore, charge higher fees.

Plaksen (2008) addresses the misalignments of the interests of advisors with those of their clients, due to the higher benefits they attain from advising on larger deals and on more deals, rather than ensuring high quality deals. They investigate whether advisors under pressure to boost their M&A advisory fees (by having a higher market share) are more likely to take on deals that do not create value to the acquiring firms they serve. They found declines in M&A advisors' business to be negatively associated with the outcomes of the deals to their bidding clients. The higher the pressure on advisors to boost their business, the lower is the quality of the acquisitions they advise on, the lower is the probability of withdrawing from low-quality deals, and the more often the announcements of the deals come as a surprise to the market. Their findings show that reputational considerations are not enough to offset advisors' profit maximization incentives.

2.2. The Role of Targets' M&A Advisors

The conflicting findings reached in existing literature on the role of M&A financial advisors, in general, provide a sound motivation to explore this topic further, in an effort to solve this research puzzle. Furthermore, surprisingly, despite the abundance of research in this field, not much focus is attributed to target advisors; the bulk of research is on the acquirer side of the equation (Ma, 2013). Given that target shareholders have their say on all M&A deals conducted by their firms, either through voting or through deciding to tender their shares in the case of a tender offer,

whereas acquirers' shareholders possess the right to vote on M&A deals only in certain cases (i.e. when acquirers are to issue 20% or more of their shares to acquire the target), more pressure to perform is placed on target advisors. The outcomes of their involvement will not only be visible to target management, but also to the shareholders; these latter should be convinced that the necessary evaluation and due diligence work related to the deal has been conducted meticulously, and that the deal is for their advantage in order to consent to it. Generally, public targets' SEC filings, shared with the shareholders to invite them to vote on deals, detail the involvement of the advisor in the conduct of the transaction. Exerting the required efforts towards ensuring that the deal is for the interest of the shareholders contributes to the protection of the image and reputation of the advisors involved.

In addressing the value creation driven by the involvement of financial advisors, it is important to consider the alignment between their interests and the interests of the clients they serve. The application of an agency-theory framework allows to address how this differs on the target side, relative to the acquirer's side. Intuitively, one would expect that acquirers aim to pay the lowest price they can for the deal in question, thus resulting in a lower premium. Their advisors, who generally receive a significant part of their fees as a success fee that is calculated as a percentage of the transaction value (McLaughlin, 1990), would benefit from a higher price paid by their client. On the other hand, targets aim to receive the highest premium possible, to maximize the interests of their shareholders. And their advisors, who also often receive a success fee that is calculated in function of the total transaction value (McLaughlin, 1990), benefit from achieving a higher premium. Therefore, one could presume that, whereas the interests of target advisors are aligned with those of their clients, those of the acquirer advisors are not necessarily so. It is important to

note that, for both target and acquirer advisors, consummating deals with higher transaction values allows them to boost their market share, and therefore their business prospects.

Ma (2013) highlights this conflict of interests between acquirers and their financial advisors, and argues that the target side of an M&A deal provides a cleaner setting to examine the role of financial advisors. Kesner, Shapiro, and Sharma (1994) conducted an earlier study where they applied an agency theory perspective to address this question on the alignment/misalignment of advisors' interests on both the target and the acquirer sides. Ma (2013) presents the higher advisory fees generally paid by targets, relative to those paid by acquirers (McLaughlin, 1990), as another reason justifying the examination of the advisory role on the target side. He hypothesizes that top-tier advisors are better positioned to allow targets to achieve better deal outcomes, given their broad business networks, and bargaining abilities.

Given the alignment of target financial advisors' interests with those of their clients, and the arguments relating to the M&A expertise and skills brought about by the involvement of financial advisors, and the aim to act in good faith to protect their reputational capital, I hypothesize the following:

Hypothesis 1.1.a: Hiring a financial advisor is associated with better short-term M&A deal outcomes for the target firm. (Research topic #1).

Hypothesis 1.1.b: Targets employing a financial advisor are able to complete their M&A deals faster. (Research topic #1).

2.2.1. Effects of the Reputation of Targets' M&A Advisors

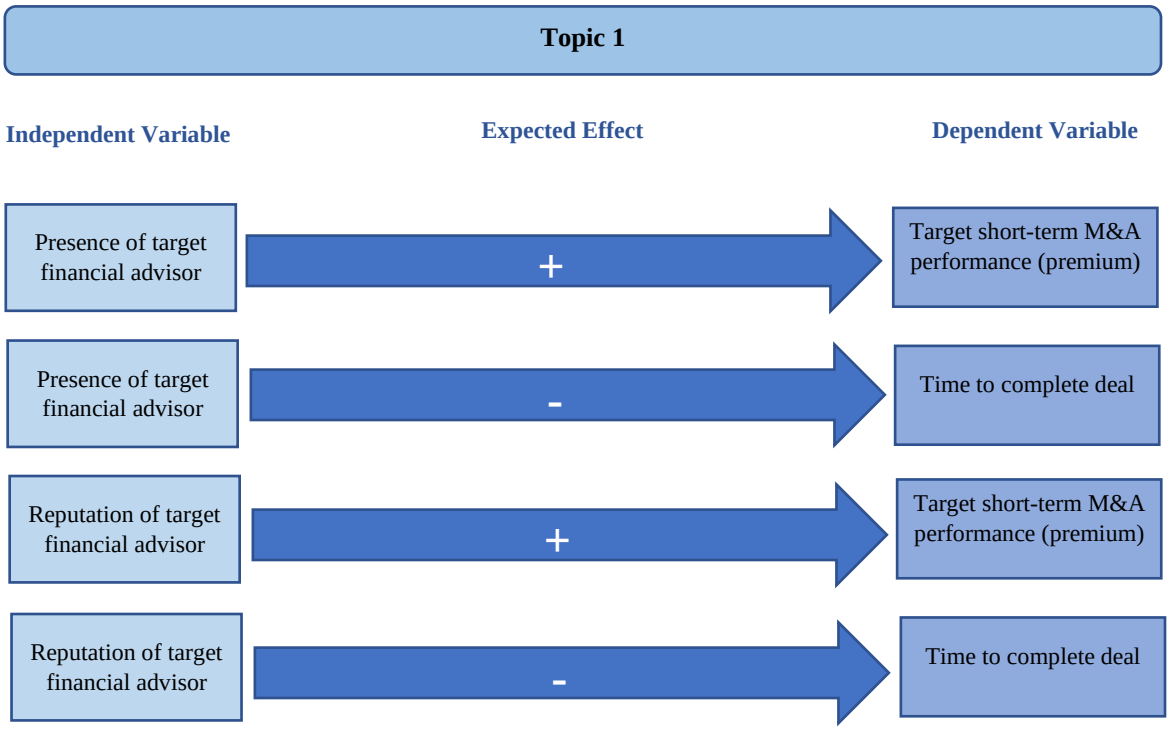
In terms of empirical evidence, there are discrepancies in terms of the findings documented with regard to the effect brought about by target financial advisors, but there is a general tendency to support a positive role. Ertugrul (2015) found that top-tier advisors allow targets to realize a higher premium and a higher proportion of the gains achieved through deals. Ma (2013) reached similar findings by documenting that top-tier advisors achieve a higher value for targets (higher premium and abnormal returns) and are better able to match them with acquirers, whereas the value brought by top-tier acquirers' advisors was found to be insignificant. Ma's work supports the view that when target advisors are top-tier, they conduct better deals and lead to better outcomes for the combined entity rather than just bargaining against the acquirer. In addition, Ma's findings suggest that the involvement of top-tier advisors on the target side can lower the probability of stock payment when the acquirer's stock is overvalued. Kale et al. (2003) report that targets' advisors' reputation is positively related to the wealth gains achieved by their clients. According to Boone and Mulherin's (2008) findings, top-tier advisors are value-adding to their clients. Ismail (2009) reports that targets' top-tier advisors are able to secure higher gains at the expense of the acquirer, and therefore find support to the superior deal hypothesis for target's top-tier advisors (and not for acquirer's top-tier advisors). He reports that "targets advised by tier-one investment banks generate, on average, $119.94 million per deal compared to the $28.65 million earned by tier-two advisors' clients. These figures translate into total dollar gains of $63.3 billion and $27.1 billion for targets advised by tier-one and tier-two investment banks, respectively" (Ismail, 2009). In contrast, McLaughlin (1992) concluded in their study that targets' advisors' tier has no effect on the premium achieved by these firms.

In line with the existing evidence based on the very few studies focusing on the value added by target top-tier advisors, and given their extended business networks due to their market share, their experience, and bargaining-related skills acquired, I hypothesize the following:

Hypothesis 1.2.a.: Highly-ranked target financial advisors are associated with better short-term M&A deal outcomes for their clients. (Research topic #1).

Hypothesis 1.2.b.: Highly-ranked target financial advisors are able to complete M&A deals faster. (Research topic #1).

Figure 2: Hypotheses Relating to the Involvement of Target Financial Advisor on Deal Outcomes and Deal Completion Time (Topic 1)



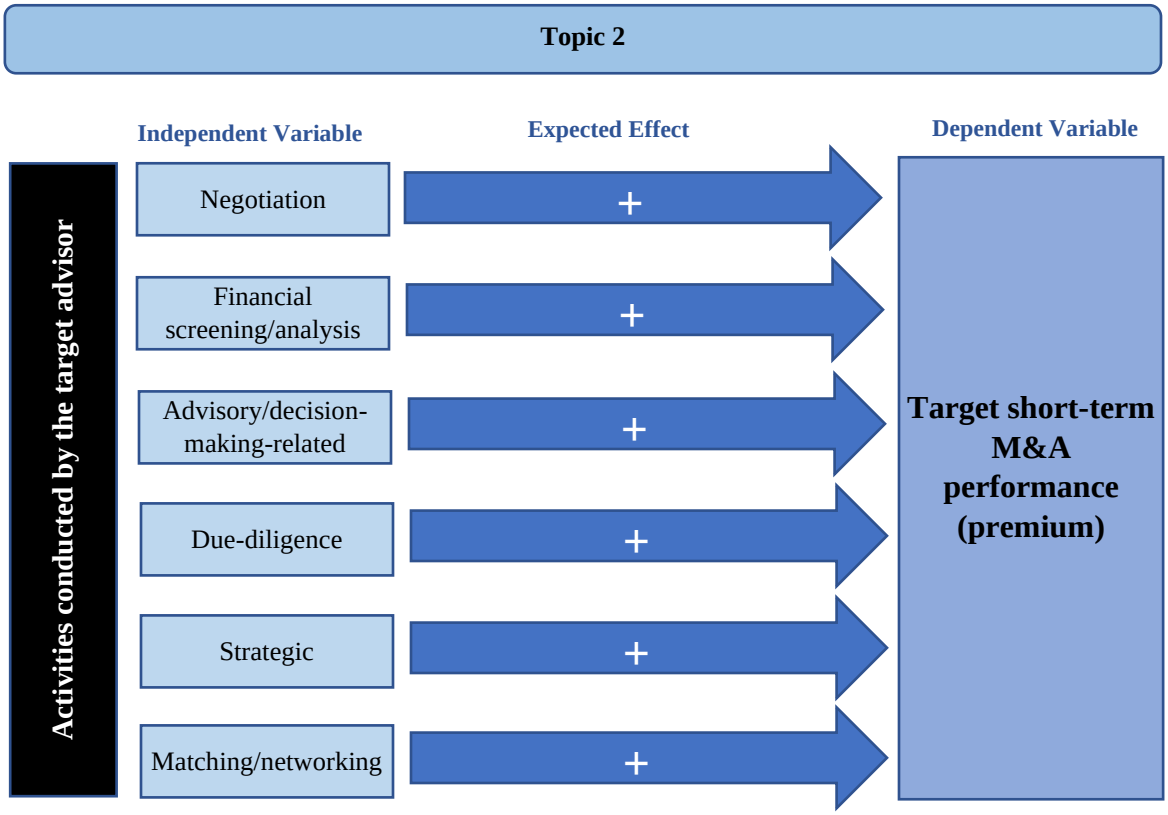
2.3. Target M&A Advisors: A Closer Look at the Activities They Conduct

Advisors are not necessarily hired to overlook the whole M&A process. In some instances, they could be hired to simply provide a fairness opinion or financial analyses, while the hiring firm manages the remaining steps/activities involved. Given the scarcity of research on the target side, in this thesis, I examine the activities undertaken by target advisors in the context of M&A transactions, based on data hand-collected from firms' filings with the Securities and Exchange Commission (SEC). Specifically, given that, generally, mergers and acquisitions require targets' shareholders' vote, and that the SEC requires publicly listed firms to disclose all material information when issuing proxy statements to solicit shareholders' votes, I collect information on the involvement of target advisors from the deal background section in proxy statements (accessed through EDGAR - Electronic Data Gathering, Analysis, and Retrieval system). Targets use these filings to inform their shareholders on the details of the deal, the consideration being paid, the negotiations that took place with one or multiple bidders, the background of the merger, and their recommendation as to vote for the deal, or to tender their shares, in the case of a tender offer. In the background of the merger, firms inform their shareholders of the process that took place, and how the deal has been reached between the target and the winning bidder. This part of the proxy statement, which generally directly precedes the recommendation of the board of directors to the shareholders, represent a space to convince these latter that the management and/or advisors have meticulously considered and evaluated the options available, and conducted the necessary due diligence, in order to protect their interests.

The aim is to dig deeper into the specific activities conducted by financial advisors in M&A transactions, to better understand the resulting impact from such involvement on deal outcomes. This allows bridging a knowledge gap by extending the focus from the quality of advisors (i.e., reputation) that is generally used in existing studies on evaluating the effect of advisors' involvement on deal outcomes, to including more specific indicators on the actual role played by these advisors during the pre-public negotiation period. The analysis of this data would, potentially, permit to better understand the mechanisms through which targets' advisors add value. Building on the recent work by Liu and Officer (2019), I focus on the private negotiations phase (described in the proxy reports), which they have showed to involve a large number of price revisions, and during which the effect of competition prevails; this time window represents a favorable setting to observe how the advisors' role come into play.

The main research question is: how do target M&A financial advisors add value when serving their clients? Or, more specifically, what activities/steps of the M&A process are value-adding to the target when conducted by their financial advisors? As mentioned earlier, given the relatively significant expertise of advisors in the M&A market, and the resulting abilities acquired, I expect a positive relationship between the activities conducted by target financial advisors and the short-term deal outcomes for targets. Six main categories of activities are established: 1. negotiation, 2. financial screening/analysis, 3. advisory/decision-making support, 4. due-diligence, 5. strategic, and 6. matching/networking. Six hypotheses stem from this categorization; I expect the conduct of any of these activities by target M&A advisors to have a positive effect on the short-term deal outcomes (hypotheses 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6, respectively, under research topic 2).

Figure 3: Hypotheses Relating to the Activities Conducted by Target Financial Advisors on Deal Outcomes for Their Clients (Topic 2)



2.4. The Role of Acquirers' M&A Advisors

The role of an M&A advisor in the context of an M&A deal could involve the provision of a range of services, such as searching for potential buyers/targets, contacting potential buyers/targets, screening bids, negotiating the terms of a deal, due diligence, and providing fairness opinions (Hansen, 2001; Boone and Mulherin, 2007). Advisors evaluate firms' assets, provide technical and tactical assistance throughout the M&A process (Bodnaruk et al., 2009) and improve access to information (Golubov et al., 2012).

M&A financial advisors help their clients find better matches, while accelerating the matching process (Mortensen, 1982; Diamond and Maskin, 1979). Chahine and Ismail (2009) argue that

investment banks contribute to lowering information asymmetry (Servaes and Zenner, 1996), due to their specialized knowledge about different industries and firms, and their access to private information gained through the underwriting services they provide. Therefore, investment banks could benefit their clients by providing them useful information, that could, otherwise, be costly or impossible to obtain.

Bowers and Miller (1990) describe the role of investment banks in M&A deals using two hypotheses: the "better merger" hypothesis and the "bargaining power" hypothesis. Under the "better merger" hypothesis, investment banks are hired by acquirers (targets) to search for potential suitable targets (acquirers) in order to reduce search costs; these advisors leverage their search expertise thus providing their services at a lower cost than what firms would have to spend on their search activities. In addition, this hypothesis highlights the reputational capital of these advisors, which incentivizes them to act in good faith in their search process, thus positively contributing to their deals' performance. On the other hand, the "bargaining power" hypothesis stresses the ability of investment bankers to determine the price that should be paid by the acquirer, and that to be asked/accepted by the target, due to their superior negotiation skills and better knowledge of the current market conditions. Both hypotheses have been supported by the study of Kale et al. (2003), and only the "better merger" hypothesis has been supported by Golubov et al. (2012).

Bhattacharya et al. (2019) found that advisors are more likely to be hired by the combined firm if they are found to be committed to "service excellence" towards the target. In addition, one could argue that, for the sake of maintaining a good reputation and thus protecting their future earnings, investment banks can be assumed to put efforts and evaluate the deal terms and consideration diligently and objectively when advising on a transaction.

Servaes and Zenner (1996) associate the role of investment banks as advisors to the reduction of transaction costs (i.e. costs involved in identifying potential targets, valuation, creating bids), the reduction of information asymmetries, and the reduction of contracting costs by certifying the value of the acquisition (due to the monitoring function of the investment bank, and the signaling ability given the dependence of their reputation capital on the quality of their advice). They found all three functions to be determinants of advisors' selection, with the reduction of transaction costs being the first determinant, followed by the reduction of contracting costs, and then the reduction of information asymmetries.

In addition to investment banks' advisory role in M&A deals, they are employed by firms to provide fairness opinions, as part of the firms' due diligence phase of the M&A process. Fairness opinions play a quality seal function to the board of directors and shareholders. The reputation and experience of the investment bank providing the fairness opinion could contribute to the signalling of the quality of the deal to the shareholders of both the target and the acquirer (Kisgen et al., 2009). After investigating the effects of using fairness opinions, Kisgen et al. (2009) found that acquirers pay lower premiums when they use a fairness opinion, and that this is the case especially when they use multiple fairness opinions from reputable advisors.

Given financial advisors' expertise in the M&A market, the resulting skills that they develop by experience (i.e., negotiation, networking, financial analysis, etc.), and their expected interest in acting in good faith and exerting the necessary effort while serving their clients to protect their reputational capital, I hypothesize the following:

Hypothesis 3.1.a.: Hiring a financial advisor is associated with better short-term M&A deal outcomes for the acquiring firm. (Research topic #3).

In addition to their expertise in the M&A market, and their possession of advanced skills to manage M&A transactions, there are two other main reasons that could justify M&A advisors' tendency to complete deals faster. Completing deals in shorter periods of time implies freeing up resources faster, and therefore the ability to take on more deals. This would translate into a higher market share for the investment bank in question, and therefore better ranking on the league tables and higher financial gains. The resulting hypothesis is:

Hypothesis 3.1.b.: Acquirers employing a financial advisor are able to complete their M&A deals faster. (Research topic #3).

2.4.1. Effects of the Reputation of Acquirers' M&A Advisors

Research on the effects of using an M&A advisor and their reputation on deal outcomes is inconclusive. The main aspect often linked to the effect of advisor's reputation on deal outcomes is the signalling function it plays. Higher quality firms are thought to be more willing and able to pay for higher-quality advisors, which in turn sends a signal to the market that the firm is less risky, and therefore increases its perceived value (Gordon et al., 2019). Higher quality advisors are often referred to as top-tier advisors who have built up a reputation that associates them with the provision of superior services (Golubov et al., 2012), which in turn justifies the premium fees they receive (Chemmanur and Fulghieri, 1994).

While some studies have documented a positive relation between advisor's reputation and M&A performance (i.e., Kale et al., 2003; Hunter and Walker, 1990; Bao and Edmans, 2011; Golubov et al., 2012), others found this relation to be negative or insignificant (i.e. Rau, 2000; McLaughlin, 1992; Ismail, 2009; Hunter and Jagtiani, 2003; Servaes and Zenner,1996; Michel et al., 1991).

McLaughlin (1992) found that low-tier advisors hired by acquirers lead to higher returns; bidders with low-quality advisors were found to offer lower premium while enjoying higher announcement returns. In Song et al. (2013), top-tier advisors were not found to generate higher abnormal returns to the bidder, or to affect the deal completion rate. Seraves and Zenner (1996) show that top-tier advisors hired by bidders do not affect the abnormal announcement returns, and that the negative effect of hiring an investment bank on the deal performance is due for not controlling for deal characteristics.

Bao and Edmans (2011) address the same relationship, while controlling for acquirer characteristics that could affect deal outcomes; they found a positive effect of advisor's reputation on deal performance. Hunter and Jagtiani (2003) found top-tier advisors to be more likely to complete deals, and in less time than lower tier advisors. Bowers and Miller (1990) concluded that, although top-tier advisors are able to help bidders identify better deals, they are not beneficial in terms of securing a higher share of these synergies to their clients through negotiations. Their findings fail to support that top-tier advisors bring superior bargaining expertise to their clients. Michel et al.'s (1991) findings are in line with Bower and Miller's (1990) findings. Despite the lower documented announcement returns achieved by acquirers with top-tier advisors, Rau (2000) found these acquirers to have a higher likelihood of deal completion. Golubov et al. (2012) found that hiring top-tier advisors by the acquirer is associated with higher returns, only when the target is public, which underlines the reputational capital of these advisors in the context of such deals. They conclude that "the source of top-tier improvement stems from the ability of top-tier investment bankers to identify mergers that generate higher synergy gains and to get a larger share of these synergies to accrue to the bidder" (Golubov et al., 2012).

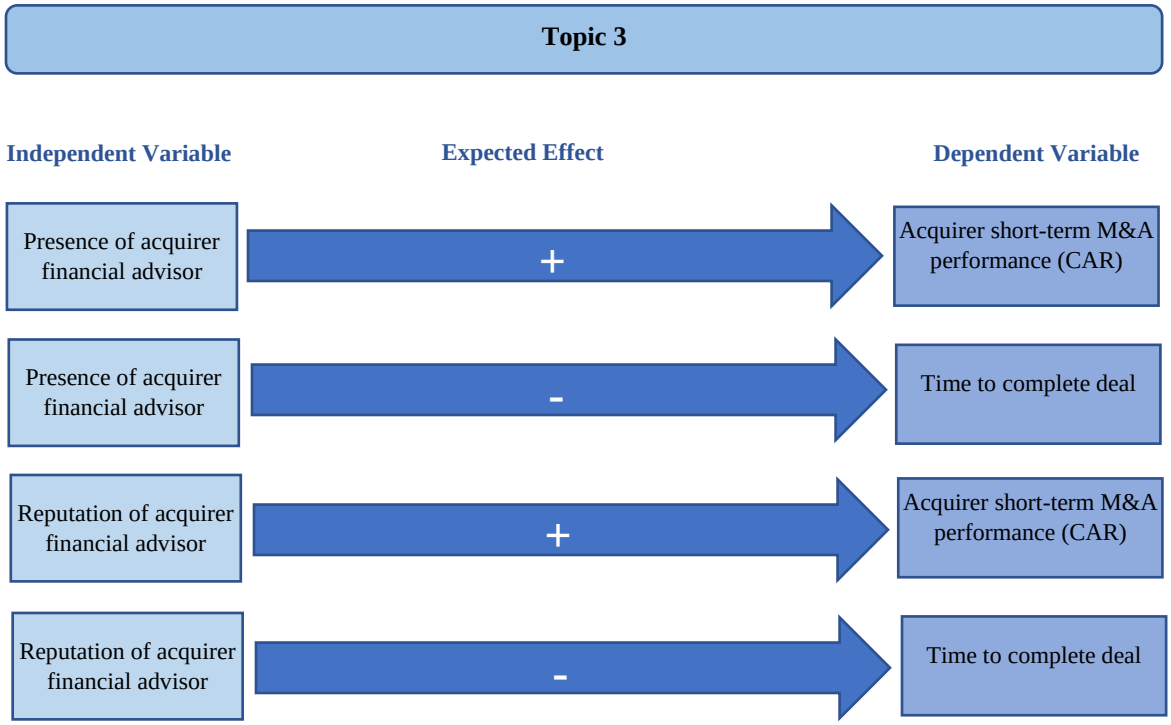
Kale et al. (2003) document a positive relation between the reputation of the bidder's advisor and the bidder's gain and share of the synergies achieved. In the same vein, according to Boone and Mulherin's (2008) research, acquirers with top-tier advisors are able to achieve higher abnormal returns.

Ismail (2009) and Rau (2000) based their studies on two hypotheses: the "superior deal" hypothesis and the "deal completion" hypothesis. In essence, the "superior deal" hypothesis corresponds to the better merger hypothesis in Bowers and Miller (1990); under this lens, highly-ranked advisors are viewed to possess superior expertise in the M&A market, and thus are better positioned to help their clients find better matches. By providing quality services they protect their reputational capital, and therefore their future business prospects. The proposition advanced herein is that financial advisors' tier is positively related to deal performance. The "deal completion" hypothesis, on the other hand, suggests that advisors are more interested in completing deals, in order to receive the portion of their fees that is contingent upon the consummation of the deal. Completing more deals allows these advisors to increase their market share, thus achieving a higher ranking on the league tables (Rau, 2000). Under this hypothesis, top-tier advisors do not necessarily lead to better deal outcomes. McLaughlin (1990) addresses the importance of maintaining a certain quality level in the services provided by investment banks, to protect their reputational capital, despite the fee structure-related motivation to complete more deals. The two hypotheses are not necessarily mutually exclusive. One could argue that top-tier advisors, due to their extensive knowledge and expertise in the M&A market, they develop efficiencies in conducting the process involved; therefore, they are able to complete deals faster, without compromising the quality of the services they provide, in order to protect their reputation and future business prospects. Based on this intuition, the following hypotheses are developed:

Hypothesis 3.2.a.: Highly-ranked acquirers' financial advisors are associated with better short-term M&A deal outcomes for their clients. (Research topic #3).

Hypothesis 3.2.b.: Highly-ranked acquirers' financial advisors are able to complete M&A deals faster. (Research topic #3).

Figure 4: Hypotheses Relating to the Involvement of Acquirer Financial Advisor on Deal Outcomes and Deal Completion Time (Topic 3)



2.5. Advisor Hiring-Related Decisions

Gordon et al. (2019) surveyed existing literature on the determinants of firms' choice when deciding which M&A advisor to hire, and they found that the reputation of the advisor is of importance especially in larger and more complex deals. Rajamani et al. (2017) highlight the importance of the selection of financial advisor specifically in cross-border deals, due to the

complexity involved, and the skills and experience required for these advisors to be able to navigate the foreign economic and regulatory practices and conditions. Song, Wei, and Zhou (2013) found that deal size is a significant determinant of financial advisors' selection. Hostile deals are more difficult to complete (Song et al., 2013), and therefore firms are expected to be more motivated to hire a top advisor than when the deal is friendly in nature. Stock deals also exhibit higher complexity (Song et al., 2013), thus expected to benefit from the skills of a highly-ranked advisor more than an all cash deal. Bowers and Miller (1990) argue that larger firms are more likely to employ the services of a top-tier advisor, and that such a choice can also be driven by the relative size of the target.

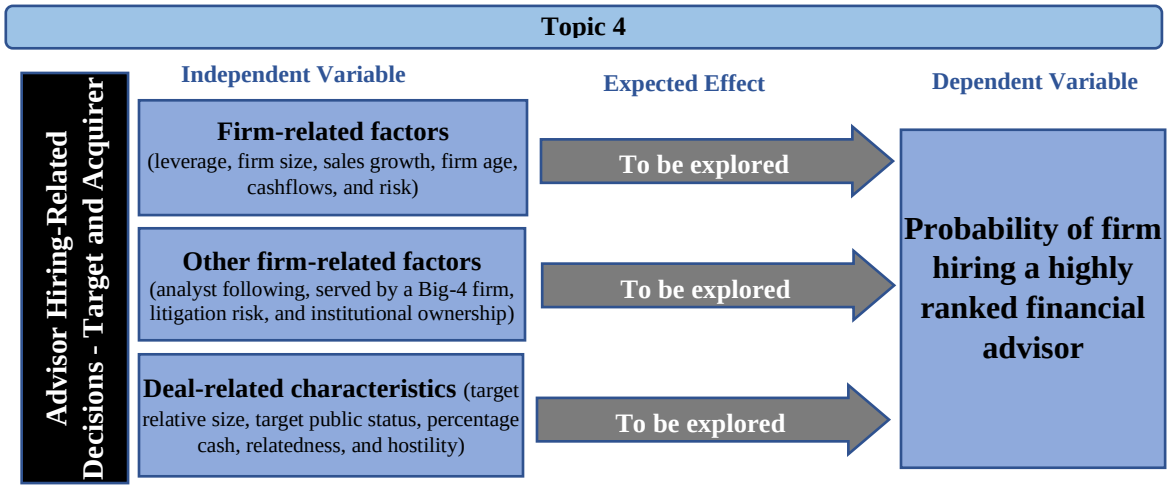
Reasonably, whether on the target or the acquirer side, attaining better deal outcomes is a main objective. When deciding on the advisor to hire to assist in the process, the perceived quality is a main driver of the decision (Walter et al., 2005), which in turn is a by-product of the reputation of advisors. Highly reputed investment banks are generally thought to provide better services. They have the incentive to maintain a good performance in the provision of their services to maintain the reputational capital (Allen, 1984), and therefore protect and potentially improve their market share. However, not all firms opt to hiring a top-tier advisor to conduct their M&A transactions. And, as it can be noticed in practice, such a decision is not necessarily driven by a lack of financial resources required to hire a top advisor.

Managers can, rather, hire financial advisors to stamp on their decisions, provide the deal a certification role, or protect themselves against shareholders' lawsuits, in the case of deal-destroying deals (Servaes and Zenner, 1996). For instance, an advisor can manipulate the fairness opinion they provide by altering the valuation models they use in order to allow the completion of a deal that otherwise would not be justified (Kisgen et al., 2009).

The research questions stemming from this assertion, which are addressed in this study (topic 4) are: 1. what are the determinants of hiring a highly reputable advisor on the acquirer side? And, 2. what are the determinants of hiring a highly reputable advisor on the target side?

In analyzing the determinants of targets' and acquirers' decisions to hire a top advisor, I focus on 3 categories of aspects: general firm-related factors (leverage, firm size, sales growth, firm age, cashflows, and risk), other firm-related factors (analyst following, whether the firm is served by one of the Big-4 accounting firms, litigation risk, and the portion of the firm's equity owned by institutional investors), and deal-related characteristics (target relative size, target public status, percentage cash used as part of the consideration paid, whether the deal is a related one, and whether the deal is hostile or not). The other firm-related characteristics category incorporates factors that can represent more pressure on firm's management to ensure that the deal is certified by an advisor and accentuate the need for high quality advisors. These elements generally imply a higher visibility and monitoring/governance role, thus supporting the hypotheses I adopt, that each of these factors is positively related to the decision to hire a highly-ranked advisor, both at the target and at the acquirer's sides.

Figure 5: Hypotheses Relating to the Advisor Hiring-Related Decisions (Topic 4)



CHAPTER 3. DATA AND METHODOLOGY

3.1. Data

For this research project, data on M&A deals is collected from the Securities Data Company (SDC) database. The sample includes completed deals involving U.S. public acquirers, announced during the period 2001 to 2017[5]. I exclude deals that are less than one million dollars in transaction value, which is a selection criterion applied in earlier studies (i.e., Golubov et al., 2012; Ismail, 2009). In addition, I exclude from the sample deals where data on the acquirers' and targets' share price is unavailable in the Center for Research in Security Prices (CRSP). I require that the data on advisors be available in SDC. Raw data on the ranking of investment banks is obtained from Thomson One Banker, and accounting data from Compustat. Data on analyst coverage is obtained from the Institutional Brokers Estimate System (I/B/E/S). In addition, for the study that is based on the hand-collected data from the background sections of firms' SEC filings (on the exploration of the activities conducted by target advisors), I require that the target be a public firm (requirement for SEC reporting).

To control for the effect of outliers, I follow existing studies by winsorizing all quantitative variables at the 1st and 99th percentile (Golubov et al, 2012; Kale et al., 2003; Guo et al., 2020; Bao and Edmans, 2011). The initial sample consisted of 15,892 deals. After applying the sampling criteria and cleaning the data, the sample left consists of 1,593 observations for the target side of the analysis, and 8,507 for the acquirer side.

[5] At the end of June 2001, the pooling of interests accounting method has been abolished, leaving firms with only the purchase accounting method to use. As per De Bodt et al. (2019), the pooling of interest method created "artificial regulatory incentives" to use stock exclusively as a method of payment, thus making it more difficult to draw conclusions as to the connection between equity misevaluation and the payment method.

3.1.1. Measures of Advisors' Quality

In order to examine how advisors' reputation influences deal outcomes, with the contrasting conclusions reached in the extant literature in mind, I opt to establish a common framework to address this topic while adopting different approaches in ranking advisors. A multitude of models and proxies for advisors' reputation have been used in existing studies. In this research project different advisors' ranking schemes have been developed, to reflect the diversity of existing proxies used in research in this area. Then, the effect of each of these proxies on deal outcomes are then examined using one common model. This use of different measures of reputation allows a better understanding of how the classification approach to rank advisors affects research findings; potentially, this could be a central aspect behind the differing findings reached in the existing literature. To my knowledge, this is the first study to adopt such a comprehensive approach in addressing this topic; instead of one, I examine the effect of advisors' reputation using ten different ranking schemes. The aim towards capturing some commonality in terms of the conclusions derived from involving the different proxies in the analysis justifies the significant efforts exerted in the process of developing and applying each of these ranking schemes to the advisors' data, both on the target and on the acquiror sides.

Using Thomson One League tables, which list the top 25 M&A advisors on a yearly basis, based on their market share, I classify advisors in 9 ways:

Ranking scheme #1 (based on ranking in the league table; variables names: tar_ranking1 and acq_ranking1, for the target advisor and the acquirer advisor, respectively): A continuous ranking approach, where each advisor is assigned their ranking on the league table for

the deal announcement year. If the advisor is not one of the top-25 advisors for the year in question, then they are assigned a rank of 26. Under this approach, a lower ranking implies a better quality; the advisor with the highest market share for a specific year is ranked as 1.

Ranking scheme #2 (number of times on the top-25 advisors' list; variables names: tar_ranking2 and acq_ranking2, for the target advisor and the acquirer advisor, respectively): A continuous ranking scheme, where an advisor is assigned a score of 1 for each year (of the sample period) they make it to the top-25 list, and then the scores are added up for a total score for each advisor. For instance, banks that do not show on the top-25 list for any of the 17 years (which is the sample period) receive a score of 0, whereas those that consistently make part of the top-25 list receive a score of 17. A higher score implies a better quality.

Ranking scheme #3 (advisors that are consistently on the top-25 list; variables names: tar_ranking3 and acq_ranking3, for the target advisor and the acquirer advisor, respectively): A preliminary examination of the league tables reveals that twelve investment banks are consistently listed in the top-25 banks for each single year of the sample period. An intuitive approach is to categorize these banks as top-tier, and the other ones as non-top-tier. One can argue that the consistency in securing a higher market share each year exhibited by these banks signals their quality compared to other ones. According to this binary approach, the top-tier advisors category consists of the twelve banks that show up consistently on the list of the top-25 banks, namely: Goldman Sachs, Bank of America Securities (Formerly Bank of America Merrill Lynch), Morgan Stanley, JP Morgan, Credit Suisse, Citi, Deutsche Bank, UBS, Lazard, Rothschild & Co., Barclays, and BNP Paribas. The remaining banks are classified as non-top-tier.

Ranking scheme #4 (Golubov et al., 2012; variables names: tar_ranking4 and acq_ranking4, for the target advisor and the acquirer advisor, respectively): Following Golubov et al. (2012), a binary classification is developed, where the top-tier category consists of the top-8 banks, based on the value of the deals they advised on during the sample period; and the rest are ranked as non-top-tier. The list of top-tier banks is fixed for the sample period, and does not reflect any dynamics affecting the M&A financial advisors market from one year to another. For a specific year, an advisor that is considered as top-tier by Golubov et al. (2012), might not be one of the top-8 advisors listed in the league table for the year in question. The eight investment banks that are considered top-tier are: Goldman Sachs, Morgan Stanley, JP Morgan, Bank of America Securities (Formerly Bank of America Merrill Lynch), Citi, Credit Suisse, UBS, and Deutsche Bank. This method is in line with Fang's (2005) approach.

Ranking scheme #5 (a modified version of Golubov et al. 2012 approach; variables names: tar_ranking5 and acq_ranking5, for the target advisor and the acquirer advisor, respectively): A modified version of Golubov et al.'s (2012) approach, where the list of top-8 advisors is established for each year based on their ranking on the league tables for the year in question, rather than keeping the list fixed for the entire sample period. An advisor is considered top-tier if it is one of the top-8 advisors for the deal announcement year in question, otherwise it is considered to be non-top-tier.

Ranking scheme #6 (inspired by Rau (2000), but continuous; variables names: tar_ranking6 and acq_ranking6, for the target advisor and the acquirer advisor, respectively): This approach is inspired by Rau (2000), however, it generates a ranking that ranges between 1 and 26, rather than leading to a binary or categorical classification. Advisors are ranked according to the average of their yearly ranking across the sample period. For each year, the league table ranks

banks from 1 to 25, in order, based on their market share. Banks that are not on the list are given a ranking of 26 for the year in question. For each bank, the yearly rankings are summed and then the sum is divided by 17 (number of years in the sample period). A lower ranking implies a better quality. A downfall of this approach is that, for a specific year, the ranking of the advisor involves information on their market share for years that are yet to come, and/or for years that are far in the past; which might not even represent valid information considered by hiring firms when selecting advisors. For instance, when evaluating the effect of the quality of an advisor for a deal that took place in 2005, the average calculated would involve the advisor's market share data for years that are yet to come (2006 until 2017). As another example, for deals taking place in 2017, the quality measure would involve data from years that are far behind (i.e., 2001, 2002, etc.).

Ranking scheme #7 (inspired by Rau, 2000, but continuous and based on a moving average; variables names: tar_ranking7 and acq_ranking7, for the target advisor and the acquirer advisor, respectively): This approach is similar to ranking scheme #6, but rather than calculating the ranking once for each advisor based on the average of their rankings for the whole sample period and keeping it fixed, an advisor working on a deal is ranked based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). This way the measure reflects how the market has perceived the quality of the advisor during the recent years preceding the deal and the year of the deal; which represents more relevant information as to why a firm decides to hire the advisor in question. For years where that advisor is not part of the top-25 list, they get a score of 26 for the year(s) in question. A lower ranking also implies a better quality.

Ranking scheme #8 (as in Rau, 2000; variables names: tar_ranking_top_8, tar_ranking_scnd_8, and tar_ranking_third_8 for the target advisor, and

acq_ranking_top_8, acq_ranking_scnd_8, and acq_ranking_third_8 for the acquirer advisor): Following Rau (2000), each investment bank is ranked every year based on their market share during the year (league table ranking for the year). For years where the investment bank is not on the top-25 list it gets assigned a ranking of 26 for the year in question. Then an overall score for each bank is calculated as the average of its yearly ranking across the sample period; so, an advisor's ranking is fixed across the period covered by the study (same downfalls of scheme #6). This is, so far, the exact approach adopted in ranking scheme #6, however, this overall ranking is then used to categorize investment banks into top-tier (ranking between 1 and 5), second-tier (ranking between 6 and 20), and third-tier (ranking greater than 20) groups.

Ranking scheme #9 (5-year ranking average transformed into categorical ranking; variables names: tar_ranking_top_9, tar_ranking_scnd_9, and tar_ranking_third_9 for the target advisor, and acq_ranking_top_9, acq_ranking_scnd_9, and acq_ranking_third_9 for the acquirer advisor): This approach is similar to ranking scheme #8, but rather than calculating the ranking once for each advisor based on the average of their rankings for the whole sample period and keeping it fixed, the ranking is calculated based on a 5-year average in the league tables (the year of the deal, and the 4 years preceding). For years where that advisor is not part of the top-25 list, they get a score of 26 for the year(s) in question. The 5-year average is then used to categorize advisors into three tiers top-tier (ranking between 1 and 5), second-tier (ranking between 6 and 20), and third-tier (ranking greater than 20).

In addition to the league table-based ranking schemes, I develop another scheme that is based on the advisor's past performance:

Ranking scheme #10 (advisor's past performance; variables names: tar_ranking10 and acq_ranking10, for the target advisor and the acquirer advisor, respectively): it can be noted that the ranking schemes presented earlier are determined based on the market share of the advising firms, which is reflected in their ranking in the league tables. In this ranking scheme, I address another aspect that has been brought forward in some previous studies; namely, advisor's past performance. For instance, Bao and Edmans (2011) use past performance as a proxy for advisors' quality, rather than market share. They argue that firms should consider advisors' past performance when selecting their advisors given its positive effect on deal performance, despite acknowledging that this might not be the case in practice. They claim that firms tend to use advisors' past market share as a determinant for advisor selection, despite it being found to be a negative predictor of future performance (Bao and Edmans, 2011). They go even further to challenge the relevancy of market share-based league tables, and suggest the need for the publication of advisors' past performance-based league tables. On the other hand, Francis et al. (2014) found that an advisor's past performance influence firm's decision to retain them or not. Rajamani et al. (2017) also argue that an advisor's past performance is more useful as a determinant for selecting an advisor, than their market share. In order to proxy for advisors' past performance, I calculate the ratio of the number of their positive-CAR M&A transactions to the total number of M&A deals they advised on during the 5-year period preceding the focal deal. A higher ratio is associated with a better past performance of the investment bank in question.

As it can be determined based on the descriptions of the ranking schemes, some of these models lead to a fixed ranking that is static regardless of the year of the deal. Despite that such approaches ignore the dynamics governing the M&A advisors' market, we cannot ignore that these have been adopted in existing studies. Another remark regarding some existing ranking methods that

maintain the ranking static for the entire study period is that, for a specific year, the ranking could involve data that is too far in the past or too far into the future, that could not be very relevant for the actual deal year. While acknowledging the shortcoming of such methods, I insist on covering them in the analysis for the sake of comparing and relating our findings to the existing body of literature.

For the market share-based ranking schemes, after downloading the league tables, from Thomson One, for the years covered by the study, and for previous years covered in the calculation of the 5-year average ranking, a ranking table is established for each ranking scheme (9 ranking tables in total). Once all the deals-related data is compiled, the names of the advisors, which are presented in one field in SDC, are separated so that each advisor's name is included in a separate cell; different variables are created to identify each advisor (advisor 1 to advisor 8) for each of the target and the acquirer advisors. Then, for each deal, each of the schemes is applied to each advisor, on both the target and the acquirer side. For instance, if a target is advised by three advisors, then each of target advisors will have 10 rankings (total of 30 rankings). To finalize the ranking information, there is a need to determine what final value of ranking to consider in the analysis for each deal, on the target and on the acquirer sides. There is a commonly followed approach in the literature to classify a deal as being advised by a top-tier advisor if at least one of the advisors is a top-tier advisors (based on the definition adopted in the study of what the top-tier category refers to) (Golubov et al., 2012; Servaes and Zenner, 1996; Rau, 2000). In the same vein, I consider each ranking scheme separately, and I consider the deal to be advised by the advisor with the best ranking based on each scheme. For instance, if one of the acquirer's advisors is top-tier, then I consider the acquirer to have been advised by a top-tier advisor for the deal in question. For the continuous ranking schemes, I consider the deal to have been advised by the ranking of the advisor

with the score implying the best quality relative to the other advisors involved. The exercise is conducted for the target- and acquirer-side advisors separately. An important aspect to note is that a lower score could imply a lower quality for some schemes, but higher quality for others. A lower score under the schemes 1, 6, and 7 implies a higher tier or a better quality. If, for example, a target is advised by two advisors, one of which has a rank of 6 and the other a rank of 20, under scheme 1, then the target is considered to have been advised by a rank 6 advisor, because according to this scheme a lower score is associated with a better position on the league table for the year in question (higher market share). The same steps are followed for each scheme to derive the representative target advisor and acquirer advisor ranking to include in the analysis for each deal.

Table 1: Variables Relating to Advisors' Presence and Ranking.

Variable Name	Definition
tar_advisor_presence_dummy	A dummy variable that is equal to 1 if the target has a financial advisor, and 0 otherwise.
tar_advisor_reputation_proxy	Proxy of the reputation of the target advisor, using the 10 ranking schemes developed in the study.
tar_ranking1	Target advisor ranking based on their position on the league table for the deal announcement year. If the advisor is not one of the top-25 advisors for the year in question, then they are assigned a rank of 26. Please refer to section III.1.1 for more details.
tar_ranking2	Target advisor ranking according to ranking scheme #2, where an advisor is assigned a score of 1 for each year (of the sample period) they make it to the top-25 list, and then the scores are added up for a total score for each advisor. Please refer to section III.1.1 for more details.
tar_ranking3	A binary variable that takes the value of 1 if the target advisor is a top-tier one, and 0 otherwise. The top-tier advisors category consists of the twelve banks that show up consistently on the list of the top-25 banks. Please refer to section III.1.1 for more details.

tar_ranking4	A binary variable that takes the value of 1 if the target advisor is top-tier, and 0 otherwise. Following Golubov et al. (2012), the top-tier category consists of the top-8 banks, based on the value of the deals they advised on during the sample period. Please refer to section III.1.1 for more details.
tar_ranking5	A binary variable that takes the value of 1 if the target advisor is top-tier, and 0 otherwise. An advisor is considered top-tier if it is one of the top-8 advisors for the deal announcement year in question, otherwise it is considered to be non-top-tier.
tar_ranking6	Target advisor ranking based on the average of their yearly ranking across the sample period. For each year, the league table ranks banks from 1 to 25, in order, based on their market share. Banks that are not on the list are given a ranking of 26 for the year in question. For each bank, the yearly rankings are summed and then the sum is divided by 17 (number of years in the sample period). Please refer to section III.1.1 for more details.
tar_ranking7	Target advisor ranking based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.
tar_ranking_top_8	A binary variable that is equal to 1 if the target advisor belongs to the top-tier category, based on the ranking scheme #8. Top-tier advisors are those that rank between 1 and 5 based on the average of their yearly ranking across the sample period. Please refer to section III.1.1 for more details.
tar_ranking_scnd_8	A binary variable that is equal to 1 if the target advisor belongs to the second-tier category, based on the ranking scheme #8. Second-tier advisors are those that rank between 6 and 20 based on the average of their yearly ranking across the sample period. Please refer to section III.1.1 for more details.
tar_ranking_top_9	A binary variable that is equal to 1 if the target advisor belongs to the top-tier category, based on the ranking scheme #9. Top-tier advisors are those that rank between 1 and 5 based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.
tar_ranking_scnd_9	A binary variable that is equal to 1 if the target advisor belongs to the second-tier category, based on the ranking scheme #9. Second-tier advisors are those that rank between 6 and 20 based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.

tar_ranking10	Ratio of the number of the positive-CAR M&A transactions advised by the target lead advisor to the total number of M&A deals they advised on during the 5-year period preceding the focal deal. A higher ratio is associated with a better past performance of the investment bank in question.
acq_advisor_presence_dummy	A dummy variable that is equal to 1 if the acquirer has a financial advisor, and 0 otherwise.
acq_advisor_reputation_proxy	Proxy of the reputation of the acquirer advisor, using the 10 ranking schemes developed in the study.
acq_ranking1	Acquirer advisor ranking according to ranking scheme #1; which is based on their position on the league table for the deal announcement year. If the advisor is not one of the top-25 advisors for the year in question, then they are assigned a rank of 26.
acq_ranking2	Acquirer advisor ranking according to ranking scheme #2, where an advisor is assigned a score of 1 for each year (of the sample period) they make it to the top-25 list, and then the scores are added up for a total score for each advisor.
acq_ranking3	A binary variable that takes the value of 1 if the acquirer advisor is a top-tier one, and 0 otherwise. The top-tier advisors category consists of the twelve banks that show up consistently on the list of the top-25 banks. Please refer to section III.1.1 for more details.
acq_ranking4	A binary variable that takes the value of 1 if the acquirer advisor is top-tier, and 0 otherwise. Following Golubov et al. (2012), the top-tier category consists of the top-8 banks, based on the value of the deals they advised on during the sample period. Please refer to section III.1.1 for more details.
acq_ranking5	A binary variable that takes the value of 1 if the acquirer advisor is top-tier, and 0 otherwise. An advisor is considered top-tier if it is one of the top-8 advisors for the deal announcement year in question, otherwise it is considered to be non-top-tier.
acq_ranking6	Acquirer advisor ranking based on the average of their yearly ranking across the sample period. For each year, the league table ranks banks from 1 to 25, in order, based on their market share. Banks that are not on the list are given a ranking of 26 for the year in question. For each bank, the yearly rankings are summed and then the sum is divided by 17 (number of years in the sample period). Please refer to section III.1.1 for more details.
acq_ranking7	Acquirer advisor ranking based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.

acq_ranking_top_8	A binary variable that is equal to 1 if the acquirer advisor belongs to the top-tier category, based on the ranking scheme #8. Top-tier advisors are those that rank between 1 and 5 based on the average of their yearly ranking across the sample period. Please refer to section III.1.1 for more details.
acq_ranking_scnd_8	A binary variable that is equal to 1 if the acquirer advisor belongs to the second-tier category, based on the ranking scheme #8. Second-tier advisors are those that rank between 6 and 20 based on the average of their yearly ranking across the sample period. Please refer to section III.1.1 for more details.
acq_ranking_top_9	A binary variable that is equal to 1 if the acquirer advisor belongs to the top-tier category, based on the ranking scheme #9. Top-tier advisors are those that rank between 1 and 5 based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.
acq_ranking_scnd_9	A binary variable that is equal to 1 if the acquirer advisor belongs to the second-tier category, based on the ranking scheme #9. Second-tier advisors are those that rank between 6 and 20 based on their average ranking in the league tables for 5 years (the year of the deal, and the 4 years preceding). Please refer to section III.1.1 for more details.
acq_ranking10	Ratio of the number of the positive-CAR M&A transactions advised by the acquirer lead advisor to the total number of M&A deals they advised on during the 5-year period preceding the focal deal. A higher ratio is associated with a better past performance of the investment bank in question.

3.1.2. Target Advisor's Activities

Under this topic, the aim is to dig deeper into the specific activities conducted by target M&A financial advisors, to better understand the resulting impact from such involvement on deal outcomes. In order to extend the focus from the typical reputation-based evaluation of the role of advisors into the actual involvement and activities conducted by these latter, I hand-collect data from the SEC filings of targets involved in M&A transactions to construct indicators of the actual

role and activities conducted by their M&A financial advisors. This data originates from the "Background" sections of the deal-related SEC filings, in the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, which is the primary system used by publicly traded companies to submit their filings, as required by the SEC.

At this stage, in addition to the sampling criteria identified earlier, only targets that are U.S. public firms, and for which SEC filings containing the "Background" section for their completed M&A deals are available on EDGAR, were kept. The resulting sample consisted of 326 observations.

As a first step, I worked on establishing a comprehensive list of activities conducted by target advisors, as per the descriptions provided in the "background" of the deal/transaction. The list was built incrementally using mainly the first 50 deals in the sample, and then adding to it as new activities are identified in the documents relating to the remaining deals. But for the most part, the thorough review of the first 50 deals allowed to establish a comprehensive list of all the activities conducted by the target advisors, as per the indication in the "Background" of the deals. These activities are then grouped into 6 themes (activity groups): 1. Negotiation (variable name: bin_negotiation), 2. financial screening/analysis (variable name: bin_fin_screen_analysis), 3. advisory/decision-making support (variable name: bin_advisory_dec_making), 4. due-diligence (variable name: bin_due_diligence), 5. Strategic (variable name: bin_strategic), and 6. matching/networking (variable name: bin_matching_networking). Then, 6 binary indicators (variables) are created to identify which of these types of activities are conducted by the target advisors for each deal; a value of 1 indicates that the target advisor conducts the type of activities represented by the variable, otherwise the variable takes a value of 0.

1. Negotiation: an advisor is considered to have conducted negotiation activities if there are indications in the “Background” that they have done any of the following:
    - Negotiated with the bidders.
    - Attended meetings with the bidders.
    - Traveled with the target management to discuss the deal with the bidders.
2. Financial screening/analysis: an advisor is considered to have conducted financial screening/analysis activities if there are indications in the “Background” that they have done any of the following:
    - Valuation activities.
    - Financial analyses.
    - Contributed or provided input in the determination of the exchange ratio involved.
3. Advisory/decision-making support: an advisor is considered to have conducted advisory/decision-making support activities if there are indications to any of the following in the “Background”:
    - Target management and/or board decisions involved advice provided by the advisor.
    - Advisor explicitly advises target management to continue negotiations.
    - Advisor explicitly advises on the risk of a bidder terminating its offer.
    - Advisor involved in deciding the time during which proposals should be submitted to the target.
    - Advisor advises the target explicitly to only pursue negotiations with the winning bidder without approaching any other bidders.

4. Due-diligence: an advisor is considered to have conducted due-diligence-related activities if there is any indication in the "Background" that they were involved in conducting due-diligence activities.
5. Strategic: an advisor is considered to have performed a strategic-level role, if there are indications in the "Background" that:
    - They have reviewed and/or advised regarding the strategic alternatives available to the target; or,
    - They have recommended to the target to pursue an M&A deal.
6. Matching/networking: an advisor is considered to have conducted matching/networking activities if there is any indication in the "Background" that they have done any of the following:
    - Found and/or approached potential bidders, including the winning bidder.
    - Relayed initial expression of interest by a potential bidder to the target.
    - Involved in discussions on the solicitation process.
    - Introduced executives/management of the target to the executives/management of a bidder.

Table 2: Variables Relating to the Activities Conducted by Target Advisors.

Variable Name	Definition	Activities Conducted
bin_negotiation	Dummy variable that takes the value of 1 if the target advisor performs negotiation-related activities, and 0 otherwise.	• Negotiated with the bidders. • Attended meetings with the bidders. • Traveled with the target management to discuss the deal with the bidders.

bin_fin_screen_analysis	Dummy variable that takes the value of 1 if the target advisor performs financial screening/analysis activities, and 0 otherwise.	• Valuation activities. • Financial analyses. • Contributed or provided input in the determination of the exchange ratio involved.
bin_advisory_dec_making	Dummy variable that takes the value of 1 if the target advisor provides advisory activities that support decision-making by the hiring firm, and 0 otherwise.	• Target management and/or board decisions involved advice provided by the advisor. • Advisor explicitly advises target management to continue negotiations. • Advisor explicitly advises on the risk of a bidder terminating its offer. • Advisor involved in deciding the time during which proposals should be submitted to the target. • Advisor advises the target explicitly to only pursue negotiations with the winning bidder without approaching any other bidders.
bin_due_diligence	Dummy variable that takes the value of 1 if the target advisor performs due diligence-related activities, and 0 otherwise.	• Explicit indication of conducting due-diligence activities.
bin_strategic	Dummy variable that takes the value of 1 if the target advisor provides advice pertaining to the strategic options of the hiring firm (i.e. strategic alternatives or to pursue an M&A deal), and 0 otherwise.	• They have reviewed and/or advised regarding the strategic alternatives available to the target; or, • They have recommended to the target to pursue an M&A deal.
bin_matching_networking	Dummy variable that takes the value of 1 if the target advisor performs networking-related activities, and 0 otherwise.	• Found and/or approached potential bidders, including the winning bidder. • Relayed initial expression of interest by a potential bidder to the target. • Involved in discussions on the solicitation process. • Introduced executives/management of the target to the executives/management of a bidder.

3.2. Methodology

This research project covers 4 topics: (1) target's financial advisor and short-term deal performance, (2) exploring target advisor's role through the lens of the activities they conduct, (3) acquirer's financial advisor and short-term deal performance, and (4) the determinants of advisor hiring-related decisions. In this section, I present the models used to examine the research questions and hypotheses associated with each of these topics.

3.2.1. Target's Financial Advisor and Short-Term Deal Performance (Topic 1)

Under this topic, I examine how the hiring of an advisor by the target firm, and the reputation of the target advisor, affect the short-term deal outcomes for the target, and the time to complete the deal (this analysis is later mirrored on the acquirer side). An Ordinary Least Square (OLS) regression approach is used to conduct this analysis, where I control for aspects that can influence the premium achieved by the target firm and the time-to-completion of M&A deals, and for industry- and year-fixed effects (Golubov et al., 2012; Wang et al., 2022; Li et al., 2019).

The model used to examine the relation between hiring an advisor and short-term deal outcomes for the target (Hypothesis 1.1.a) is:

Premium = β0 + β1*tar_advisor_presence_dummy + β2*tar_leverage + β3*target_relative_size + β4*tar_firm_size + β5*tar_sales_growth + β6*tar_firm_age + β7*tar_cashflow + β8*tar_Big4_auditor + β9*tar_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*tar_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the effect of the presence of a financial advisor on the target side on the time to complete the deal (Hypothesis 1.1.b), the following model is used:

time_to_complete = β0 + β1*tar_advisor_presence_dummy + β2*tar_leverage + β3*target_relative_size + β4*tar_firm_size + β5*tar_sales_growth + β6*tar_firm_age +

β7*tar_cashflow + β8*tar_Big4_auditor + β9*tar_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*tar_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the relation between the reputation of the target advisor and short-term deal outcomes for the target (Hypothesis 1.2.a) I use the following model:

Premium = β0 + β1* tar_advisor_reputation_proxy + β2*tar_leverage + β3*target_relative_size + β4*tar_firm_size + β5*tar_sales_growth + β6*tar_firm_age + β7*tar_cashflow + β8*tar_Big4_auditor + β9*tar_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*tar_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the effect of the reputation of the target financial advisor on the time to complete the deal (Hypothesis 1.2.b), the following model is used:

time_to_complete = β0 + β1* tar_advisor_reputation_proxy + β2*tar_leverage + β3*target_relative_size + β4*tar_firm_size + β5*tar_sales_growth + β6*tar_firm_age + β7*tar_cashflow + β8*tar_Big4_auditor + β9*tar_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*tar_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

The dependent variables of interest in this section are Premium, which is the premium captured by the target firm through the M&A deal in question, and time_to_complete, which is the time it took to complete the deal (calculated as the time that elapsed between the deal announcement date and the deal effective date). Generally, the existing empirical evidence supports the view that targets benefit from significant abnormal returns around deal announcement (Song and Walkling, 1993; Bauguess et al., 2009). On the target side, there is, rather, a tendency to use premium to measure the value creation stemming from an M&A transaction (McLaughlin, 1992; Ma, 2013; Song et al., 2013; Li et al., 2019). For the definition of premium, I follow Schwert (1996), and compute it as being the sum of the target's CAR from day -42 to day +126 (relative to the announcement date), or delisting date, which ever comes first. Target CARs are calculated using the market model for return estimation (estimation window to estimate the model coefficients is -242 to -43, relative to announcement date), and the CRSP value-weighted index as the market index (same as in De Bodt et al., 2014).

The independent variable tar_advisor_presence_dummy is a binary variable that takes the value of 1 if the target has a financial advisor for the deal in question, and 0 otherwise. The independent variable tar_advisor_reputation_proxy is a proxy of the reputation/ranking of the target advisor. It is calculated in 10 different ways (please refer to "III.1.1. Measures of Advisors' Quality" for details on each of the ranking schemes used to calculate this proxy). I run the regression model 10 times to reflect each of the ranking schemes in proxying for advisor reputation, for each model involving the advisor reputation variable. For ranking schemes 8 and 9, given that advisors are categorized into 3 tiers (first, second, and third tier), I include the binary variables for both the first and the second tier in the regression. In addition to the main models, different partitioning approaches are presented to capture differences in the findings based on whether the deal is a

tender offer or not, whether the consideration paid is fully in cash, or not, and whether it is a related deal or not.

The control variables included in this analysis, and their definitions are addressed in section III.2.5.

3.2.2. Exploring Target Advisor's Role Through the Lens of Their Activities (Topic 2)

In an effort to better understand whether, and how target advisors bring value to their clients, I examine the specifics of their involvement through a hand-collected dataset that identifies the activities attributed to target advisors in the transaction background section in firms' SEC filings. I use an Ordinary Least Square (OLS) regression model to examine how the actual activities conducted by the advisors affect the premium captured by the target firm.

The following model is used to examine the relation between the activities conducted by the target advisor and the short-term deal outcomes for the target (Hypotheses 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6):

Premium = β0 + β1* tar_advisor_activities + β2* tar_advisor_reputation_proxy + β3*tar_leverage + β4*target_relative_size + β5*tar_firm_size + β6*tar_sales_growth + β7*tar_firm_age + β8*tar_cashflow + β9*tar_Big4_auditor + β10*tar_institutional_ownership + β11*percentage_cash + β12*related_deal+ β13*tar_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

Where the main dependent variable is the premium captured by the target, which is computed (following Schwert, 1996) as the sum of the target's CAR from day -42 to day +126 (relative to the announcement date), or delisting date, which ever comes first. Target CARs are calculated using the market model for return estimation (estimation window to estimate the model coefficients is -242 to -43, relative to announcement date), and the CRSP value-weighted index as the market index (same as in De Bodt et al., 2014).

The main independent variable of interest in this analysis is tar_advisor_activities, which is replaced by each of the 6 binary variables created to capture the nature of the activities conducted by the target advisor: 1. bin_negotiation, 2. bin_fin_screen_analysis, 3. bin_advisory_dec_making, 4. bin_due_diligence, 5. bin_strategic, and 6. bin_matching_networking.

The control variables included in this analysis, and their definitions are addressed in section III.2.5.

3.2.3. Acquirer's Financial Advisor and Short-Term Deal Performance (Topic 3)

In this chapter, I start by analysing how hiring an advisor affects deal outcomes for the acquiring firm, and the deal completion time, and then I move to exploring how the reputation of the acquirer's advisor affects short term deal performance and the time to completion. To conduct this analysis, I use an Ordinary Least Square (OLS) regression approach, while controlling for aspects that can influence bidder cumulative abnormal returns (CAR) and the time-to-completion of M&A deals, and for industry- and year-fixed effects (Golubov et al., 2012; Wang et al., 2022; Li et al., 2019).

The model used to examine the relation between hiring an advisor and short-term deal outcomes for the acquirer (Hypothesis 3.1.a) is:

Acquirer_CAR = β0 + β1*acq_advisor_presence_dummy + β2*acq_leverage + β3*target_relative_size + β4*acq_firm_size + β5*acq_sales_growth + β6*acq_firm_age + β7*acq_cashflow + β8*acq_Big4_auditor + β9*acq_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*acq_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the effect of the presence of a financial advisor on the acquirer side on the time to complete the deal (Hypothesis 3.1.b), the following model is used:

time_to_complete = β0 + β1*acq_advisor_presence_dummy + β2*acq_leverage + β3*target_relative_size + β4*acq_firm_size + β5*acq_sales_growth + β6*acq_firm_age + β7*acq_cashflow + β8*acq_Big4_auditor + β9*acq_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*acq_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the relation between the reputation of the acquirer's advisor and short-term deal outcomes for the acquirer (Hypothesis 3.2.a) I use the following model:

Acquirer_CAR = β0 + β1*acq_advisor_reputation_proxy + β2*acq_leverage + β3*target_relative_size + β4*acq_firm_size + β5*acq_sales_growth + β6*acq_firm_age +

β7*acq_cashflow + β8*acq_Big4_auditor + β9*acq_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*acq_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

To examine the effect of the reputation of the acquirer financial advisor on the time to complete the deal (Hypothesis 3.2.b), the following model is used:

time_to_complete = β0 + β1* acq_advisor_reputation_proxy + β2*acq_leverage + β3*target_relative_size + β4*acq_firm_size + β5*acq_sales_growth + β6*acq_firm_age + β7*acq_cashflow + β8*acq_Big4_auditor + β9*acq_institutional_ownership + β10*public_target_dummy + β11*percentage_cash + β12*related_deal+ β13*acq_Sigma + β14*hostile_deal_dummy + β15*industry_fixed_effect + β16*year_fixed_effect

The dependent variables of interest in this section are Acquirer_CAR, which is the cumulative abnormal returns (CAR) for the acquiring firm, and time_to_complete, which is the time it took to complete the deal (calculated as the time that elapsed between the deal announcement date and the deal effective date). CAR is commonly used in the extant literature as a short-term deal performance measure to capture value creation (i.e., Golubov et al., 2012; Rau, 2000; Servaes and Zenner, 1996). I use two different specifications of CAR; one using the (-5, +5) window (as in Kale et al., 2003), and the other using the 5-day window (-2, +2) (as in Fuller et al., 2002; Golubov et al., 2012; Ismail, 2009; Chahine and Ismail, 2009). The independent variable acq_advisor_presence_dummy is a binary variable that takes the value of 1 if the acquirer has a

financial advisor for the deal in question, and 0 otherwise. The independent variable acq_advisor_reputation_proxy is a proxy of the reputation/ranking of the acquirer advisor. It is calculated in 10 different ways (please refer to "III.1.1. Measures of Advisors' Quality" for details on each of the ranking schemes used to calculate this proxy). I run the regression model 10 times to reflect each of the ranking schemes in proxying for advisor reputation, for each model involving the advisor reputation variable. For ranking schemes 8 and 9, given that advisors are categorized into 3 tiers (first, second, and third tier), I include the binary variables for both the first and the second tier in the regression.

In addition to the main models, different partitioning approaches are presented to capture differences in the findings based on whether the deal is a tender offer or not, whether the consideration paid is fully in cash, or not, and whether it is a related deal or not.

The control variables included in this analysis, and their definitions are addressed in section III.2.5.

3.2.4. Advisor Hiring-Related Decisions (Topic 4)

With regard to the choice of advisor, it is addressed from the lens of reputation; the focus is placed on determining the factors that affect firms' decisions to hire highly-ranked advisors. As it can be noted from the descriptions of the ranking schemes developed for this research project, some of variables proxying reputation are continuous, and others are binary (i.e., top-tier or non-top-tier ranking). In order to examine the relation between different firm- and deal-related characteristics and the reputation of the financial advisor chosen to advise on the deal I use an OLS regression

approach with continuous variables, and a logistic regression approach for binary ranking schemes, where the dependent variable of interest is the advisor reputation proxy (9 proxies in total).

On the acquirer side, I use the following model: (OLS regression is used when acq_advisor_reputation_proxy is set as acq_ranking1, acq_ranking2, acq_ranking6, acq_ranking7; logistic regression is used when acq_advisor_reputation_proxy is set as acq_ranking3, acq_ranking4, acq_ranking5, acq_ranking_top_8, or acq_ranking_top_9).

acq_advisor_reputation_proxy = β0 + β1*acq_litigious+ β2*acq_analyst_following + β3*acq_leverage + β4*target_relative_size + β5*acq_firm_size + β6*acq_sales_growth + β7*acq_firm_age + β8*acq_cashflow + β9*acq_Big4_auditor + β10*acq_institutional_ownership + β11*public_target_dummy + β12*percentage_cash + β13*related_deal+ β14*acq_Sigma + β15*hostile_deal_dummy + β16*industry_fixed_effect + β17*year_fixed_effect

On the target side, I use the following model: (OLS regression is used when tar_advisor_reputation_proxy is set as tar_ranking1, tar_ranking2, tar_ranking6, tar_ranking7; logistic regression is used when tar_advisor_reputation_proxy is set as tar_ranking3, tar_ranking4, tar_ranking5, tar_ranking_top_8, or tar_ranking_top_9).

tar_advisor_reputation_proxy = β0 + β1*tar_litigious+ β2*tar_analyst_following + β3*tar_leverage + β4*target_relative_size + β5*tar_firm_size + β6*tar_sales_growth + β7*tar_firm_age + β8*tar_cashflow + β9*tar_Big4_auditor + β10*tar_institutional_ownership +

β11*public_target_dummy + β12*percentage_cash + β13*related_deal+ β14*tar_Sigma + β15*hostile_deal_dummy + β16*industry_fixed_effect + β17*year_fixed_effect

In analyzing the determinants of target and acquirer's decisions to opt for hiring a top or a highly-ranked advisor, I focus mainly on four factors: analyst following, whether the firm is served by one of the Big-4 accounting firms, litigation risk, and the portion of the firm's equity owned by institutional investors. These factors can represent more pressure on firm's management to ensure that the deal is certified by a high-quality advisor. These elements generally imply a higher visibility and monitoring/governance role, thus supporting the hypotheses I adopt, that each of these factors is positively related to the decision to hire a highly reputable advisor, both on the target and on the acquirer's sides.

3.2.5. Variables

Isolating the value added by the involvement of advisors on the outcomes of deals they are involved in requires controlling for a wide range of deal-, acquirer-, and target-related factors that are expected or have been proven in the extant literature to affect the dependent variables. I also control for year- and industry-fixed effects. (Please refer to tables 2, 3, and 4, for the list of variables covered in this study, and their respective definitions).

Servaes and Zenner (1996) show that the negative effect of hiring an investment bank on the deal performance is due for not controlling for deal characteristics. They control for factors that can affect acquirer's abnormal returns, such as if the deal involves a hostile acquisition, and the

payment method; which they used to measure the complexity of the deal. The payment method is a topic that has been extensively addressed in the finance literature. There are studies that show that the acquirer's post-acquisition performance is significantly higher for cash deals (Linn and Switzer, 2001; Ghosh, 2001). Myers and Majluf's (1984) model predicts that a stock deal would signal to the market that the acquirer's stock is overvalued, and thus would be considered by the market as bad news and affect the bidder's returns negatively. The "free cash flow" hypothesis by Jensen (1986) predicts that cash deals contribute to decreasing agency costs through the reduction of excess cashflows available at the discretion of the management to be invested in unprofitable investments that harm shareholders' value. Therefore, this hypothesis also predicts that cash deals would lead to positive abnormal returns to the acquirer. Free cash flows are associated with empire-building in the context of M&As (Golubov et al., 2012; Bao and Edmans, 2011), and value-destroying deals (Harford, 1999). Guo et al. (2020) hypothesize that the availability of excess cashflows could stimulate overconfidence, thus lowering the probability of management hiring an advisor to advise on their M&A deals.

A recent paper by Field and Mkrtchyan (2017) concludes that "large loss deals are more likely to involve public targets and are less likely to be all-cash deals", and that cash deals are positively associated with merger synergies. Masulis et al. (2007) also argue in favor of cash deals, based on the negative abnormal returns associated with stock deals. A considerable number of other studies support these conclusions (i.e., Lehn and Zhao, 2006; Servaes, 1991; Franks et al., 1991; Travlos, 1987). Conclusions regarding the effect of payment method on the target side are rather unanimous; it is generally agreed upon that acquired firms gain from acquisitions, especially when stock is used as a payment method (Golubov et al., 2012, Chang, 1998; Fuller, Netter and Stegemoller, 2002).

Firm size is another variable that is generally controlled for in previous studies on M&A (i.e., Golubov et al., 2012; Bao and Edmans, 2011). There is some evidence that acquirer's size is negatively related to deal outcomes (Moeller et al., 2004), which can potentially be due to the lower level of alignment between management and shareholders' interests (Moeller et al., 2004). When considering the target size, larger firms could be associated with less information asymmetry, due their higher visibility as they are generally subject to higher analysts' and media coverage; therefore, one could expect the valuation of larger targets to be easier than that of their smaller counterparts. Target relative size is another size-related control commonly included in the extant M&A literature (i.e., Golubov et al., 2012; Fuller et al., 2002; Guo et al., 2020; Servaes and Zenner, 1996). Fuller et al. (2002) argue that targets that are larger relative to the acquirer, are in a better position to negotiate and capture higher gains from the deal, however, their empirical findings show that acquirers in deals involving higher target relative size benefit from higher announcement returns. Golubov et al. (2012) document a higher probability of the acquirer hiring an advisor, and selecting a top-advisor, when the target relative size is higher.

In order to control for firm-level performance, I include sales growth in the analysis, which reflects firms' efficiency in using their assets (Schwert, 2000). This measure has been accounted for in prominent studies on M&As (i.e. Fu et al., 2013; Song et al., 2013).

Bhaumik and Selarka (2012) address firm age and associate it with built-in inefficiencies in the established management practices that could affect performance negatively. On the target side, younger firms can be, generally, seen as more innovative (Bena and Li, 2014; Fidrmuc and Xia, 2019), and having more growth opportunities (Fidrmuc and Xia, 2019), making them attractive targets. On the other hand, younger firms are generally more prone to financial constraints

(Hadlock and Pierce, 2010), which could represent a motivation for their management to seek M&A opportunities.

Leverage, a capital structure-related proxy, which can be seen as a predictor of a firm's long-term performance (Safieddine and Titman, 1999), is also an aspect that is commonly controlled for when addressing M&A deals' outcomes (Golubov et al., 2012; Bao and Edmans, 2011). Existing studies have documented a positive relation between leverage and deal performance (Maloney et al., 1993; Bao and Edmans, 2011; Safieddine and Titman, 1999; Guo et al., 2020). Maloney, McCormick, and Mitchell. (1993) argue that leverage can alleviate agency problems, and therefore result in better M&A-related decisions. Fu, Lin, and Officer (2013) report that acquirers with higher leverage, which implies higher financial flexibility, pay higher premium.

To proxy for uncertainty, the volatility of stock returns is incorporated into the analysis as a control variable. Golubov et al. (2012) found the volatility of a firm's stock return to influence its advisor hiring-related decision; firms with higher stock volatility are more likely to retain an advisor, and to hire top-tier advisors in public deals. This volatility signals uncertainty with regard to firm's value (Officer et al., 2009). Moeller, Schlingemann, and Stulz (2007) found that stock return volatility affects acquirers' announcement period returns in a negative way for stock deals.

Existing evidence also suggests the importance of accounting for the nature of deal. For instance, whereas hostile deals are found to be negatively related to bidders' deal outcomes (Servaes, 1991), friendly deals are characterized by higher levels of cooperation between the acquirer and the target, thus reducing information asymmetry (Goergen and Renneboog, 2004), which in turn is expected to positively influence deal outcomes.

Considering whether the bidder and target operate in the same industry (Servaes and Zenner, 1996) also allows to reflect information asymmetry and the complexity of the deal into the equation (Forte et al., 2010). The lower information asymmetry and complexity when both parties operate in the same industry should be expected to result in better deal performance, which is supported in (Chatterjee, 1986).

The ownership structure of the firms involved is also of importance as a control variable for its potential effect on deal outcomes. This is a commonly controlled for aspect in existing studies (i.e. Bao and Edmans, 2011). One factor relating to the ownership structure is the presence of blockholders (i.e., institutional investors that individually own more than 10% of the firm's stock the quarter preceding the deal announcement). Institutional shareholders can play a significant monitoring role, thus influencing managers' decision when it comes to approaching M&A deals, and hiring advisors to assist with such transactions. There is evidence supporting this assertion, by showing a positive relation between institutional ownership and deal outcomes (Thomsen and Pedersen, 2000; Ben-Amar and Andre, 2006). On the other hand, one could argue that the presence of large stockholders might make it more difficult for management to justify failure; in the presence of an advisor, it becomes possible to blame such failure on this latter. On the target side, the bargaining power of these shareholders affects the incentive of acquirers to offer higher bids (Stulz, 1988).

Another control variable incorporated in the analysis is whether the target is a public or a private firm. There are many studies that documented less negative, or even positive announcement returns for acquirers, in stock deals involving the acquisition of a privately held firm rather than a public firm, such as Chang (1998), and Fuller, Netter, and Stegemoller (2002). They attribute this to "the creation of new blockholders in the bidder when closely held private target companies are

purchased with stock. Thus, bidding shareholders may benefit from the active monitoring of their firm by these newly created blockholders" (Masulis et al., 2007). Masulis et al. (2007) confirmed the findings of Chang (1998) and Fuller et al. (2002) that using stock as a payment method increases the acquirer's returns when the target is a privately held firm or a subsidiary and decreases these returns when the target is a public firm. They (Masulis et al., 2007) found that cash-financed deals generate similar stock price reactions, regardless of whether the target is a public, private, or subsidiary firm. Golubov et al. (2012) find that top-tier advisors are associated with improved CAR only in deals involving public targets, and they interpret their findings in the light of the higher visibility stemming from public acquisitions, and thus the resulting increased pressure on advisors to perform well to protect their reputational capital. In addition, the listing status of the target (public or private) has its implications on the complexity of the deal (bargaining power, and regulatory and shareholders' approvals for public targets), and thus the effort required by advisors to generate good outcomes for their clients (Golubov et al., 2012).

One of the potential drivers of decisions regarding hiring a financial advisor is management's aim to stay protected against shareholders' lawsuits should they perform value-destroying deals (Servaes and Zenner, 1996). Therefore, I control for litigation risk in analysing the choice of firms when deciding whether to hire an advisor or not, and on their selection of advisor tier. Litigation risk is proxied as the number of litigious words scaled by the total number of words, as defined by Loughran and McDonald (2011). I expect firms that are subject to a higher litigation risk to resort to using the services of highly-ranked advisors as a safeguard against shareholders' lawsuits.

Analyst coverage entails consequences for the reputational capital of advisors, thus motivating them to perform better. For instance, advising a firm that is widely covered by analysts amplifies the reputation-related implications from a bad (punishment) or a good (reward) performance.

Analyst coverage entails higher visibility and scrutiny by the public, and therefore plays a monitoring and governance role in the context of M&A deals. In addition, and more importantly, analysts play an important role in reducing information asymmetry (Golubov et al., 2012) and in adding a performance monitoring layer and sharing performance-related information with outsiders (Li et al., 2019), which supports the need to control for it when addressing firms' choice of advisor. In the same vein, when considering firms' choice relating to hiring an advisor, I control for the presence of Big-4 auditing firms. This aspect is overlooked in existing literature. The Big-4 group, namely Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers (Rutledge et al., 2014), are associated with better financial reporting quality. These auditing firms can be seen as having a significant monitoring role, that could influence management's decisions. Therefore, I expect firms retaining one of the Big-4 firms to be more likely to hire a financial advisor, and to hire a top-tier advisor.

Table 3: Variables Covered in the Analysis, and Their Definitions.

(Note: please refer to Table 2 for variables relating to advisors' ranking, and to Table 3 for variables relating to target advisors' activities).

Variable Name	Definition	Informing Paper(s)
tar_leverage	Leverage of the target, calculated as the ratio of the target firm's total debt to total assets.	Golubov et al. (2012); De Bodt et al. (2014); Fu et al. (2013); Bowen et al. (2018)
acq_leverage	Leverage of the acquirer, calculated as the ratio of the acquiring firm's total debt to total assets.	Golubov et al. (2012); De Bodt et al. (2014); Fu et al. (2013); Bowen et al. (2018)
target_relative_size	Target relative size calculated as the log of the target total assets to the bidder total assets.	Fuller et al. (2002); Ertugrul and Krishnan (2014); Linn and Switzer (2001); Switzer (1996)
tar_firm_size	Size of the target. Variable calculated as the natural logarithm of the target's market value of equity.	De Bodt et al. (2014); Golubov et al. (2012); Fu et al. (2013)

acq_firm_size	Size of the acquirer. Variable calculated as the natural logarithm of the acquirer's market value of equity.	De Bodt et al. (2014); Golubov et al. (2012); Fu et al. (2013)
tar_sales_growth	Sales growth of the target, calculated as the current year's sales revenues relative to the preceeding year's sales revenue.	De Bodt et al. (2014); Schwert (2000); Doukas and Zhang (2020); Song et al. (2013); Fu et al. (2013); Bowen et al. (2018)
acq_sales_growth	Sales growth of the acquirer, calculated as the current year's sales revenues relative to the preceeding year's sales revenue.	De Bodt et al. (2014); Schwert (2000); Doukas and Zhang (2020); Song et al. (2013); Fu et al. (2013); Bowen et al. (2018)
tar_firm_age	Age of the target firm, calculated as the number of years since the firm has been listed in the CRSP database.	Edmans et al. (2012); De Bodt et al. (2014); Bhaumik and Selarka (2012)
acq_firm_age	Age of the acquiring firm, calculated as the number of years since the firm has been listed in the CRSP database.	Edmans et al. (2012); De Bodt et al. (2014); Bhaumik and Selarka (2012)
tar_cashflow	Operating cash flow to total assets of the target.	Cheng et al. (2016); Mielcarz et al. (2018)
acq_cashflow	Operating cash flow to total assets of the acquirer.	Cheng et al. (2016); Mielcarz et al. (2018)
tar_Big4_auditor	A binary variable that is equal to 1 if the target firm is using the services of one of the Big-4 accounting firms, and 0 otherwise.	Doukas and Zhang (2020)
acq_Big4_auditor	A binary variable that is equal to 1 if the acquiring firm is using the services of one of the Big-4 accounting firms, and 0 otherwise.	Doukas and Zhang (2020)
tar_institutional_ownership	The portion of the target firm that is owned by institutional investors.	Bao and Edmans (2011); Duggal and Millar (1999); Ahern and Sosyura (2014)
acq_institutional_ownership	The portion of the acquiring firm that is owned by institutional investors.	Bao and Edmans (2011); Duggal and Millar (1999); Ahern and Sosyura (2014)
public_target_dummy	A dummy variable that takes the value of 1 if the target is a public firm, and 0 otherwise.	Golubov et al. (2012)

percentage_cash	The portion of the consideration paid in cash.	Ahern and Sosyura (2014)
related_deal	A dummy variable that is equal to 1 if the target and acquirer share the same SIC code, and zero otherwise. For industry classification, I used the Fama-French 12-Industry classification.	Ghosh (2001); Kruse (2002)
tar_Sigma	Sigma of the target, which denotes firm risk, and is calculated as the standard deviation of the previous 60 months stock returns.	Bulan et al., 2010; Zhao and Lekse (2010)
acq_Sigma	Sigma of the acquirer, which denotes firm risk, and is calculated as the standard deviation of the previous 60 months stock returns.	Bulan et al., (2010); Zhao and Lekse (2010)
hostile_deal_dummy	A dummy variable that takes a value of 1 if the deal is defined as hostile in the SDC database, and 0 otherwise.	Golubov et al. (2012); De Bodt et al. (2014); Song et al. (2013)
tar_litigious	Litigation risk of target, calculated as the number of litigious words scaled by the total number of words, as defined by Loughran and McDonald (2011).	Loughran and McDonald (2011)
acq_litigious	Litigation risk of acquirer, calculated as the number of litigious words scaled by the total number of words, as defined by Loughran and McDonald (2011).	Loughran and McDonald (2011)
tar_analyst_following	Number of analyst firms providing financial forecasts on the target, as reported by the Institutional Brokers Estimate System (IBES) database.	Bowen et al. (2018)
acq_analyst_following	Number of analyst firms providing financial forecasts on the acquirer, as reported by the Institutional Brokers Estimate System (IBES) database.	Bowen et al. (2018)
Acquirer_CAR	Cumulative abnormal returns for the acquirer; which represents the cumulative sum of stock returns in excess of predicted returns	Golubov et al. (2012)

	should the acquisition not take place, around the time of the announcement of the deal (both event windows (-2:+2) and (-5:+5) are considered).	
time_to_complete	Time it takes to complete the deal, calculated as the number of days from the date of announcement to the date of deal completion, as reported in SDC.	Golubov et al. (2012)
Premium	Deal premium. Following Schwert, 1996, premium is calculated as the sum of the target's CAR from day -42 to day +126 (relative to the announcement date), or delisting date, which ever comes first. Target CARs are calculated using the market model for return estimation (estimation window to estimate the model coefficients is -242 to -43, relative to announcement date), and the CRSP value-weighted index as the market index (same as in De Bodt et al., 2014).	Schwert (1996)
purecash_dummy	Dummy variable that takes the value of 1 if the dal consideration is purely cash, and 0 otherwise.	Golubov et al. (2012); De Bodt et al. (2014)
tender_dummy	Dummy variable that takes the value of 1 if the transaction is classified as a tender offer in SDC, and 0 otherwise.	Golubov et al. (2012); De Bodt et al. (2014); Song et al. (2013)
industry_fixed_effect	Variable to control for industry-specific effects.	Golubov et al. (2012); Wang et al. (2022); Li et al. (2019)
year_fixed_effect	Variable to control for year-specific effects.	Golubov et al. (2012); Wang et al. (2022); Li et al. (2019); Fu et al. (2013)

3.2.6. Robustness Checks

In order to address the robustness of the results, I follow the extant literature. For instance, Golubov et al. (2012) check the robustness of their results by using alternative cut-offs when categorizing banks into top-tier and non-top-tier. They consider that the top-8 specification is somewhat arbitrary, and therefore they address the robustness matter by including other specifications when establishing their advisors' ranking method. Ma (2013) adopts the same approach in order to address the robustness of their results. Given that I am already incorporating ten different advisor ranking schemes in the study, this allows to test the robustness of the findings, based on the commonalities identified. Another robustness check measure that was undertaken by Golubov et al. (2012), and by other researchers, is to use alternative short-term announcement period return windows; this is covered in my study, as I include both (-2:+2) and (-5:+5) event windows when evaluating bidders' cumulative abnormal returns (the (-5 + 5) event window analysis is included in Appendix 4).

3.2.6.1. Addressing Endogeneity

The main analysis conducted assumes that the matching between the firm (acquirer or target) and their advisor is random, which is not necessarily true. The choice of advisors could be influenced by different deal- and/or firm-specific variables. The hiring of an advisor of a specific tier could be endogenously determined. The decision to have a specific advisor work on a deal can be determined by the hiring firm and advisor. In order to correct for the potential self-selection bias, which could lead to unreliable OLS estimates, I follow the Heckman (1979) two-stage procedure, which is an approach adopted in previous studies (i.e., Golubov et al., 2012; Ma, 2013).

As a first stage, I estimate a Probit model explaining the choice of advisor, in order to derive an inverse Mills ratio for the observations. Then, this inverse Mills ratio is included in the second stage regression, and based on its significance it is determined whether there is a self-selection bias or not (Greene, 2003).

I follow Golubov et al. (2012) and include in the first stage a variable that has an influence on the choice of advisor, but not on the on the outcome of the deal (Li and Prabhala, 2007); they used the variable "scope" as an identification restriction. This variable proxies for the extent to which the hiring firm uses the services of a top-tier advisor. Using data on different capital market transactions (equity issues, bond issues and M&As), from Thomson Financial SDC database, this variable is set to be equal to: (a) 0, if no top-advisor has been employed, (b) 1 if the firm has relied on a top-advisor for one type of the capital market transactions; (c) 2 if the firm has relied on a top-advisor for 2 of the 3 types of transactions; and (d) 3 if the firm has used the services of a top-advisor for all 3 types of transactions. The variable is calculated based on the 5-year period preceding the deal in question. In the second stage, the dependent variables are CAR(-2:+2) for acquirers, and premium for targets; the "scope" variable is excluded and the inverse Mills ratio is included in the second stage.

Table 4: Approaches Adopted to Address Endogeneity in the Extant Literature on the Role of M&A Financial Advisors.

Author(s)	Journal	Year of publication	Approach used to address endogeneity
Bowers and Miller	Financial Management	1990	N/A
McLaughlin	Journal of Financial Economics	1992	N/A

Servaes and Zenner	Review of Financial Studies	1996	N/A
Rau	Journal of Financial Economics	2000	N/A
Rau and Rodgers	Unpublished working paper. Purdue University.	2002	N/A
Hunter and Jagtiani	Review of Financial Economics	2003	N/A
Kale, Kini, and Ryan	Journal of Financial and Quantitative Analysis	2003	To correct for self-selection bias, they follow the Heckman (1979) two-stage procedure. In the first stage, they model firms' decision to employ an advisor using a Probit model. Then the inverse Mills ratio constructed from the first stage is included as an independent variable in the second stage equation.
Lowinski, Schiereck, and Thomas	Review of Quantitative Finance and Accounting	2004	N/A
Da Silva Rosa, Lee, Skott, and Walter	Australian Journal of Management	2004	N/A
Walter, Yawson, and Yeung	Pacific-Basin Finance Journal	2008	They argue that the lower abnormal returns achieved in a specific deal could be driven by the negative market reaction that faced previous deals conducted by the same acquirer. Therefore, they address this concern by only allowing the first acquisitions to be included in the sample analyzed.
Ismail	Review of Quantitative Finance and Accounting	2009	N/A
Schiereck, Sigl-Grübb, and Jan Unverhau	Research in International Business and Finance	2009	N/A

Bao and Edmans	Review of Financial Studies	2011	N/A
Golubov, Petmezas, and Travlos	The Journal of Finance	2012	They addressed self-selection bias using Heckman (1979) 2-stage procedure. In the first stage, they model firms' choice between hiring a top-tier and a non-top-tier advisor using a Probit model, and "scope" as the identification variable. Scope measures the extent to which the acquiring firm has relied on the services of top-tier advisors during the 5-year period preceding the transaction (it can take the value of 0, 1, 2, or 3, depending on the number of types of transactions for which the acquirer has relied on the services of the advisor to perform). From the first-stage equation, they construct an inverse Mills ratio that they include in the second stage equation to examine the effect of advisor's reputation on deal outcomes.
Ma	Journal of Economics and Finance	2013	To correct for self-selection bias, the Heckman (1979) two-stage procedure is used. In the first stage, they model firms' decision to employ a top-tier advisor using a Probit model. Then the inverse Mills ratio derived from the first stage is included as an independent variable in the second stage. As in Golubov et al. (2012), to identify the model, a variable proxying for the previous relation between the banks and their clients during the 3 years preceding the deal, is included in the first stage equation (although this variable is a binary one, whereas in Golubov it is not).
Ertugrul	Journal of Economics and Business	2015	Follows the approach adopted by Golubov et al. (2012). Self-selection bias is addressed using Heckman (1979) 2-stage procedure. In the first stage, firms' choice between hiring a top-tier and a non-top-tier advisor is modelled using a Probit model, and "scope" is used as the identification variable. Scope measures the extent to which the target firm has relied on the services of top-tier advisors during the 5-year period preceding the transaction (it can take the value of 0, 1,

			2, or 3, depending on the number of types of transactions for which the target has relied on the services of a top-advisor). From the first-stage equation, an inverse Mills ratio is derived, and then included in the second stage equation to examine the effect of advisor's reputation on deal outcomes.
Guo, Li, Wang, and Xing	Journal of Banking & Finance	2020	N/A

3.2.6.2. Additional Analyses

3.2.6.2.1. Reputation of the Opposing Party's Advisor

To complement the extensive analysis covered by the thesis on the role (reputation) of financial advisors, I extend it by conducting additional analyses that incorporate the reputation of the opposing party's advisor. To this end, I add a control variable that proxies for the reputation of the advisor hired by the opposing party to the models used in the analyses (presented earlier). For instance, when evaluating the effect of the acquirer's advisor's reputation on its deal performance, in addition to including the reputation of the acquirer's advisor as the main independent variable, I include the reputation of the target's advisor reputation as a control variable. The same approach is adopted on the target side of the analysis, where I control for the reputation of the acquirer's advisor. Such an approach is justified by the argument that the bargaining power of a specific party stemming, at least partly, from the quality (tier) of the advisor assisting them, is expected to depend on the quality of the advisor hired by the other party (Kale et al., 2003). For instance, the effect resulting from the decision of the acquirer to hire a top-tier advisor is different if the target decides

to hire a lower tier or a top-tier advisor; the bargaining advantage would be more pronounced when the top-tier acquirer's advisor deals with a lower tier target advisor, as a higher tier one would improve the bargaining power of the target vis-à-vis the acquirer. Controlling for the other party's advisor has been documented in some of the existing studies to account for its effect on the performance measure representing the outcome variable (i.e. CAR) (Song et al., 2013; Hunter and Jagtiani, 2003; Ma, 2013; Ismail, 2010).

3.2.6.2.2. Relative Advisor's Quality Measure

In the same vein, to account for the effect of the quality of the other party's advisor on the deal performance of the acquirer or target, I follow Kale et al. (2003) and construct a relative quality measure, which is calculated as the ratio of the party of interest's advisor reputation (past performance) to the reputation (past performance) of the other party's advisor (i.e. for the acquirer, this measure equals the acquirer's advisor reputation (past performance) divided by the target's advisor reputation (past performance), and on the target side it equals to the target's advisor's reputation (past performance) divided by the acquirer's advisor's reputation (past performance)). The logic supporting this analysis resembles somewhat to that of the previous analysis; the strategic advantage captured by a party is dependent on the reputation of its advisor relative to that of the opposing party. I include the relative reputation measure as the main independent variable in the models presented earlier to examine the effect of advisors' reputation on deal outcomes.

3.2.6.2.3. Advisor's Embeddedness with their Client Firm

A thread of the M&A advisors' literature focuses on the embeddedness (repeated exchanges) between acquirers and advisors, which is proxied by the number of previous transactions between the firm and the advisor. Repeated exchanges are associated with lower information asymmetry

and higher levels of trust between the acquirer and their advisors (Granovetter, 1985; Uzzi, 1997). However, such embeddedness could deprive the firm in question from accessing information from different advisors. Sleptsov et al. (2013) argue that repeated exchanges are beneficial up to the point where the relationship with the bank in question becomes exclusive, and in cases where the acquirer and target operate in unrelated industries. Existing research on the embeddedness with M&A advisors is focused on the acquirer's side, therefore, Gordon et al. (2019) call for more research on the embeddedness of targets with their advisors. They argue that focusing on the embeddedness between the targets and their advisors could be fruitful due to the potential effects stemming from these advisors' information regarding the targets' needs, resources, and executives' intentions on the deals' outcomes. In order to explore this aspect, in the additional analysis section I develop a proxy for the previous relationship between the advisor and the client (both on the acquirer and target side), which is calculated as the number of times the advisor in question is hired by the client in question during the 5-year period preceding the M&A deal. This variable is included as an additional control variable to the initial models presented earlier, to account for the effect of the embeddedness aspect in addition to the reputation of advisors on short-term deal outcomes for the advisors' clients.

CHAPTER 4. EMPIRICAL FINDINGS

4.1. Target's Financial Advisor and Short-Term Deal Performance

Tables 5 and 6 present the descriptive statistics of key variables that have been incorporated into the analysis of the effects of the presence and reputation of target financial advisors on the short-term deal outcomes to their clients. Table 5 includes the number of observations involving these variables, and the mean, standard deviation, minimum and maximum values of these variables. Table 6 presents summarized information illustrating the propensity of firms to hire advisors, for each of the years covered in the sample (2001 to 2017). It is evident that targets, generally, show a higher tendency to hire financial advisors to assist them in completing their deals than acquirers. Public targets, in particular, exhibit a very significant tendency to hire financial advisors, compared to acquirers and to private targets, which is intuitively expected. Boards and management of public targets have a fiduciary duty to protect the interests of their firms' shareholders. Following the consummation of the deal, the target will cease to exist as a standalone entity, and its shareholders receive a consideration (stock and/or cash) to compensate them for giving up their initial holdings. Efforts should be made by the board to ensure that such consideration is fair to the targets' shareholders. Should the shareholders believe otherwise, they could resort to law suites, claiming that a higher price could have been secured. In order to protect themselves, target management could rely on the assistance of financial advisors to ensure that the deal is duly assessed, and/or to signal to the shareholders that expert advice has been obtained to ensure that the deal is to their advantage. Figure 6 presents a visual illustration of the portion of firms involved in M&A deals, that opt to hiring a financial advisor, by year, making it very easy to notice the relatively high

tendency of public targets (gray line) to use the services of financial advisors to assist them in conducting their deals.

Table 5: Descriptive Statistics – Data Used in Target Advisor-Related Analysis.

Table 5 presents the main variables used in the analysis of the effects of the presence and reputation of targets' financial advisors on short-term deal outcomes.

Variable	Obs	Mean	Std. Dev.	Min	Max
Target Premium	2,330	0.25	0.35	-0.62	1.49
Target Advisor Presence Dummy	15,892	0.42	0.49	0.00	1.00
Target Advisor Ranking Based on Ranking Scheme #1	6,683	17.61	10.31	1.00	26.00
Target Advisor Ranking Based on Ranking Scheme #2	6,683	6.91	8.04	0.00	17.00
Target Advisor Ranking Based on Ranking Scheme #6	6,683	17.94	10.23	1.24	26.00
Target Advisor Ranking Based on Ranking Scheme #3	6,683	0.34	0.47	0.00	1.00
Target Advisor Ranking Based on Ranking Scheme #5	6,683	0.32	0.47	0.00	1.00
Target Advisor Ranking Based on Ranking Scheme #4	6,683	0.32	0.47	0.00	1.00
Target Advisor Ranking Based on Ranking Scheme #7	6,683	17.77	10.29	1.00	26.00
Target Advisor Top-Tier Binary- Ranking Scheme #8	6,683	0.24	0.42	0.00	1.00
Target Advisor Second-Tier Binary- Ranking Scheme #8	6,683	0.15	0.36	0.00	1.00
Target Advisor Top-Tier Binary- Ranking Scheme #9	6,683	0.25	0.43	0.00	1.00
Target Advisor Second-Tier Binary- Ranking Scheme #9	6,683	0.17	0.38	0.00	1.00
Target Advisor Past Performance	4,289	0.64	0.19	0.00	1.00
Litigation Risk (Target)	2,046	0.01	0.00	0.00	0.03
Analyst Following (Target)	2,340	7.17	8.46	0.00	32.00
Leverage (Target)	2,251	0.16	0.19	0.00	0.88
Firm Size (Target)	2,335	6.06	2.05	1.22	11.13
Sales Growth (Target)	2,123	0.14	0.45	-0.78	3.63
Firm Age (Target)	2,340	14.49	15.22	0.00	89.00
Cashflows (Target)	2,186	0.00	0.21	-1.52	0.29

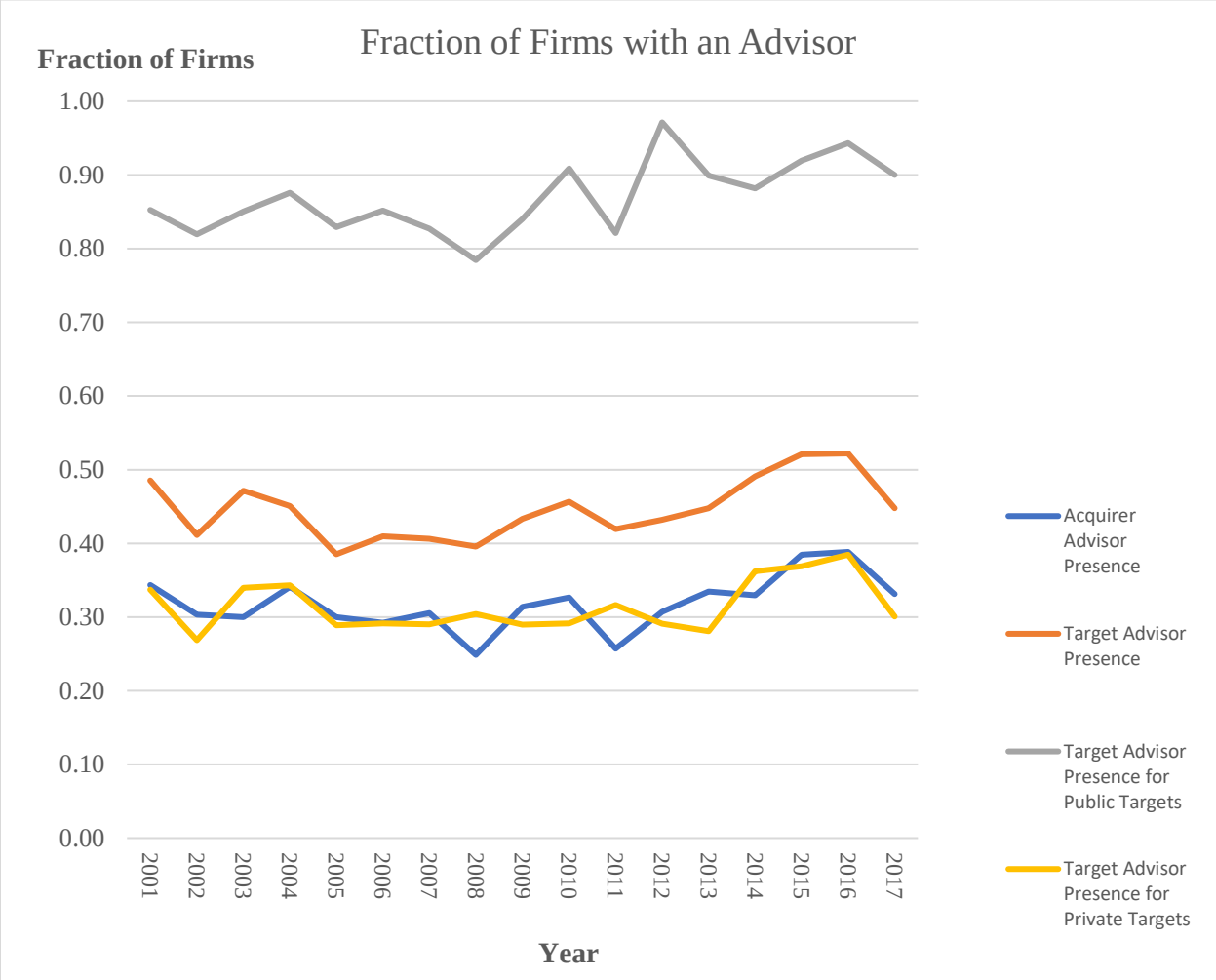
Big-4 Auditor (Target)	2054	0.78	0.41	0.00	1.00
Institutional Ownership (Target)	2,192	0.54	0.30	0.00	0.94
Uncertainty (Target)	2,329	0.14	0.09	0.01	0.48
Target Advisor Relative Ranking - Scheme #1	3,552	2.78	4.73	0.04	26.00
Target Advisor Relative Ranking - Scheme #2	2,207	0.68	0.57	0.00	5.67
Target Advisor Relative Ranking - Scheme #6	3,552	2.53	3.94	0.05	21.05
Target Advisor Relative Ranking - Scheme #7	3,552	2.59	4.17	0.04	26.00
Target Advisor Relative Past Performance	2,259	1.07	0.38	0.00	5.50
Target Relative Size	15,873	0.17	0.32	0.0003	2.075
Target Advisor Embeddedness	2,694	1.01	0.13	1	4
Public Target Dummy	15,892	0.20	0.40	0.00	1.00
Subsidiary Target Dummy	15,892	0.32	0.47	0.00	1.00
Private Target Dummy	15,892	0.46	0.50	0.00	1.00
Percent Cash	11,829	66.42	41.49	0.00	101.56
Related Deal	15,892	0.36	0.48	0.00	1.00
Hostile Deal Dummy	15,892	0.00	0.03	0.00	1.00
Time to Complete	15,892	58.63	87.12	0.00	493.00

Table 6: Descriptive Statistics on the Portion of Firms that Opted to Hire an Advisor, by Year.

Table 6 presents the descriptive statistics on the presence of acquirers' advisors, and of targets' advisors (all targets, public targets, and private targets), by Year.

	Acquirer Advisor Presence			Target Advisor Presence			Target Advisor Presence for Public Targets			Target Advisor Presence for Private Targets		
Year	**Obs**	**Mean**	**Std. Dev.**	**Obs**	**Mean**	**Std. Dev.**	**Obs**	**Mean**	**Std. Dev.**	**Obs**	**Mean**	**Std. Dev.**
2001	966	**0.34**	0.48	966	**0.49**	0.50	217	**0.85**	0.36	412	**0.34**	0.47
2002	936	**0.30**	0.46	936	**0.41**	0.49	155	**0.82**	0.39	402	**0.27**	0.44
2003	950	**0.30**	0.46	950	**0.47**	0.50	174	**0.85**	0.36	424	**0.34**	0.47
2004	1,058	**0.34**	0.47	1,058	**0.45**	0.50	169	**0.88**	0.33	542	**0.34**	0.48
2005	1,163	**0.30**	0.46	1,163	**0.39**	0.49	158	**0.83**	0.38	609	**0.29**	0.45
2006	1,164	**0.29**	0.45	1,164	**0.41**	0.49	182	**0.85**	0.36	611	**0.29**	0.45
2007	1,064	**0.31**	0.46	1,064	**0.41**	0.49	168	**0.83**	0.38	558	**0.29**	0.45
2008	748	**0.25**	0.43	748	**0.40**	0.49	116	**0.78**	0.41	368	**0.30**	0.46
2009	561	**0.31**	0.46	561	**0.43**	0.50	94	**0.84**	0.37	245	**0.29**	0.45
2010	747	**0.33**	0.47	747	**0.46**	0.50	110	**0.91**	0.29	357	**0.29**	0.46
2011	770	**0.26**	0.44	770	**0.42**	0.49	84	**0.82**	0.39	392	**0.32**	0.47
2012	863	**0.31**	0.46	863	**0.43**	0.50	105	**0.97**	0.17	447	**0.29**	0.45
2013	813	**0.33**	0.47	813	**0.45**	0.50	99	**0.90**	0.30	413	**0.28**	0.45
2014	937	**0.33**	0.47	937	**0.49**	0.50	127	**0.88**	0.32	500	**0.36**	0.48
2015	879	**0.38**	0.49	879	**0.52**	0.50	137	**0.92**	0.27	428	**0.37**	0.48
2016	726	**0.39**	0.49	726	**0.52**	0.50	123	**0.94**	0.23	325	**0.38**	0.49
2017	643	**0.33**	0.47	643	**0.45**	0.50	90	**0.90**	0.30	329	**0.30**	0.46

Figure 6: Fraction of M&A Firms with a Financial Advisor, by Year



I start the analysis by examining how the presence and the quality (reputation and past performance) of the target advisor affect the premium achieved by the target, in general. Based on the results of the OLS regressions presented in table 7, hiring a financial advisor (on the target side) has a positive (coefficient of 0.2529) and significant effect (at the 1% level) on the premium received by the target. On the other hand, the results of these regressions do not show any significant effect for the reputation of the advisor, nor for their past performance on the premium.

Target size and cashflows both have a negative effect (at the 1% and 5% significance levels respectively) on premium. The presence of high cashflows could signal to the acquirer that the target is lagging in terms of potential profitable investment opportunities, which could negatively affect the premium they offer. Smaller targets could also be perceived as easier to integrate post-deal, which could encourage acquirers to pay higher premiums. Being served by a Big-4 auditing firm, has a positive and significant impact on the ability of the target to secure a higher premium (10% level). This aspect could add a quality seal and strengthen the target's bargaining position. The higher the portion of the consideration paid in cash, the higher the premium (positive and significant relation at the 1% level). Generally, acquirers are more willing to pay in cash when they are certain about the outcomes of the deals and the synergetic gains they could benefit from. When paying in cash, acquirers are foregoing the opportunity to share the risk associated with the conduct of the deal with the shareholders of the target, which could be assumed to be the result of a positive outlook the acquirers have with regard to the potential the transaction represents to them, and thus supporting the provision of a higher premium. This could explain why "Percent Cash" is positively related to premium.

Table 7: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium.

*Table 7 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium
Target Advisor Presence	0.2529***										
	(0.024)										
Target Advisor Ranking - Scheme #1		-0.0001									
		(0.001)									
Target Advisor Ranking - Scheme #2			-0.0009								
			(0.002)								
Target Advisor Ranking - Scheme #3				0.0134							
				(0.024)							
Target Advisor Ranking - Scheme #4					-0.0014						
					(0.024)						
Target Advisor Ranking - Scheme #5						-0.0002					
						(0.024)					
Target Advisor Ranking - Scheme #6							-0.0001				
							(0.001)				
Target Advisor Ranking - Scheme #7								-0.0001			
								(0.001)			
Top-Tier Target Advisor - Scheme #8									-0.0006		
									(0.026)		
Second-Tier Target Advisor - Scheme #8									-0.0203		

									(0.031)		
Top-Tier Target Advisor - Scheme #9										0.0036	
										(0.025)	
Second-Tier Target Advisor - Scheme #9										-0.0244	
										(0.030)	
Target Advisor Past Performance											-0.0911
											(0.101)
Leverage (Target)	0.0335	0.0384	0.0418	0.0362	0.0392	0.0390	0.0386	0.0383	0.0395	0.0403	0.0297
	(0.055)	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.070)	(0.070)	(0.075)
Target Relative Size	-0.0032	-0.0063	-0.0065	-0.0061	-0.0064	-0.0064	-0.0063	-0.0063	-0.0067	-0.0067	-0.0106
	(0.007)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)
Firm Size (Target)	-0.0354***	-0.0432***	-0.0414***	-0.0444***	-0.0427***	-0.0428***	-0.0430***	-0.0432***	-0.0426***	-0.0430***	-0.0509***
	(0.006)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.012)
Sales Growth (Target)	-0.0358	-0.0266	-0.0266	-0.0269	-0.0266	-0.0266	-0.0266	-0.0266	-0.0269	-0.0262	-0.0716*
	(0.025)	(0.035)	(0.034)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.034)	(0.042)
Firm Age (Target)	0.0015***	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0002	0.0002	0.0009
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.2113**	-0.1928**	-0.1910**	-0.1929**	-0.1926**	-0.1926**	-0.1927**	-0.1928**	-0.1897**	-0.1888**	-0.2287*
	(0.089)	(0.096)	(0.096)	(0.096)	(0.096)	(0.096)	(0.096)	(0.096)	(0.096)	(0.096)	(0.121)
Big-4 Auditor (Target)	0.0408*	0.0531*	0.0555*	0.0526*	0.0536*	0.0535*	0.0533*	0.0531*	0.0546*	0.0559*	0.0745**
	(0.024)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.030)	(0.031)
Institutional Ownership (Target)	-0.0401	-0.0149	-0.0118	-0.0168	-0.0142	-0.0144	-0.0147	-0.0150	-0.0131	-0.0156	0.0083
	(0.038)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.055)
Percent Cash	0.0009***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010***	0.0010**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	-0.0072	0.0042	0.0042	0.0042	0.0042	0.0042	0.0042	0.0042	0.0042	0.0048	-0.0242
	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.023)
Uncertainty (Target)	0.0236	-0.0930	-0.0873	-0.0959	-0.0916	-0.0920	-0.0926	-0.0931	-0.0879	-0.0817	0.2365
	(0.143)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)	(0.169)	(0.189)
Hostile Deal	-0.0113	0.0596	0.0631	0.0570	0.0602	0.0602	0.0599	0.0595	0.0657	0.0624	0.3493***
	(0.054)	(0.068)	(0.069)	(0.067)	(0.068)	(0.068)	(0.068)	(0.068)	(0.070)	(0.071)	(0.111)
Constant	0.2995***	0.5520***	0.5401***	0.5541***	0.5464***	0.5469***	0.5496***	0.5522***	0.5451***	0.5422***	0.4451***
	(0.093)	(0.101)	(0.097)	(0.096)	(0.096)	(0.097)	(0.101)	(0.100)	(0.096)	(0.097)	(0.169)

Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1,593	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	707
R-squared	0.308	0.208	0.209	0.209	0.208	0.208	0.208	0.208	0.209	0.209	0.277

Partitioning based on method of payment:

Moving a step forward in the analysis, data is partitioned into subsamples to derive more detailed insights on the role of target advisors and the impact they bring about when it comes to premium. Table 8 presents the results of the OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, only for deals that have been paid for fully in cash. For pure-cash deals, target advisor's presence is positively and significantly (1% significance level) related to premium. Advisor's quality as proxied by the 9 ranking schemes (models 2 to 10) also exhibits a positive effect on the premium achieved by the target (at 5% significance level for 5 schemes (#1, #6, #7, #8, and #9), and 10% for other 4 schemes (#2, #3, #4, and #5)). One can notice that the coefficients of target advisor's reputation is negative (and significant) for ranking schemes 1, 6, and 7, which might create some confusion as to the interpretation of the positive relation between reputation and premium. However, it is very important to note that a lower score according to these schemes is associated with a better reputation (please consult the definitions of these schemes for more information), and therefore the negative coefficients are in line with the conclusion made; a higher ranking based on schemes 1, 6, and 7, means a worst reputation, and is associated with a negative impact on premium. A possible explanation of such results is that targets hiring a highly-ranked advisor are seen by acquirers as less risky and of a better quality. Generally, acquirers consider all-cash deals to be riskier, but when the target hires a reputable advisor, it benefits from the certification role offered by such advisors, that are assumed to value their reputational capital.

Advisor's past performance shows no statistical significance in terms of its effect on premium. Generally, similar results are reached for the control variables discussed in the previous analysis (of the general model). The significance of the positive effect of being served by a one of the Big-4 accounting firms on the premium received by the target improved further from the 10% to the 1% level. Table 9 presents the equivalent analysis applied to a sample of pure-stock deals. The results stemming from the corresponding models do not show significance for target advisor's presence, nor reputation, nor previous performance. Table 10 presents the results from applying the same regressions to a mixed payment deals sample. For mixed-payment deals, target advisor's presence has a positive effect on premium (at the 5% level), however, 2 of the reputation proxies (for schemes #4 and #8) are negatively related to premium (at the 10% level). The other reputation proxies and advisor's past performance do not show significance.

<u>Table 8</u>: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Pure Cash Deals.

*Table 8 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals that have been paid for fully in cash. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium	(7) Premium	(8) Premium	(9) Premium	(10) Premium	(11) Premium
Target Advisor Presence	0.2366***										
	(0.029)										
Target Advisor Ranking - Scheme #1		-0.0034**									
		(0.001)									
Target Advisor Ranking - Scheme #2			0.0036*								
			(0.002)								
Target Advisor Ranking - Scheme #3				0.0609*							
				(0.032)							
Target Advisor Ranking - Scheme #4					0.0502*						
					(0.030)						
Target Advisor Ranking - Scheme #5						0.0544*					
						(0.031)					
Target Advisor Ranking - Scheme #6							-0.0033**				
							(0.001)				
Target Advisor Ranking - Scheme #7								-0.0032**			
								(0.001)			
Top-Tier Target Advisor - Scheme #8									0.0859**		
									(0.034)		
Second-Tier Target Advisor - Scheme #8									0.0577		
									(0.040)		

Top-Tier Target Advisor - Scheme #9										0.0775**	
										(0.035)	
Second-Tier Target Advisor - Scheme #9										0.0349	
										(0.041)	
Target Advisor Past Performance											-0.0675
											(0.140)
Leverage (Target)	0.0380	0.0649	0.0697	0.0609	0.0695	0.0664	0.0628	0.0643	0.0629	0.0624	0.0584
	(0.065)	(0.096)	(0.097)	(0.098)	(0.098)	(0.097)	(0.097)	(0.097)	(0.095)	(0.097)	(0.108)
Target Relative Size	-0.0081	-0.0155	-0.0152	-0.0147	-0.0156	-0.0156	-0.0155	-0.0155	-0.0157	-0.0157	-0.0123
	(0.008)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)
Firm Size (Target)	-0.0346***	-0.0677***	-0.0656***	-0.0660***	-0.0643***	-0.0645***	-0.0674***	-0.0673***	-0.0685***	-0.0673***	-0.0646***
	(0.008)	(0.013)	(0.013)	(0.013)	(0.013)	(0.014)	(0.013)	(0.013)	(0.013)	(0.013)	(0.014)
Sales Growth (Target)	-0.0086	0.0900*	0.0908*	0.0853*	0.0872*	0.0876*	0.0887*	0.0889*	0.0913*	0.0869*	0.0907
	(0.032)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)	(0.055)
Firm Age (Target)	0.0018***	0.0008	0.0008	0.0009	0.0009	0.0008	0.0008	0.0008	0.0008	0.0008	0.0012
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.2622**	-0.2272**	-0.2286**	-0.2243*	-0.2229*	-0.2267**	-0.2260**	-0.2258**	-0.2245**	-0.2150*	-0.3870***
	(0.107)	(0.114)	(0.115)	(0.115)	(0.115)	(0.114)	(0.114)	(0.114)	(0.114)	(0.114)	(0.148)
Big-4 Auditor (Target)	0.0596**	0.1013***	0.1028***	0.1080***	0.1065***	0.1062***	0.1030***	0.1025***	0.1034***	0.1037***	0.1455***
	(0.029)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.038)
Institutional Ownership (Target)	-0.0364	-0.0269	-0.0231	-0.0280	-0.0237	-0.0266	-0.0291	-0.0277	-0.0338	-0.0278	0.0254
	(0.044)	(0.062)	(0.062)	(0.063)	(0.063)	(0.063)	(0.062)	(0.062)	(0.063)	(0.062)	(0.066)
Related Deal	-0.0271	-0.0029	-0.0042	-0.0052	-0.0049	-0.0039	-0.0024	-0.0026	-0.0029	-0.0014	-0.0218
	(0.031)	(0.029)	(0.030)	(0.029)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.029)	(0.031)
Uncertainty (Target)	0.2022	-0.0478	-0.0413	-0.0358	-0.0321	-0.0344	-0.0449	-0.0458	-0.0512	-0.0329	0.4276
	(0.172)	(0.214)	(0.214)	(0.213)	(0.212)	(0.216)	(0.214)	(0.214)	(0.213)	(0.212)	(0.265)
Hostile Deal	-0.0454	0.0416	0.0452	0.0452	0.0403	0.0359	0.0412	0.0415	0.0444	0.0463	
	(0.050)	(0.063)	(0.065)	(0.066)	(0.065)	(0.065)	(0.064)	(0.063)	(0.063)	(0.063)	
Constant	0.5236***	0.8644***	0.7681***	0.7705***	0.7582***	0.7595***	0.8589***	0.8579***	0.7798***	0.7711***	0.4961**
	(0.160)	(0.200)	(0.199)	(0.198)	(0.198)	(0.198)	(0.199)	(0.200)	(0.197)	(0.197)	(0.205)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1,020	457	457	457	457	457	457	457	457	457	352
R-squared	0.397	0.307	0.305	0.305	0.304	0.304	0.307	0.307	0.309	0.308	0.403

<u>Table 9:</u> OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Pure Stock Deals.

*Table 9 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals that have been paid for fully in stock (pure stock consideration deals). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium	(7) Premium	(8) Premium	(9) Premium	(10) Premium	(11) Premium
Target Advisor Presence	0.0281										
	(0.139)										
Target Advisor Ranking - Scheme #1		0.0030									
		(0.005)									
Target Advisor Ranking - Scheme #2			-0.0056								
			(0.006)								
Target Advisor Ranking - Scheme #3				-0.0782							
				(0.099)							
Target Advisor Ranking - Scheme #4					-0.0045						
					(0.101)						
Target Advisor Ranking - Scheme #5						-0.0274					
						(0.098)					
Target Advisor Ranking - Scheme #6							0.0031				
							(0.005)				
Target Advisor Ranking - Scheme #7								0.0029			
								(0.005)			
Top-Tier Target Advisor - Scheme #8									-0.0896		
									(0.119)		
Second-Tier Target Advisor - Scheme #8									-0.1134		
									(0.101)		
Top-Tier Target Advisor - Scheme #9										-0.0775	
										(0.110)	

Second-Tier Target Advisor - Scheme #9										-0.1180	
										(0.113)	
Target Advisor Past Performance											-0.1317
											(0.243)
Leverage (Target)	-0.0471	-0.0259	-0.0172	-0.0341	-0.0520	-0.0433	-0.0302	-0.0288	-0.0154	-0.0170	-0.1726
	(0.180)	(0.195)	(0.192)	(0.185)	(0.189)	(0.190)	(0.192)	(0.194)	(0.193)	(0.190)	(0.207)
Target Relative Size	0.0290	0.0193	0.0174	0.0183	0.0207	0.0203	0.0189	0.0193	0.0167	0.0182	0.0243
	(0.019)	(0.022)	(0.022)	(0.022)	(0.021)	(0.022)	(0.022)	(0.022)	(0.022)	(0.021)	(0.033)
Firm Size (Target)	-0.0355	-0.0228	-0.0218	-0.0197	-0.0304	-0.0274	-0.0224	-0.0236	-0.0211	-0.0265	-0.0403
	(0.030)	(0.033)	(0.032)	(0.032)	(0.033)	(0.033)	(0.033)	(0.033)	(0.032)	(0.032)	(0.051)
Sales Growth (Target)	-0.0320	-0.0256	-0.0229	-0.0245	-0.0292	-0.0281	-0.0258	-0.0261	-0.0213	-0.0186	-0.1961**
	(0.077)	(0.081)	(0.080)	(0.080)	(0.081)	(0.081)	(0.081)	(0.081)	(0.079)	(0.080)	(0.089)
Firm Age (Target)	-0.0014	-0.0016	-0.0016	-0.0018	-0.0018	-0.0017	-0.0016	-0.0016	-0.0017	-0.0015	-0.0001
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Cashflows (Target)	-0.2102	-0.2020	-0.1935	-0.2062	-0.2010	-0.2023	-0.2011	-0.2000	-0.1903	-0.1852	-0.0110
	(0.146)	(0.149)	(0.152)	(0.147)	(0.148)	(0.147)	(0.149)	(0.150)	(0.150)	(0.150)	(0.280)
Big-4 Auditor (Target)	0.0887	0.0774	0.0806	0.0726	0.0756	0.0744	0.0765	0.0776	0.0783	0.0880	0.1032
	(0.071)	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)	(0.071)	(0.085)
Institutional Ownership (Target)	-0.0817	-0.0774	-0.0590	-0.0838	-0.0921	-0.0898	-0.0767	-0.0764	-0.0619	-0.0598	-0.0679
	(0.145)	(0.152)	(0.148)	(0.150)	(0.147)	(0.148)	(0.151)	(0.151)	(0.145)	(0.146)	(0.189)
Related Deal	0.0761	0.0715	0.0751	0.0707	0.0661	0.0674	0.0713	0.0714	0.0769	0.0778	0.1156
	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.063)	(0.063)	(0.070)
Uncertainty (Target)	-0.6203	-0.6302	-0.6215	-0.6365	-0.6332	-0.6326	-0.6272	-0.6279	-0.6171	-0.6252	0.0929
	(0.448)	(0.446)	(0.445)	(0.445)	(0.446)	(0.447)	(0.445)	(0.445)	(0.447)	(0.451)	(0.804)
Hostile Deal	0.1997	0.2231	0.2281	0.2251	0.2122	0.2140	0.2226	0.2219	0.2282	0.2211	
	(0.210)	(0.213)	(0.212)	(0.211)	(0.214)	(0.213)	(0.213)	(0.213)	(0.212)	(0.213)	
Constant	0.7235**	0.5699	0.6377*	0.6460*	0.6807*	0.6712*	0.5667	0.5774	0.6257	0.6514*	-0.2064
	(0.366)	(0.439)	(0.385)	(0.383)	(0.396)	(0.394)	(0.440)	(0.436)	(0.390)	(0.389)	(0.536)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	202	197	197	197	197	197	197	197	197	197	121
R-squared	0.311	0.308	0.311	0.310	0.306	0.306	0.308	0.308	0.312	0.312	0.457

<u>Table 10</u>: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Mixed-Payment Deals.

*Table 10 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals that involve both cash and stock as a form of payment. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium
Target Advisor Presence	0.1433**										
	(0.058)										
Target Advisor Ranking - Scheme #1		0.0020									
		(0.002)									
Target Advisor Ranking - Scheme #2			-0.0039								
			(0.002)								
Target Advisor Ranking - Scheme #3				-0.0167							
				(0.038)							
Target Advisor Ranking - Scheme #4					-0.0671*						
					(0.037)						
Target Advisor Ranking - Scheme #5						-0.0492					
						(0.039)					
Target Advisor Ranking - Scheme #6							0.0022				
							(0.002)				
Target Advisor Ranking - Scheme #7								0.0020			
								(0.002)			
Top-Tier Target Advisor - Scheme #8									-0.0510		
									(0.042)		
Second-Tier Target Advisor - Scheme #8									-0.0944*		

									(0.055)		
Top-Tier Target Advisor - Scheme #9										-0.0349	
										(0.039)	
Second-Tier Target Advisor - Scheme #9										-0.0819	
										(0.050)	
Target Advisor Past Performance											-0.1164
											(0.136)
Leverage (Target)	0.0825	0.0639	0.0701	0.0609	0.0650	0.0640	0.0633	0.0632	0.0764	0.0748	0.0670
	(0.108)	(0.111)	(0.110)	(0.111)	(0.110)	(0.111)	(0.111)	(0.111)	(0.112)	(0.111)	(0.124)
Target Relative Size	0.0132	0.0182	0.0189	0.0181	0.0186	0.0184	0.0185	0.0184	0.0180	0.0189	0.0058
	(0.015)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.018)
Firm Size (Target)	-0.0249	-0.0248	-0.0234	-0.0275	-0.0233	-0.0244	-0.0246	-0.0249	-0.0247	-0.0252	-0.0444**
	(0.016)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.021)
Sales Growth (Target)	-0.0550	-0.0672	-0.0670	-0.0667	-0.0664	-0.0673	-0.0673	-0.0676	-0.0703	-0.0660	-0.0636*
	(0.051)	(0.050)	(0.049)	(0.050)	(0.049)	(0.049)	(0.049)	(0.050)	(0.050)	(0.050)	(0.037)
Firm Age (Target)	0.0007	-0.0003	-0.0004	-0.0001	-0.0003	-0.0003	-0.0003	-0.0003	-0.0005	-0.0004	0.0008
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.2092	-0.2148	-0.2113	-0.2196	-0.2142	-0.2139	-0.2158	-0.2160	-0.2065	-0.2174	0.1947
	(0.215)	(0.218)	(0.218)	(0.218)	(0.217)	(0.217)	(0.218)	(0.218)	(0.218)	(0.218)	(0.198)
Big-4 Auditor (Target)	-0.0692	-0.0515	-0.0466	-0.0577	-0.0510	-0.0527	-0.0505	-0.0514	-0.0497	-0.0502	-0.0295
	(0.056)	(0.058)	(0.058)	(0.058)	(0.057)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.066)
Institutional Ownership (Target)	-0.0568	-0.0246	-0.0227	-0.0267	-0.0194	-0.0253	-0.0233	-0.0243	-0.0155	-0.0270	-0.0192
	(0.085)	(0.088)	(0.088)	(0.088)	(0.088)	(0.088)	(0.088)	(0.088)	(0.087)	(0.089)	(0.104)
Percent Cash	0.0010	0.0013	0.0013	0.0012	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0012
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	0.0100	0.0085	0.0094	0.0074	0.0099	0.0088	0.0093	0.0088	0.0092	0.0109	-0.0431
	(0.034)	(0.035)	(0.034)	(0.034)	(0.034)	(0.035)	(0.035)	(0.035)	(0.034)	(0.035)	(0.038)
Uncertainty (Target)	0.1603	0.2179	0.2186	0.2173	0.2253	0.2233	0.2204	0.2200	0.2334	0.2317	0.2401
	(0.339)	(0.358)	(0.356)	(0.358)	(0.357)	(0.358)	(0.358)	(0.358)	(0.358)	(0.360)	(0.285)
Hostile Deal	0.0222	0.0801	0.0974	0.0711	0.0642	0.0696	0.0803	0.0811	0.1263	0.1017	0.2250
	(0.124)	(0.147)	(0.147)	(0.151)	(0.127)	(0.137)	(0.147)	(0.147)	(0.151)	(0.161)	(0.149)
Constant	0.4259**	0.5040***	0.5480***	0.5717***	0.5522***	0.5566***	0.4964***	0.5041***	0.5461***	0.5360***	0.7485***
	(0.166)	(0.167)	(0.162)	(0.161)	(0.163)	(0.163)	(0.168)	(0.167)	(0.163)	(0.163)	(0.236)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

Observations	371	352	352	352	352	352	352	352	352	352	234
R-squared	0.213	0.210	0.213	0.208	0.214	0.211	0.210	0.210	0.215	0.214	0.254

Related versus non-related deals:

In table 11, I present the results of the regressions examining the effect of target advisors' presence and quality on premium, for a sample of related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification). Only advisor's presence is found to be positively and significantly (at the 1% level) related to premium, whereas, as per table 12, none of the independent variables of interest (target advisor-related) show significance for non-related deals.

Table 11: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Related Deals.

*Table 11 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium
Target Advisor Presence	0.2545***										
	(0.026)										
Target Advisor Ranking - Scheme #1		0.0009									
		(0.002)									
Target Advisor Ranking - Scheme #2			-0.0021								
			(0.002)								
Target Advisor Ranking - Scheme #3				-0.0180							

				(0.039)							
Target Advisor Ranking - Scheme #4					-0.0146						
					(0.038)						
Target Advisor Ranking - Scheme #5						-0.0214					
						(0.040)					
Target Advisor Ranking - Scheme #6							0.0012				
							(0.002)				
Target Advisor Ranking - Scheme #7								0.0010			
								(0.002)			
Top-Tier Target Advisor - Scheme #8									-0.0248		
									(0.046)		
Second-Tier Target Advisor - Scheme #8									-0.0414		
									(0.041)		
Top-Tier Target Advisor - Scheme #9										-0.0128	
										(0.042)	
Second-Tier Target Advisor - Scheme #9										-0.0409	
										(0.038)	
Target Advisor Past Performance											-0.2648
											(0.181)
Leverage (Target)	0.0522	0.0787	0.0808	0.0768	0.0796	0.0796	0.0795	0.0792	0.0792	0.0770	-0.0340
	(0.059)	(0.086)	(0.086)	(0.086)	(0.087)	(0.086)	(0.086)	(0.086)	(0.087)	(0.087)	(0.101)
Target Relative Size	-0.0097	-0.0215	-0.0214	-0.0217	-0.0216	-0.0216	-0.0216	-0.0215	-0.0212	-0.0207	-0.0259*
	(0.010)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Firm Size (Target)	-0.0226***	-0.0340**	-0.0326**	-0.0341**	-0.0348**	-0.0341**	-0.0332**	-0.0337**	-0.0332**	-0.0344**	-0.0246
	(0.008)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.018)
Sales Growth (Target)	-0.0570*	-0.0541	-0.0543	-0.0538	-0.0535	-0.0535	-0.0536	-0.0540	-0.0554	-0.0547	-0.0211
	(0.031)	(0.050)	(0.050)	(0.050)	(0.051)	(0.051)	(0.050)	(0.050)	(0.051)	(0.050)	(0.065)
Firm Age (Target)	0.0015***	-0.0003	-0.0003	-0.0003	-0.0003	-0.0003	-0.0003	-0.0003	-0.0004	-0.0004	-0.0000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Cashflows (Target)	-0.2636**	-0.2709*	-0.2684*	-0.2707*	-0.2712*	-0.2705*	-0.2707*	-0.2708*	-0.2671*	-0.2685*	-0.2022
	(0.112)	(0.144)	(0.145)	(0.144)	(0.144)	(0.144)	(0.144)	(0.144)	(0.146)	(0.145)	(0.160)
Big-4 Auditor (Target)	0.0135	0.0142	0.0174	0.0132	0.0132	0.0133	0.0151	0.0147	0.0165	0.0188	-0.0087
	(0.031)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.046)	(0.055)

Institutional Ownership (Target)	-0.0637	-0.0225	-0.0213	-0.0228	-0.0228	-0.0210	-0.0210	-0.0221	-0.0220	-0.0289	0.0356
	(0.052)	(0.085)	(0.084)	(0.085)	(0.086)	(0.086)	(0.085)	(0.085)	(0.085)	(0.085)	(0.092)
Percent Cash	0.0007	0.0009*	0.0009*	0.0009*	0.0009*	0.0009*	0.0009*	0.0009*	0.0009*	0.0009*	0.0007
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Uncertainty (Target)	0.1963	-0.1736	-0.1632	-0.1736	-0.1775	-0.1747	-0.1720	-0.1729	-0.1530	-0.1493	0.4530
	(0.211)	(0.312)	(0.313)	(0.313)	(0.313)	(0.313)	(0.313)	(0.313)	(0.316)	(0.319)	(0.364)
Hostile Deal	-0.0413	0.0413	0.0428	0.0419	0.0379	0.0370	0.0419	0.0419	0.0460	0.0465	0.4762**
	(0.070)	(0.096)	(0.100)	(0.097)	(0.095)	(0.095)	(0.097)	(0.097)	(0.102)	(0.103)	(0.188)
Constant	0.3607***	0.5348***	0.5531***	0.5590***	0.5608***	0.5605***	0.5247***	0.5310***	0.5492***	0.5504***	0.4110
	(0.135)	(0.162)	(0.153)	(0.154)	(0.153)	(0.153)	(0.162)	(0.162)	(0.154)	(0.155)	(0.288)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	989	420	420	420	420	420	420	420	420	420	303
R-squared	0.320	0.245	0.246	0.245	0.245	0.245	0.246	0.245	0.246	0.246	0.281

<u>Table 12</u>: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Non-Related Deals.

*Table 12 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification); otherwise, deals are considered non-related. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium
Target Advisor Presence	0.1107										
	(0.096)										

Target Advisor Ranking - Scheme #1		-0.0008									
		(0.001)									
Target Advisor Ranking - Scheme #2			-0.0001								
			(0.002)								
Target Advisor Ranking - Scheme #3				0.0281							
				(0.029)							
Target Advisor Ranking - Scheme #4					0.0055						
					(0.031)						
Target Advisor Ranking - Scheme #5						0.0090					
						(0.031)					
Target Advisor Ranking - Scheme #6							-0.0008				
							(0.001)				
Target Advisor Ranking - Scheme #7								-0.0008			
								(0.001)			
Top-Tier Target Advisor - Scheme #8									0.0167		
									(0.032)		
Second-Tier Target Advisor - Scheme #8									0.0026		
									(0.045)		
Top-Tier Target Advisor - Scheme #9										0.0148	
										(0.031)	
Second-Tier Target Advisor - Scheme #9										-0.0070	
										(0.045)	
Target Advisor Past Performance											-0.0260
											(0.104)
Leverage (Target)	0.0094	0.0101	0.0133	0.0060	0.0126	0.0117	0.0101	0.0103	0.0112	0.0125	0.0675
	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.098)	(0.101)
Target Relative Size	0.0019	-0.0020	-0.0020	-0.0017	-0.0021	-0.0021	-0.0020	-0.0020	-0.0022	-0.0024	-0.0044
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.011)
Firm Size (Target)	-0.0598***	-0.0501***	-0.0479***	-0.0515***	-0.0486***	-0.0491***	-0.0502***	-0.0501***	-0.0498***	-0.0496***	-0.0746***
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.017)
Sales Growth (Target)	0.0022	0.0039	0.0036	0.0035	0.0039	0.0038	0.0040	0.0041	0.0045	0.0049	-0.1100**
	(0.044)	(0.047)	(0.046)	(0.047)	(0.046)	(0.046)	(0.047)	(0.047)	(0.046)	(0.046)	(0.049)

Firm Age (Target)	0.0006	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0010
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.1502	-0.1535	-0.1523	-0.1517	-0.1524	-0.1528	-0.1532	-0.1533	-0.1522	-0.1503	-0.3556***
	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.107)	(0.109)
Big-4 Auditor (Target)	0.0847**	0.0768**	0.0789**	0.0773**	0.0782**	0.0781**	0.0769**	0.0768**	0.0775**	0.0783**	0.1273***
	(0.039)	(0.039)	(0.039)	(0.038)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.038)	(0.039)
Institutional Ownership (Target)	0.0275	-0.0053	-0.0024	-0.0070	-0.0035	-0.0037	-0.0060	-0.0059	-0.0047	-0.0043	0.0345
	(0.060)	(0.062)	(0.062)	(0.062)	(0.063)	(0.062)	(0.063)	(0.063)	(0.062)	(0.062)	(0.069)
Percent Cash	0.0011**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**	0.0010**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Uncertainty (Target)	-0.1581	-0.1388	-0.1332	-0.1398	-0.1355	-0.1362	-0.1400	-0.1395	-0.1393	-0.1333	-0.0202
	(0.199)	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)	(0.205)	(0.207)	(0.207)
Hostile Deal	0.0822	0.0796	0.0882	0.0748	0.0852	0.0838	0.0800	0.0795	0.0868	0.0813	
	(0.072)	(0.073)	(0.073)	(0.072)	(0.074)	(0.074)	(0.073)	(0.073)	(0.074)	(0.073)	
Constant	0.4573***	0.5561***	0.5239***	0.5436***	0.5276***	0.5294***	0.5585***	0.5572***	0.5358***	0.5310***	0.4000**
	(0.160)	(0.129)	(0.127)	(0.125)	(0.125)	(0.126)	(0.128)	(0.128)	(0.125)	(0.126)	(0.177)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	604	586	586	586	586	586	586	586	586	586	404
R-squared	0.239	0.228	0.228	0.229	0.228	0.228	0.228	0.228	0.228	0.228	0.366

Tender versus non-tender deals:

Tables 13 and 14, show the results of the regressions applied to a sample of tender deals and non-tender deals, respectively. The findings support a positive relation between target advisor's presence and premium in both samples, but fail to show significance when it comes to advisor's quality's effect (reputation and past performance) on the premium received.

Table 13: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Tender Deals.

*Table 13 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for tender deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium
Target Advisor Presence	0.2864***										
	(0.050)										
Target Advisor Ranking - Scheme #1		-0.0016									
		(0.002)									
Target Advisor Ranking - Scheme #2			0.0026								
			(0.004)								
Target Advisor Ranking - Scheme #3				0.0603							
				(0.061)							

Target Advisor Ranking - Scheme #4					0.0255						
					(0.049)						
Target Advisor Ranking - Scheme #5						0.0014					
						(0.047)					
Target Advisor Ranking - Scheme #6							-0.0021				
							(0.002)				
Target Advisor Ranking - Scheme #7								-0.0021			
								(0.002)			
Top-Tier Target Advisor - Scheme #8									0.0408		
									(0.058)		
Second-Tier Target Advisor - Scheme #8									0.0798		
									(0.092)		
Top-Tier Target Advisor - Scheme #9										0.0607	
										(0.063)	
Second-Tier Target Advisor - Scheme #9										0.0490	
										(0.088)	
Target Advisor Past Performance											-0.1869
											(0.263)
Leverage (Target)	0.1116	0.1196	0.1168	0.1075	0.1241	0.1260	0.1168	0.1178	0.1233	0.1147	0.0946
	(0.128)	(0.188)	(0.189)	(0.189)	(0.187)	(0.187)	(0.189)	(0.188)	(0.185)	(0.189)	(0.190)
Target Relative Size	-0.0216	-0.0267*	-0.0264*	-0.0263*	-0.0267*	-0.0275*	-0.0264*	-0.0263*	-0.0265*	-0.0252*	-0.0425***
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.015)
Firm Size (Target)	-0.0595***	-0.0914***	-0.0918***	-0.0951***	-0.0898***	-0.0863***	-0.0928***	-0.0932***	-0.0931***	-0.0962***	-0.1104***
	(0.016)	(0.028)	(0.028)	(0.029)	(0.026)	(0.027)	(0.028)	(0.028)	(0.028)	(0.029)	(0.029)
Sales Growth (Target)	0.0232	0.0263	0.0260	0.0236	0.0248	0.0256	0.0256	0.0255	0.0302	0.0251	-0.0611
	(0.055)	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)	(0.077)
Firm Age (Target)	0.0008	0.0009	0.0009	0.0010	0.0009	0.0007	0.0009	0.0009	0.0012	0.0010	0.0011
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Cashflows (Target)	-0.3871***	-0.2722**	-0.2705**	-0.2636**	-0.2731**	-0.2792**	-0.2692**	-0.2684**	-0.2649**	-0.2536**	-0.2578**
	(0.123)	(0.128)	(0.127)	(0.133)	(0.128)	(0.128)	(0.129)	(0.129)	(0.125)	(0.127)	(0.125)
Big-4 Auditor (Target)	0.0755	0.1901**	0.1883**	0.1880**	0.1926**	0.1956**	0.1883**	0.1885**	0.1833**	0.1899**	0.1977**
	(0.058)	(0.076)	(0.076)	(0.076)	(0.078)	(0.077)	(0.076)	(0.076)	(0.075)	(0.076)	(0.080)

Institutional Ownership (Target)	-0.0160	-0.0538	-0.0573	-0.0593	-0.0535	-0.0514	-0.0561	-0.0550	-0.0666	-0.0519	0.0821
	(0.079)	(0.103)	(0.103)	(0.101)	(0.103)	(0.103)	(0.103)	(0.103)	(0.102)	(0.102)	(0.135)
Percent Cash	-0.0005	-0.0015	-0.0014	-0.0015	-0.0014	-0.0014	-0.0015	-0.0015	-0.0015	-0.0015	0.0009
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Related Deal	0.0735	0.1006*	0.1015*	0.1005*	0.0994*	0.0966*	0.1021*	0.1029*	0.1029*	0.1072**	0.0217
	(0.047)	(0.053)	(0.052)	(0.052)	(0.054)	(0.055)	(0.052)	(0.052)	(0.053)	(0.051)	(0.064)
Uncertainty (Target)	-0.1815	-0.0999	-0.0898	-0.0927	-0.1014	-0.0979	-0.1008	-0.1006	-0.0722	-0.0902	0.2272
	(0.310)	(0.334)	(0.331)	(0.330)	(0.334)	(0.338)	(0.333)	(0.332)	(0.342)	(0.329)	(0.471)
Hostile Deal	-0.0266	0.1363	0.1382	0.1382	0.1357	0.1401	0.1353	0.1342	0.1395	0.1405	
	(0.091)	(0.125)	(0.125)	(0.124)	(0.128)	(0.128)	(0.124)	(0.124)	(0.126)	(0.128)	
Constant	0.6111***	0.9520***	0.9104***	0.9220***	0.8996***	0.8870***	0.9697***	0.9716***	0.9222***	0.9285***	0.6250
	(0.204)	(0.276)	(0.244)	(0.246)	(0.240)	(0.241)	(0.275)	(0.272)	(0.246)	(0.251)	(0.409)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	371	203	203	203	203	203	203	203	203	203	142
R-squared	0.429	0.378	0.378	0.381	0.377	0.376	0.379	0.379	0.381	0.381	0.515

<u>Table 14</u>: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, for Non-Tender Deals.

*Table 14 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-tender deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium	(7) Premium	(8) Premium	(9) Premium	(10) Premium	(11) Premium
Target Advisor Presence	0.2352***										
	(0.028)										
Target Advisor Ranking - Scheme #1		0.0008									
		(0.001)									
Target Advisor Ranking - Scheme #2			-0.0025								
			(0.002)								
Target Advisor Ranking - Scheme #3				-0.0081							
				(0.026)							
Target Advisor Ranking - Scheme #4					-0.0176						
					(0.026)						
Target Advisor Ranking - Scheme #5						-0.0104					
						(0.027)					
Target Advisor Ranking - Scheme #6							0.0010				
							(0.001)				
Target Advisor Ranking - Scheme #7								0.0009			
								(0.001)			
Top-Tier Target Advisor - Scheme #8									-0.0245		
									(0.030)		
Second-Tier Target Advisor - Scheme #8									-0.0517*		
									(0.031)		
Top-Tier Target Advisor - Scheme #9										-0.0215	
										(0.028)	
Second-Tier Target Advisor - Scheme #9										-0.0484	
										(0.030)	
Target Advisor Past Performance											-0.0386
											(0.099)
Leverage (Target)	0.0129	0.0116	0.0153	0.0099	0.0116	0.0105	0.0118	0.0117	0.0142	0.0146	0.0147

	(0.058)	(0.069)	(0.069)	(0.070)	(0.069)	(0.069)	(0.069)	(0.069)	(0.070)	(0.070)	(0.077)
Target Relative Size	-0.0010	-0.0010	-0.0013	-0.0010	-0.0008	-0.0009	-0.0010	-0.0010	-0.0017	-0.0015	-0.0039
	(0.007)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.011)
Firm Size (Target)	-0.0308***	-0.0364***	-0.0343***	-0.0374***	-0.0367***	-0.0373***	-0.0360***	-0.0362***	-0.0355***	-0.0360***	-0.0463***
	(0.007)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.014)
Sales Growth (Target)	-0.0516*	-0.0381	-0.0380	-0.0381	-0.0382	-0.0380	-0.0381	-0.0382	-0.0385	-0.0364	-0.0905**
	(0.028)	(0.039)	(0.038)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.038)	(0.039)	(0.040)
Firm Age (Target)	0.0016***	0.0005	0.0004	0.0004	0.0005	0.0005	0.0005	0.0005	0.0004	0.0004	0.0015
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.1144	-0.1142	-0.1077	-0.1164	-0.1150	-0.1159	-0.1140	-0.1140	-0.1056	-0.1051	-0.0589
	(0.101)	(0.111)	(0.112)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.112)	(0.141)
Big-4 Auditor (Target)	0.0281	0.0234	0.0270	0.0217	0.0231	0.0220	0.0236	0.0236	0.0252	0.0282	0.0470
	(0.027)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.033)	(0.034)
Institutional Ownership (Target)	-0.0584	-0.0244	-0.0201	-0.0262	-0.0242	-0.0258	-0.0232	-0.0236	-0.0226	-0.0265	-0.0197
	(0.044)	(0.056)	(0.055)	(0.056)	(0.056)	(0.056)	(0.056)	(0.056)	(0.056)	(0.057)	(0.058)
Percent Cash	0.0008**	0.0009***	0.0009***	0.0009***	0.0009***	0.0009***	0.0009***	0.0009***	0.0009***	0.0009***	0.0007*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	-0.0313	-0.0195	-0.0190	-0.0198	-0.0194	-0.0198	-0.0194	-0.0194	-0.0189	-0.0178	-0.0419*
	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.025)	(0.025)
Uncertainty (Target)	0.0990	-0.0160	-0.0047	-0.0196	-0.0160	-0.0194	-0.0141	-0.0148	0.0006	0.0013	0.2219
	(0.162)	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)	(0.201)	(0.201)	(0.204)
Hostile Deal	0.1935***	0.2714***	0.2792***	0.2741***	0.2589**	0.2652***	0.2716***	0.2722***	0.2940***	0.2973***	0.2905**
	(0.071)	(0.102)	(0.103)	(0.103)	(0.103)	(0.102)	(0.102)	(0.102)	(0.107)	(0.108)	(0.121)
Constant	0.2564**	0.5025***	0.5146***	0.5289***	0.5261***	0.5291***	0.4964***	0.4994***	0.5191***	0.5180***	0.4436**
	(0.101)	(0.114)	(0.110)	(0.109)	(0.109)	(0.109)	(0.114)	(0.113)	(0.110)	(0.110)	(0.177)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1,222	803	803	803	803	803	803	803	803	803	565
R-squared	0.293	0.188	0.189	0.187	0.188	0.187	0.188	0.188	0.190	0.189	0.226

Deal completion time:

When examining the effect of target advisor's quality and presence on deal completion time, we find that hiring a financial advisor is associated with a shorter time to completion; firms are able to complete deals faster. On average, it takes 33.5 days less time to complete the deal when the target hires an advisor, ceteris paribus. This result is significant at the 1% level. Deal completion time is defined as the time it takes to complete the deal, calculated as the number of days from the date of announcement to the date of deal completion, as reported in SDC. The findings also show that the larger the size, the relative size, and the age of the target, the longer it takes to close the deal. Hostile deals are also found to be associated with longer times to complete the deals. Cash deals are generally considered to be less complex, which could explain why as the percent of cash used in the payment increases the shorter the time it takes to complete the deal.

Generally, the findings, so far, support a positive effect of the presence of target financial advisors on short-term deal outcomes (premium and time to complete the deals), and a positive effect of the reputation of the target's advisor on the premium achieved for pure-cash deals, specifically. The analysis also provides empirical support to the effect of using the services of a Big-4 accounting firm by the target to achieve a higher premium.

<u>Table 15:</u> OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Deal Completion Time.

*Table 15 presents the results of OLS regressions involving deal completion time as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. Deal completion time is defined as the time it takes to complete the deal, calculated as the number of days from the date of announcement to the date of deal completion, as reported in SDC. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time
Target Advisor Presence	-33.5052***										
	(9.171)										
Target Advisor Ranking - Scheme #1		0.1139									
		(0.232)									
Target Advisor Ranking - Scheme #2			-0.0306								
			(0.290)								
Target Advisor Ranking - Scheme #3				-0.0114							
				(4.911)							
Target Advisor Ranking - Scheme #4					-1.4359						
					(5.168)						
Target Advisor Ranking - Scheme #5						-2.2524					
						(5.059)					
Target Advisor Ranking - Scheme #6							0.0433				
							(0.224)				
Target Advisor Ranking - Scheme #7								0.0865			
								(0.229)			
Top-Tier Target Advisor - Scheme #8									-0.2182		
									(5.441)		

Second-Tier Target Advisor - Scheme #8									4.5398		
									(6.987)		
Top-Tier Target Advisor - Scheme #9										0.3810	
										(5.270)	
Second-Tier Target Advisor - Scheme #9										-4.4180	
										(6.101)	
Target Advisor Past Performance											-18.4012
											(19.917)
Leverage (Target)	-20.6572	20.1932	19.8596	19.7739	19.9788	20.1748	19.9170	20.0669	19.7308	20.0125	40.0136**
	(18.217)	(13.859)	(13.878)	(13.791)	(13.920)	(13.901)	(13.852)	(13.845)	(13.816)	(13.881)	(18.069)
Target Relative Size	5.6486***	5.0296***	5.0416***	5.0466***	5.0449***	5.0444***	5.0399***	5.0335***	5.1053***	4.9941***	5.7200***
	(1.875)	(1.460)	(1.466)	(1.458)	(1.460)	(1.459)	(1.461)	(1.459)	(1.473)	(1.468)	(1.986)
Firm Size (Target)	14.5789***	6.1408**	5.9148**	5.8657**	6.0032**	6.0893**	5.9672**	6.0717**	5.8331**	5.8725**	3.4636
	(2.996)	(2.567)	(2.548)	(2.535)	(2.578)	(2.568)	(2.553)	(2.555)	(2.575)	(2.550)	(3.025)
Sales Growth (Target)	2.2033	-6.8465	-6.8494	-6.8498	-6.8429	-6.8300	-6.8459	-6.8528	-6.7858	-6.7617	-12.0968
	(7.090)	(4.602)	(4.594)	(4.582)	(4.590)	(4.594)	(4.593)	(4.599)	(4.566)	(4.600)	(7.752)
Firm Age (Target)	0.4604	0.6494***	0.6507***	0.6513***	0.6493***	0.6484***	0.6507***	0.6498***	0.6644***	0.6418***	0.7545**
	(0.331)	(0.248)	(0.248)	(0.248)	(0.248)	(0.248)	(0.248)	(0.248)	(0.248)	(0.246)	(0.297)
Cashflows (Target)	-6.6696	16.8368*	16.7128*	16.6526*	16.7244*	16.8290*	16.7121*	16.7789*	16.0058*	17.2844*	31.7422**
	(12.137)	(9.334)	(9.378)	(9.347)	(9.336)	(9.340)	(9.349)	(9.338)	(9.400)	(9.313)	(16.010)
Big-4 Auditor (Target)	-1.8669	-3.1519	-3.4021	-3.4752	-3.3156	-3.2726	-3.3604	-3.2339	-3.7124	-3.0303	-4.9205
	(8.809)	(5.541)	(5.615)	(5.510)	(5.509)	(5.496)	(5.545)	(5.540)	(5.609)	(5.585)	(6.674)
Institutional Ownership (Target)	-8.5838	-12.8464	-13.1985	-13.2959	-13.0013	-12.8590	-13.1023	-12.9239	-13.5261	-13.4669	-3.3320
	(15.636)	(11.487)	(11.425)	(11.549)	(11.421)	(11.449)	(11.484)	(11.497)	(11.420)	(11.517)	(15.069)
Percent Cash	-0.3264***	-0.3896***	-0.3916***	-0.3920***	-0.3908***	-0.3904***	-0.3912***	-0.3903***	-0.3926***	-0.3915***	-0.3494***
	(0.083)	(0.062)	(0.062)	(0.062)	(0.063)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.090)
Related Deal	1.9288	2.3321	2.3232	2.3224	2.3348	2.3343	2.3249	2.3266	2.3506	2.3926	1.5638
	(5.376)	(4.761)	(4.757)	(4.756)	(4.759)	(4.761)	(4.758)	(4.760)	(4.764)	(4.759)	(6.180)
Uncertainty (Target)	-61.6634	2.7848	2.2227	2.0867	2.5016	2.7659	2.3671	2.6473	1.4228	3.5432	-36.0020
	(46.687)	(29.601)	(29.572)	(29.703)	(29.667)	(29.647)	(29.629)	(29.616)	(29.681)	(29.398)	(44.624)
Hostile Deal	142.3721**	150.7008**	150.3262**	150.2255**	150.2984**	150.4182**	150.3934**	150.6057**	148.9566**	150.6764**	46.5255
	(55.313)	(61.618)	(61.597)	(61.608)	(61.547)	(61.593)	(61.552)	(61.588)	(62.288)	(61.342)	(34.371)
Constant	105.2994***	95.2103***	99.1816***	99.4089***	98.8248***	98.5567***	97.8148***	96.2467***	99.6009***	98.5487***	158.3898***
	(27.630)	(23.591)	(21.763)	(21.632)	(21.772)	(21.795)	(23.321)	(23.349)	(21.916)	(21.830)	(40.958)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1,657	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	734
R-squared	0.206	0.296	0.296	0.296	0.296	0.296	0.296	0.296	0.297	0.297	0.308

4.2. Exploring Target Advisor's Role Through the Lens of Their Activities

In order to better understand the role played by target financial advisors, and the value added by the activities they conduct as part of assisting their clients throughout the M&A process, I examine these activities based on hand-collected data from the "Background" section from proxy statements of a sample of 447 public targets. After coding the data collected, six main activity categories are established. Please refer to Table 2 for a detailed description of these activities. For each of these activities, a score of 1 indicates that the advisor has performed the activity in question, and a score of 0 is given if the role of the advisor did not involve that activity. Table 16 summarizes descriptive statistics regarding these activities. In summary, target financial advisors perform the following activities: 1. Provision of strategic advice to their client in 63.5% of the deals, 2. Due-diligence-related activities in 60% of the deals, 3. Provision of financial advice in 93% of the deals, 4. Conduct search-related activities in 73% of the deals, 5. Negotiation activities in 90% of the deals, and 6. Provision of decision-making-related support in 63% of the deals.

Table 16: Descriptive Statistics of the Activities Conducted by Targets' Advisors.

Variable	Number of Observations	Mean	Std. Dev.	Min	Max
Strategic Advice	447	0.6353	0.4819	0	1
Due Diligence	447	0.5996	0.4906	0	1
Financial Advice	447	0.9329	0.2505	0	1
Search	447	0.7338	0.4425	0	1
Negotiation	447	0.8993	0.3012	0	1
Decision Making	447	0.62863	0.4837	0	1

The initial analysis of the activities conducted by target financial advisors involves running regressions including the six activity categories to derive preliminary insights as to the relevance and significance of the effect of these activities on the premium achieved by targets. Table 17 presents the results of the regressions. In Model 1, I control for the reputation of the advisor, and in Model 2 I exclude advisor's reputation from the regression. I used ranking scheme #3 to proxy for advisor's reputation; which is the scheme where the top-tier category is made out of the advisors that made it to the top-25 list in the league tables for each year of the period covered by the study, and all the other advisors are considered to be non-top tier. Reputation is found to be positively related to premium at the 10% significance level. In terms of activities, financial advice is found to be positively related to premium (5% and 10% levels, in models 1 and 2, respectively), and search activities exhibit a negative relationship with premium (at the 1% level). Generally, similar insights can be derived regarding the control variables, as in the previous analyses (firm size, cashflows, big-4 auditors, etc.). In addition, target's risk is negatively related to premium (significant at 5% level in both modes), and institutional ownership also exhibits a negative effect on premium (at the 10% level), which, interestingly, contradicts the assertion generally made that the presence of such blockholders strengthens the bargaining position of targets (Stulz, 1988).

Table 17: OLS Regression Analyses of the Effect of Target Advisors' Activities on Target Premium.

*Table 17 presents the results of OLS regressions involving target premium as the dependent variable, while including all the activities conducted by the target advisor, all at once, in the models. Model 1 includes advisor's reputation (reputation scheme #3) as a control variable, whereas model 2 does not. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations*

denote the number of cases for which we have complete data, and which were used in the corresponding regression models.

VARIABLES	(1) Premium Controlling for advisor's reputation	(2) Premium Without controlling for advisor's reputation
Due Diligence	-0.0156	-0.0163
	(0.036)	(0.036)
Strategic Advice	0.0068	0.0007
	(0.038)	(0.039)
Financial Advice	0.1242**	0.1103*
	(0.060)	(0.058)
Search	-0.1086***	-0.1053***
	(0.040)	(0.040)
Negotiation	0.0643	0.0626
	(0.048)	(0.047)
Decision Making	-0.0461	-0.0543
	(0.038)	(0.038)
Target Advisor Ranking - Scheme #3	0.0551*	
	(0.033)	
Target Relative Size	-0.0948**	-0.0942*
	(0.048)	(0.048)
Leverage (Target)	0.0914	0.1169
	(0.113)	(0.114)
Firm Size (Target)	-0.0342*	-0.0303*
	(0.019)	(0.018)
Sales Growth (Target)	-0.0101	-0.0092
	(0.045)	(0.045)
Firm Age (Target)	-0.0006	-0.0007
	(0.001)	(0.001)
Cashflows (Target)	-0.4153***	-0.4147***
	(0.086)	(0.086)
Big-4 Auditor (Target)	0.1644***	0.1670***
	(0.045)	(0.045)
Institutional Ownership (Target)	-0.1603*	-0.1480*
	(0.086)	(0.085)
Percent Cash	0.0018***	0.0018***
	(0.001)	(0.001)
Related Deal	-0.0387	-0.0421
	(0.034)	(0.035)
Uncertainty (Target)	-0.6660**	-0.6643**
	(0.285)	(0.283)
Hostile Deal	0.1637	0.1659
	(0.117)	(0.114)
Constant	0.4514***	0.4565***
	(0.159)	(0.156)

Year Fixed-Effect	YES	YES
Industry-Fixed Effect	YES	YES
Observations	326	329
R-squared	0.378	0.375

In table 18, I run separate regressions to examine how individually each of the activity categories affects the premium received by the target, without accounting for advisor's reputation (which I re-introduce in the remaining analyses). Based on the findings, decision-making and search-related activities have a negative effect on premium (at the 10% and 1% significance levels, respectively), whereas the provision of financial advice exhibits a positive effect (10% significance level).

Table 18: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium.

*Table 18 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, without controlling for advisor's reputation. Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0633*					
	(0.038)					
Negotiation		0.0036				
		(0.042)				
Search			-0.1076***			
			(0.040)			
Financial Advice				0.1046*		
				(0.056)		

Strategic Advice					-0.0289	
					(0.039)	
Due Diligence						-0.0136
						(0.035)
Target Relative Size	-0.0929*	-0.0949**	-0.0898*	-0.0976**	-0.0921*	-0.0947**
	(0.048)	(0.048)	(0.047)	(0.048)	(0.049)	(0.048)
Leverage (Target)	0.1190	0.1258	0.1201	0.1168	0.1241	0.1219
	(0.113)	(0.114)	(0.114)	(0.114)	(0.114)	(0.113)
Firm Size (Target)	-0.0239	-0.0246	-0.0294	-0.0275	-0.0259	-0.0244
	(0.018)	(0.019)	(0.018)	(0.018)	(0.018)	(0.019)
Sales Growth (Target)	-0.0083	-0.0074	-0.0033	-0.0089	-0.0102	-0.0074
	(0.047)	(0.047)	(0.046)	(0.047)	(0.047)	(0.047)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4131***	-0.4143***	-0.4193***	-0.4164***	-0.4111***	-0.4137***
	(0.089)	(0.093)	(0.087)	(0.092)	(0.092)	(0.092)
Big-4 Auditor (Target)	0.1594***	0.1587***	0.1706***	0.1571***	0.1616***	0.1582***
	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)
Institutional Ownership (Target)	-0.1904**	-0.1953**	-0.1605*	-0.1771**	-0.1858**	-0.1928**
	(0.087)	(0.088)	(0.085)	(0.084)	(0.087)	(0.086)
Percent Cash	0.0017***	0.0015***	0.0017***	0.0015***	0.0015***	0.0015***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0471	-0.0495	-0.0459	-0.0487	-0.0478	-0.0486
	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7185***	-0.7004**	-0.7137***	-0.6847**	-0.6870**	-0.6833**
	(0.266)	(0.272)	(0.265)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0767	0.0663	0.0013	0.1648	0.0502	0.0545
	(0.094)	(0.095)	(0.092)	(0.111)	(0.093)	(0.095)
Constant	0.5315***	0.5228***	0.5876***	0.4512***	0.5382***	0.5298***
	(0.145)	(0.149)	(0.140)	(0.151)	(0.143)	(0.143)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	329	329	329	329	329	329
R-squared	0.354	0.347	0.364	0.352	0.349	0.348

Given that the preliminary analysis has showed significance with regard to the effect of advisor's reputation on premium, I re-introduce it as a control variable into the analysis, while running separate regressions for each activity category to assess the value brought about by the performance of such activities by target advisors. Following are 10 tables presenting these

regressions (Tables 19 to 28), where I use different schemes to proxy for advisor's quality (each of the 9 tables (19 to 27) includes a different proxy of advisor's reputation based on the 9 ranking schemes developed in this research project, and table 28 includes advisor's past performance as a control variable.

The results of the regressions shed light on two types of activities: search activities and the provision of financial advice. The conduct of search activities by targets' financial advisors is found to be negatively related to the premium achieved in all models. This finding is significant at the 1% level in 6 of the 10 models, at the 5% level in 3 of the models, and at the 10% level in one model. Providing financial advice exhibits a positive effect on premium in all models as well (at 1% significance level in 1 model, 5% in 8 models, and 10% significance in 1 model).

Overall, this analysis provides empirical support to the effects brought about by the provisions of these services (search and financial advice) by the target advisor. One could argue that, whereas targets would benefit from the expertise of advisors in conducting detailed objective financial analyses, and thus enlightening management with regard to the fairness of the consideration being offered, assigning search activities to these advisors could rather be costly to targets. Post-deal, the target will cease to exist as a standalone entity, and therefore will no longer represent a potential client to the investment bank involved. On the other hand, advisors would still be interested in completing the potential deal in question, for the financial gains associated with it (success fee), which feeds into their ranking on the league tables. Being assigned to find potential buyers could be leveraged by the advisors to achieve their interests, at the expense of their client, in terms of increasing the likelihood of completing the deal, while at the same time forging new business connections with potential buyers, without worrying much about providing a great service to their clients (the targets) to retain them, as they will no longer be part of the prospective landscape of

the advisor should the deal take place. It could be argued that the same logic applies to providing financial advice/services, however, the more objective nature of financial figures/analyses seems to be associated with more accountability with regard to its accuracy. Manipulating financial figures sounds more risky and potentially noticeable. The expected work to be conducted has to comply with objective standards and guidelines, whereas the scope and nature of search activities provide a considerable leeway to advisors when it comes to the steps and actions they can take on.

Looking further at the regressions' results, advisor's reputation exhibits a positive effect on premium in 6 of the 9 models controlling for it (9 schemes), at the 10% level. For ranking schemes 6 and 7, the coefficients of reputation are negative and significant, however, and as noted earlier, the interpretation of the positive effect is due to the fact that a lower score under these two schemes signals a higher reputation/quality. Advisor's past performance did not show significance when controlled for.

Table 19: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #3).

*Table 19 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #3). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Premium	Premium	Premium	Premium	Premium	Premium
Decision Making	-0.0556					

	(0.038)					
Negotiation		0.0102				
		(0.042)				
Search			-0.1067***			
			(0.041)			
Financial Advice				0.1191**		
				(0.058)		
Strategic Advice					-0.0230	
					(0.039)	
Due Diligence						-0.0110
						(0.034)
Target Advisor Ranking - Scheme #3	0.0541	0.0583*	0.0600*	0.0596*	0.0573*	0.0582*
	(0.034)	(0.035)	(0.034)	(0.034)	(0.034)	(0.034)
Target Relative Size	-0.0927*	-0.0945**	-0.0895*	-0.0974**	-0.0921*	-0.0942**
	(0.047)	(0.048)	(0.047)	(0.047)	(0.048)	(0.047)
Leverage (Target)	0.0941	0.0991	0.0927	0.0871	0.0968	0.0946
	(0.112)	(0.113)	(0.113)	(0.113)	(0.113)	(0.112)
Firm Size (Target)	-0.0279	-0.0284	-0.0339*	-0.0316*	-0.0296	-0.0285
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0107	-0.0105	-0.0054	-0.0113	-0.0123	-0.0100
	(0.048)	(0.048)	(0.046)	(0.047)	(0.047)	(0.048)
Firm Age (Target)	-0.0004	-0.0004	-0.0004	-0.0005	-0.0003	-0.0003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4157***	-0.4169***	-0.4198***	-0.4175***	-0.4146***	-0.4165***
	(0.089)	(0.092)	(0.086)	(0.091)	(0.091)	(0.092)
Big-4 Auditor (Target)	0.1555***	0.1547***	0.1671***	0.1539***	0.1572***	0.1545***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.045)	(0.045)
Institutional Ownership (Target)	-0.2013**	-0.2068**	-0.1747**	-0.1867**	-0.1984**	-0.2039**
	(0.089)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0014***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0441	-0.0457	-0.0423	-0.0443	-0.0445	-0.0450
	(0.035)	(0.036)	(0.034)	(0.035)	(0.035)	(0.035)
Uncertainty (Target)	-0.7273***	-0.7097***	-0.7209***	-0.6888**	-0.7012**	-0.6979**
	(0.267)	(0.272)	(0.266)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0597	0.0539	-0.0139	0.1598	0.0358	0.0385
	(0.097)	(0.097)	(0.094)	(0.112)	(0.095)	(0.098)
Constant	0.5436***	0.5281***	0.6013***	0.4496***	0.5481***	0.5409***
	(0.144)	(0.149)	(0.140)	(0.150)	(0.142)	(0.142)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.356	0.351	0.367	0.357	0.352	0.351

<u>Table 20</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #1).

*Table 20 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #1). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0569					
	(0.038)					
Negotiation		0.0100				
		(0.042)				
Search			-0.1080***			
			(0.041)			
Financial Advice				0.1195**		
				(0.059)		
Strategic Advice					-0.0231	
					(0.039)	
Due Diligence						-0.0073
						(0.034)
Target Advisor Ranking - Scheme #1	-0.0029*	-0.0030*	-0.0032**	-0.0031*	-0.0030*	-0.0030*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Target Relative Size	-0.0938**	-0.0957**	-0.0907*	-0.0986**	-0.0932*	-0.0953**
	(0.047)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.1001	0.1061	0.0994	0.0943	0.1037	0.1025
	(0.112)	(0.112)	(0.113)	(0.112)	(0.112)	(0.112)
Firm Size (Target)	-0.0306	-0.0311*	-0.0369**	-0.0343*	-0.0322*	-0.0311*
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0073	-0.0069	-0.0016	-0.0076	-0.0088	-0.0064
	(0.048)	(0.048)	(0.046)	(0.047)	(0.047)	(0.048)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4164***	-0.4177***	-0.4207***	-0.4183***	-0.4153***	-0.4176***
	(0.088)	(0.092)	(0.085)	(0.091)	(0.091)	(0.091)
Big-4 Auditor (Target)	0.1495***	0.1486***	0.1606***	0.1477***	0.1512***	0.1487***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1978**	-0.2026**	-0.1704**	-0.1825**	-0.1943**	-0.2002**
	(0.089)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0014***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)

Related Deal	-0.0437	-0.0455	-0.0419	-0.0441	-0.0442	-0.0450
	(0.035)	(0.036)	(0.034)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7426***	-0.7249***	-0.7375***	-0.7042***	-0.7161***	-0.7179**
	(0.266)	(0.272)	(0.265)	(0.266)	(0.271)	(0.279)
Hostile Deal	0.0546	0.0483	-0.0206	0.1546	0.0303	0.0355
	(0.097)	(0.097)	(0.095)	(0.113)	(0.096)	(0.098)
Constant	0.6221***	0.6092***	0.6886***	0.5321***	0.6280***	0.6200***
	(0.144)	(0.151)	(0.143)	(0.150)	(0.144)	(0.144)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.357	0.351	0.368	0.357	0.352	0.351

<u>Table 21</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #2).

*Table 21 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #2). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0559					
	(0.038)					
Negotiation		0.0080				
		(0.043)				
Search			-0.1069***			
			(0.041)			
Financial Advice				0.1210**		
				(0.059)		
Strategic Advice					-0.0249	
					(0.039)	
Due Diligence						-0.0116
						(0.034)
Target Advisor Ranking - Scheme #2	0.0028	0.0031	0.0033	0.0033	0.0031	0.0031
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)

Target Relative Size	-0.0918*	-0.0935*	-0.0886*	-0.0965**	-0.0910*	-0.0932*
	(0.048)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.1072	0.1125	0.1067	0.1008	0.1102	0.1082
	(0.113)	(0.113)	(0.113)	(0.113)	(0.113)	(0.112)
Firm Size (Target)	-0.0270	-0.0277	-0.0332*	-0.0310*	-0.0290	-0.0277
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0075	-0.0069	-0.0017	-0.0076	-0.0090	-0.0065
	(0.047)	(0.048)	(0.046)	(0.047)	(0.047)	(0.047)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4187***	-0.4204***	-0.4234***	-0.4211***	-0.4177***	-0.4198***
	(0.089)	(0.092)	(0.086)	(0.091)	(0.091)	(0.092)
Big-4 Auditor (Target)	0.1502***	0.1488***	0.1606***	0.1473***	0.1513***	0.1485***
	(0.047)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1987**	-0.2040**	-0.1723**	-0.1843**	-0.1955**	-0.2014**
	(0.089)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0015***	0.0017***	0.0015***	0.0015***	0.0014***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0439	-0.0455	-0.0420	-0.0440	-0.0441	-0.0447
	(0.035)	(0.036)	(0.034)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7325***	-0.7165***	-0.7276***	-0.6954***	-0.7066***	-0.7032**
	(0.266)	(0.272)	(0.265)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0603	0.0524	-0.0138	0.1617	0.0352	0.0384
	(0.097)	(0.097)	(0.095)	(0.113)	(0.095)	(0.098)
Constant	0.5320***	0.5181***	0.5893***	0.4363***	0.5372***	0.5290***
	(0.146)	(0.150)	(0.141)	(0.153)	(0.144)	(0.144)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.354	0.349	0.365	0.356	0.350	0.350

<u>Table 22</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #4).

*Table 22 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #4). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0593					
	(0.038)					
Negotiation		0.0113				
		(0.042)				
Search			-0.1066**			
			(0.041)			
Financial Advice				0.1164**		
				(0.058)		
Strategic Advice					-0.0241	
					(0.039)	
Due Diligence						-0.0101
						(0.034)
Target Advisor Ranking - Scheme #4	0.0431	0.0432	0.0452	0.0426	0.0424	0.0427
	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
Target Relative Size	-0.0929*	-0.0948**	-0.0898*	-0.0976**	-0.0922*	-0.0944**
	(0.048)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.1024	0.1096	0.1030	0.0983	0.1069	0.1052
	(0.112)	(0.113)	(0.113)	(0.113)	(0.113)	(0.113)
Firm Size (Target)	-0.0280	-0.0282	-0.0337*	-0.0311	-0.0294	-0.0282
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0100	-0.0097	-0.0046	-0.0104	-0.0116	-0.0092
	(0.047)	(0.047)	(0.046)	(0.047)	(0.047)	(0.047)
Firm Age (Target)	-0.0004	-0.0003	-0.0004	-0.0005	-0.0003	-0.0003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4146***	-0.4159***	-0.4188***	-0.4165***	-0.4134***	-0.4156***
	(0.089)	(0.093)	(0.086)	(0.092)	(0.092)	(0.092)
Big-4 Auditor (Target)	0.1548***	0.1544***	0.1666***	0.1539***	0.1570***	0.1543***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1912**	-0.1960**	-0.1635*	-0.1758**	-0.1873**	-0.1931**
	(0.088)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0015***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0442	-0.0461	-0.0426	-0.0448	-0.0448	-0.0455
	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7255***	-0.7054**	-0.7171***	-0.6850**	-0.6968**	-0.6952**
	(0.266)	(0.272)	(0.266)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0653	0.0601	-0.0085	0.1627	0.0405	0.0444
	(0.097)	(0.097)	(0.094)	(0.113)	(0.095)	(0.097)
Constant	0.5301***	0.5112***	0.5852***	0.4351***	0.5329***	0.5248***
	(0.145)	(0.149)	(0.140)	(0.151)	(0.142)	(0.143)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.354	0.348	0.364	0.354	0.349	0.349

<u>Table 23</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #5).

*Table 23 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #5). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0589					
	(0.038)					
Negotiation		0.0112				
		(0.042)				
Search			-0.1072***			
			(0.041)			
Financial Advice				0.1227**		
				(0.058)		
Strategic Advice					-0.0240	
					(0.039)	
Due Diligence						-0.0085
						(0.034)
Target Advisor Ranking - Scheme #5	0.0450	0.0458	0.0489	0.0500	0.0449	0.0450
	(0.033)	(0.034)	(0.034)	(0.033)	(0.033)	(0.033)
Target Relative Size	-0.0920*	-0.0939*	-0.0888*	-0.0968**	-0.0913*	-0.0935*
	(0.048)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.0990	0.1059	0.0988	0.0924	0.1032	0.1019
	(0.112)	(0.113)	(0.114)	(0.113)	(0.113)	(0.113)
Firm Size (Target)	-0.0275	-0.0278	-0.0335*	-0.0314	-0.0290	-0.0278
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0092	-0.0089	-0.0037	-0.0096	-0.0108	-0.0084
	(0.047)	(0.047)	(0.046)	(0.047)	(0.047)	(0.047)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4164***	-0.4177***	-0.4207***	-0.4184***	-0.4153***	-0.4175***
	(0.089)	(0.092)	(0.086)	(0.091)	(0.091)	(0.092)
Big-4 Auditor (Target)	0.1559***	0.1554***	0.1676***	0.1543***	0.1580***	0.1554***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)

Institutional Ownership (Target)	-0.1948**	-0.1996**	-0.1673*	-0.1792**	-0.1909**	-0.1968**
	(0.088)	(0.089)	(0.086)	(0.085)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0015***	0.0017***	0.0014***	0.0015***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0444	-0.0463	-0.0428	-0.0448	-0.0450	-0.0458
	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7269***	-0.7072***	-0.7192***	-0.6868**	-0.6986**	-0.6991**
	(0.266)	(0.272)	(0.265)	(0.266)	(0.271)	(0.279)
Hostile Deal	0.0588	0.0536	-0.0158	0.1613	0.0341	0.0390
	(0.096)	(0.096)	(0.093)	(0.112)	(0.095)	(0.097)
Constant	0.5270***	0.5083***	0.5826***	0.4282***	0.5301***	0.5214***
	(0.145)	(0.149)	(0.140)	(0.151)	(0.143)	(0.143)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.354	0.349	0.365	0.355	0.350	0.349

<u>Table 24</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #6).

*Table 24 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #6). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0574					
	(0.038)					
Negotiation		0.0091				
		(0.042)				
Search			-0.1070***			
			(0.041)			
Financial Advice				0.1196**		
				(0.059)		
Strategic Advice					-0.0231	

					(0.039)	
Due Diligence						-0.0086
						(0.034)
Target Advisor Ranking - Scheme #6	-0.0028*	-0.0029*	-0.0030*	-0.0030*	-0.0029*	-0.0029*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Target Relative Size	-0.0933*	-0.0951**	-0.0902*	-0.0981**	-0.0927*	-0.0948**
	(0.048)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.0971	0.1030	0.0968	0.0912	0.1008	0.0993
	(0.112)	(0.112)	(0.113)	(0.113)	(0.113)	(0.112)
Firm Size (Target)	-0.0300	-0.0305	-0.0360*	-0.0337*	-0.0316*	-0.0305
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0086	-0.0082	-0.0031	-0.0090	-0.0101	-0.0078
	(0.048)	(0.048)	(0.046)	(0.047)	(0.047)	(0.048)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4160***	-0.4174***	-0.4202***	-0.4179***	-0.4149***	-0.4171***
	(0.089)	(0.092)	(0.086)	(0.091)	(0.091)	(0.092)
Big-4 Auditor (Target)	0.1510***	0.1502***	0.1624***	0.1493***	0.1527***	0.1502***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1990**	-0.2037**	-0.1716**	-0.1837**	-0.1955**	-0.2012**
	(0.089)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0014***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0427	-0.0445	-0.0409	-0.0430	-0.0432	-0.0439
	(0.035)	(0.036)	(0.034)	(0.035)	(0.035)	(0.036)
Uncertainty (Target)	-0.7367***	-0.7188***	-0.7300***	-0.6977***	-0.7098***	-0.7098**
	(0.266)	(0.272)	(0.265)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0546	0.0475	-0.0197	0.1546	0.0304	0.0346
	(0.097)	(0.097)	(0.095)	(0.113)	(0.096)	(0.098)
Constant	0.6154***	0.6024***	0.6776***	0.5244***	0.6203***	0.6128***
	(0.147)	(0.154)	(0.145)	(0.152)	(0.146)	(0.146)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.356	0.351	0.367	0.357	0.352	0.351

<u>Table 25</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #7).

Table 25 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #7). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The

*regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0579					
	(0.038)					
Negotiation		0.0101				
		(0.042)				
Search			-0.1077***			
			(0.041)			
Financial Advice				0.1197**		
				(0.059)		
Strategic Advice					-0.0240	
					(0.039)	
Due Diligence						-0.0086
						(0.034)
Target Advisor Ranking - Scheme #7	-0.0026*	-0.0026*	-0.0028*	-0.0027*	-0.0026*	-0.0026*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Target Relative Size	-0.0936*	-0.0955**	-0.0906*	-0.0985**	-0.0930*	-0.0951**
	(0.048)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.1001	0.1064	0.0996	0.0944	0.1038	0.1025
	(0.112)	(0.112)	(0.113)	(0.113)	(0.113)	(0.112)
Firm Size (Target)	-0.0294	-0.0297	-0.0355*	-0.0330*	-0.0310	-0.0297
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0079	-0.0075	-0.0023	-0.0083	-0.0095	-0.0071
	(0.048)	(0.048)	(0.046)	(0.047)	(0.047)	(0.048)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4159***	-0.4172***	-0.4201***	-0.4177***	-0.4147***	-0.4169***
	(0.089)	(0.092)	(0.086)	(0.091)	(0.091)	(0.092)
Big-4 Auditor (Target)	0.1516***	0.1509***	0.1629***	0.1499***	0.1534***	0.1509***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1977**	-0.2026**	-0.1704**	-0.1824**	-0.1940**	-0.2000**
	(0.089)	(0.089)	(0.086)	(0.086)	(0.088)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0015***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0430	-0.0448	-0.0412	-0.0434	-0.0435	-0.0443
	(0.035)	(0.036)	(0.034)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7371***	-0.7186***	-0.7310***	-0.6980***	-0.7096***	-0.7099**
	(0.266)	(0.272)	(0.265)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0557	0.0494	-0.0194	0.1557	0.0310	0.0357
	(0.097)	(0.097)	(0.095)	(0.113)	(0.095)	(0.098)
Constant	0.6065***	0.5919***	0.6707***	0.5151***	0.6117***	0.6032***
	(0.148)	(0.154)	(0.146)	(0.153)	(0.147)	(0.147)

Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.356	0.350	0.366	0.356	0.351	0.350

<u>Table 26</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #8).

*Table 26 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #8). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0627					
	(0.039)					
Negotiation		0.0142				
		(0.043)				
Search			-0.1063**			
			(0.042)			
Financial Advice				0.1139*		
				(0.058)		
Strategic Advice					-0.0189	
					(0.040)	
Due Diligence						-0.0077
						(0.034)
Target Advisor Ranking - Scheme #8	0.0631*	0.0593*	0.0600*	0.0568*	0.0562	0.0583*
	(0.033)	(0.033)	(0.033)	(0.033)	(0.034)	(0.033)
Target Relative Size	-0.0930*	-0.0951**	-0.0900*	-0.0976**	-0.0928*	-0.0946**
	(0.047)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.0892	0.0988	0.0920	0.0880	0.0967	0.0946
	(0.112)	(0.113)	(0.114)	(0.113)	(0.113)	(0.113)
Firm Size (Target)	-0.0301	-0.0297	-0.0352*	-0.0324*	-0.0305	-0.0298
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0105	-0.0102	-0.0049	-0.0107	-0.0114	-0.0095

	(0.047)	(0.047)	(0.046)	(0.046)	(0.047)	(0.047)
Firm Age (Target)	-0.0005	-0.0004	-0.0005	-0.0006	-0.0004	-0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4075***	-0.4092***	-0.4121***	-0.4102***	-0.4079***	-0.4093***
	(0.090)	(0.094)	(0.088)	(0.093)	(0.093)	(0.094)
Big-4 Auditor (Target)	0.1582***	0.1579***	0.1704***	0.1575***	0.1601***	0.1580***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.046)	(0.046)
Institutional Ownership (Target)	-0.1958**	-0.2007**	-0.1677*	-0.1802**	-0.1927**	-0.1975**
	(0.088)	(0.089)	(0.086)	(0.086)	(0.089)	(0.087)
Percent Cash	0.0016***	0.0014***	0.0016***	0.0014***	0.0014***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0429	-0.0451	-0.0417	-0.0440	-0.0442	-0.0447
	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7131***	-0.6912**	-0.7033***	-0.6726**	-0.6866**	-0.6854**
	(0.266)	(0.272)	(0.265)	(0.267)	(0.271)	(0.279)
Hostile Deal	0.0515	0.0491	-0.0218	0.1474	0.0301	0.0326
	(0.096)	(0.096)	(0.093)	(0.112)	(0.094)	(0.097)
Constant	0.5476***	0.5237***	0.6002***	0.4514***	0.5449***	0.5392***
	(0.146)	(0.150)	(0.142)	(0.154)	(0.144)	(0.144)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.357	0.350	0.366	0.356	0.351	0.350

<u>Table 27</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #9).

*Table 27 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #9). Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0614					

	(0.038)					
Negotiation		0.0165				
		(0.042)				
Search			-0.1058**			
			(0.041)			
Financial Advice				0.1164**		
				(0.058)		
Strategic Advice					-0.0194	
					(0.039)	
Due Diligence						-0.0069
						(0.034)
Target Advisor Ranking - Scheme #9	0.0598*	0.0580*	0.0573*	0.0568*	0.0547*	0.0565*
	(0.032)	(0.032)	(0.032)	(0.032)	(0.033)	(0.031)
Target Relative Size	-0.0937**	-0.0959**	-0.0906*	-0.0984**	-0.0934*	-0.0952**
	(0.047)	(0.048)	(0.047)	(0.047)	(0.048)	(0.048)
Leverage (Target)	0.0939	0.1030	0.0962	0.0909	0.1002	0.0985
	(0.112)	(0.112)	(0.113)	(0.113)	(0.113)	(0.112)
Firm Size (Target)	-0.0288	-0.0287	-0.0340*	-0.0317*	-0.0296	-0.0288
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Sales Growth (Target)	-0.0099	-0.0099	-0.0044	-0.0103	-0.0110	-0.0090
	(0.047)	(0.047)	(0.046)	(0.046)	(0.047)	(0.047)
Firm Age (Target)	-0.0004	-0.0003	-0.0004	-0.0005	-0.0003	-0.0003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.4049***	-0.4063***	-0.4095***	-0.4073***	-0.4052***	-0.4067***
	(0.090)	(0.093)	(0.087)	(0.092)	(0.093)	(0.093)
Big-4 Auditor (Target)	0.1575***	0.1570***	0.1696***	0.1566***	0.1594***	0.1572***
	(0.046)	(0.046)	(0.045)	(0.046)	(0.045)	(0.045)
Institutional Ownership (Target)	-0.1984**	-0.2037**	-0.1704*	-0.1826**	-0.1950**	-0.2002**
	(0.089)	(0.089)	(0.087)	(0.086)	(0.089)	(0.087)
Percent Cash	0.0016***	0.0014**	0.0016***	0.0014**	0.0014**	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0424	-0.0445	-0.0412	-0.0433	-0.0436	-0.0442
	(0.035)	(0.036)	(0.034)	(0.036)	(0.035)	(0.036)
Uncertainty (Target)	-0.7006***	-0.6786**	-0.6916***	-0.6604**	-0.6752**	-0.6751**
	(0.267)	(0.273)	(0.266)	(0.267)	(0.271)	(0.280)
Hostile Deal	0.0532	0.0524	-0.0198	0.1508	0.0312	0.0346
	(0.096)	(0.096)	(0.093)	(0.112)	(0.094)	(0.097)
Constant	0.5349***	0.5101***	0.5881***	0.4390***	0.5343***	0.5278***
	(0.145)	(0.150)	(0.141)	(0.152)	(0.143)	(0.144)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.356	0.35	0.366	0.356	0.351	0.350

<u>Table 28</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Advisor's Past Performance.

*Table 28 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's past performance. Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0517					
	(0.044)					
Negotiation		0.0077				
		(0.049)				
Search			-0.0954*			
			(0.051)			
Financial Advice				0.1259***		
				(0.047)		
Strategic Advice					-0.0421	
					(0.043)	
Due Diligence						-0.0147
						(0.040)
Target Advisor Past Performance	-0.0860	-0.0767	-0.0811	-0.0641	-0.0820	-0.0800
	(0.126)	(0.127)	(0.131)	(0.124)	(0.127)	(0.126)
Target Relative Size	-0.1414***	-0.1419***	-0.1353***	-0.1382***	-0.1337***	-0.1421***
	(0.047)	(0.048)	(0.047)	(0.048)	(0.049)	(0.048)
Leverage (Target)	0.0638	0.0685	0.0624	0.0661	0.0628	0.0655
	(0.130)	(0.131)	(0.132)	(0.130)	(0.132)	(0.129)
Firm Size (Target)	-0.0313	-0.0313	-0.0357	-0.0324	-0.0332	-0.0317
	(0.022)	(0.022)	(0.022)	(0.021)	(0.022)	(0.022)
Sales Growth (Target)	0.0536	0.0533	0.0572	0.0550	0.0515	0.0525
	(0.073)	(0.072)	(0.074)	(0.072)	(0.072)	(0.073)
Firm Age (Target)	0.0011	0.0012	0.0012	0.0010	0.0011	0.0011
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Cashflows (Target)	-0.4158***	-0.4148***	-0.4155***	-0.4061***	-0.4144***	-0.4116***
	(0.119)	(0.123)	(0.117)	(0.123)	(0.122)	(0.123)
Big-4 Auditor (Target)	0.1635***	0.1629***	0.1742***	0.1589***	0.1666***	0.1627***

	(0.047)	(0.047)	(0.048)	(0.046)	(0.047)	(0.047)
Institutional Ownership (Target)	-0.0973	-0.0938	-0.0819	-0.0826	-0.0836	-0.0934
	(0.090)	(0.091)	(0.090)	(0.091)	(0.092)	(0.091)
Percent Cash	0.0019***	0.0018**	0.0019***	0.0018***	0.0017**	0.0017**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0607*	-0.0647*	-0.0634*	-0.0633*	-0.0625*	-0.0630*
	(0.036)	(0.037)	(0.036)	(0.037)	(0.036)	(0.037)
Uncertainty (Target)	0.2962	0.3048	0.3385	0.3358	0.3337	0.3280
	(0.364)	(0.364)	(0.365)	(0.362)	(0.365)	(0.370)
Constant	0.0224	-0.0244	0.0262	-0.1562	0.0231	-0.0009
	(0.404)	(0.423)	(0.386)	(0.421)	(0.408)	(0.417)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	235	235	235	235	235	235
R-squared	0.436	0.431	0.443	0.437	0.434	0.432

4.3. Acquirer's Financial Advisor and Short-Term Deal Performance

In this section, I present the empirical findings relating to the role of acquirers' financial advisors, and how their involvement affects the short-term deal outcomes for the clients they are serving. This analysis, for the most part, mirrors the analysis relating to the effects brought about by the presence and quality of target advisors on their clients' short-term deal outcomes.

Table 29 presents the descriptive statistics of key variables that have been incorporated into this analysis; it includes the number of observations, and the mean, standard deviation, minimum and maximum values of these variables. There are some variables that have been included in both this analysis and the analysis on the target side (i.e., deal-related variables). To avoid repetition, the descriptive statistics of such variables have been included in the target-related empirical findings' section presented previously in this document.

Table 29: Descriptive Statistics – Data Used in Acquirer Advisor-Related Analyses.

Table 29 presents the main variables used in the analysis of the effects of the presence and reputation of Acquirers' financial advisors on short-term deal outcomes. Descriptive statistics for other relevant variables that are used in the analyses on both the target and acquirer sides, have been presented in Table 5.

Variable	Obs	Mean	Std. Dev.	Min	Max
Acquirer CAR (-2 to +2)	15088	0.12	0.07	-0.20	0.28
Acquirer CAR (-5 to +5)	15088	0.01	0.08	-0.24	0.30
Acquirer Advisor Presence Dummy	15892	0.31	0.46	0.00	1.00
Acquirer Advisor Ranking Based on Ranking Scheme #1	4900	14.45	10.69	1.00	26.00
Acquirer Advisor Ranking Based on Ranking Scheme #2	4900	9.31	8.18	0.00	17.00
Acquirer Advisor Ranking Based on Ranking Scheme #3	4900	0.47	0.50	0.00	1.00
Acquirer Advisor Ranking Based on Ranking Scheme #4	4900	0.45	0.50	0.00	1.00
Acquirer Advisor Ranking Based on Ranking Scheme #5	4900	0.46	0.50	0.00	1.00
Acquirer Advisor Ranking Based on Ranking Scheme #6	4900	14.83	10.64	1.24	26.00
Acquirer Advisor Ranking Based on Ranking Scheme #7	4900	14.62	10.68	1.00	26.00

Acquirer Advisor Top-Tier Binary- Ranking Scheme #8	4900	0.36	0.48	0.00	1.00
Acquirer Advisor Second-Tier Binary- Ranking Scheme #8	4900	0.18	0.38	0.00	1.00
Acquirer Advisor Top-Tier Binary- Ranking Scheme #9	4900	0.37	0.48	0.00	1.00
Acquirer Advisor Second-Tier Binary- Ranking Scheme #9	4900	0.21	0.41	0.00	1.00
Acquirer Advisor Past Performance	3581	0.62	0.17	0.00	1.00
Litigation Risk (Acquirer)	14678	0.01	0.00	0.00	0.03
Analyst Following (Acquirer)	15892	9.15	9.03	0.00	32.00
Leverage (Acquirer)	15765	0.20	0.20	0.00	0.88
Firm Size (Acquirer)	15873	7.04	1.97	1.22	11.13
Sales Growth (Acquirer)	14770	0.20	0.46	-0.78	3.63
Firm Age (Acquirer)	15888	16.98	17.50	0.00	91.00
Cashflows (Acquirer)	14166	0.04	0.17	-1.52	0.29
Big-4 Auditor (Acquirer)	15195	0.85	0.36	0.00	1.00
Institutional Ownership (Acquirer)	14492	0.65	0.27	0.02	0.98
Uncertainty (Acquirer)	15794	0.13	0.08	0.01	0.48
Acquirer Advisor Relative Ranking - Scheme #1	3552	2.13	3.97	0.04	26.00
Acquirer Advisor Relative Ranking - Scheme #2	1894	0.88	0.86	0.00	17.00
Acquirer Advisor Relative Ranking - Scheme #6	3552	1.95	3.35	0.05	21.05
Acquirer Advisor Relative Ranking - Scheme #7	3552	2.02	3.67	0.04	26.00
Acquirer Advisor Relative Past Performance	2277	1.00	0.39	0.00	5.25

In table 30, I present the results of the regressions used to examine how the presence, reputation, and past performance of acquirers' financial advisors affect their clients' cumulative abnormal returns for the event window (-2 +2)[6]. The positive effect of acquirer's financial advisor's reputation is supported by the results of 6 of the 9 reputation-based models (4 models at the 5%, and 2 models at the 10% significance levels). Advisor's presence shows no significance, whereas advisor's past performance exhibits a significant positive effect on acquirer's CAR (-2 +2) at the 1% level.

[6] Additional tables that present the results of the regressions that examine the effects of acquirer advisor's presence, reputation, and past performance, on acquirer's cumulative abnormal returns (CAR (-5 +5)) are included in Appendix 4. Appendix 4 also includes tables that reflect the different partitioning schemes applied in this section.

The results relating to the control variables are generally consistent with the existent literature. Leverage is found to have a positive effect on acquirers' abnormal returns mostly at the 1% level (at 5% significance in 1 regression, and 1% significance in the remaining regressions), which aligns with the view presented in many studies that leverage alleviates agency problems, and therefore is associated with better M&A deals outcomes and decisions (Maloney et al., 1993; Bao and Edmans, 2011; Safieddine and Titman, 1999; Guo et al., 2020). We also found that, generally, the market reacts more positively to the relatively larger deals. Acquirer's size is negatively and significantly (1% level) related to CAR (-2 +2); similar results reached in existing studies have been sometimes attributed to the lower level of alignment between management and shareholders' interests in larger firms ((Moeller et al., 2004). When it comes to the public status of the target, we found public targets to have a negative and significant (1% level) effect on acquirer's CAR; which is in line with existing studies (i.e., Fuller et al., 2002). The percent of cash out of the total consideration paid is positively related to acquirer's CAR (1% statistical significance). The use of stock as a method of payment could signal to the market that the acquirer's stock is overvalued (Myers and Majluf, 1984), and can therefore entail a negative market reaction, which explains why an increase in the cash portion of the payment could lead to a better deal performance. The results also show that related deals are associated with better deal outcomes (positive coefficient at 1% significance level), which can be explained by the lower information asymmetry involved in such deals (Chatterjee, 1986).

<u>Table 30</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2).

*Table 30 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)	(11) Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0018										
	(0.002)										
Acquirer Advisor Ranking - Scheme #1		-0.0004**									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0005**								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0070**							
				(0.004)							
Acquirer Advisor Ranking - Scheme #4					0.0062*						
					(0.003)						
Acquirer Advisor Ranking - Scheme #5						0.0049					
						(0.003)					
Acquirer Advisor Ranking - Scheme #6							-0.0003**				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0003*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0058		
									(0.004)		

Second-Tier Acquirer Advisor - Scheme #8									0.0082*		
									(0.004)		
Top-Tier Acquirer Advisor - Scheme #9										0.0042	
										(0.004)	
Second-Tier Acquirer Advisor - Scheme #9										0.0075**	
										(0.004)	
Acquirer Advisor's Past Performance											0.1166***
											(0.008)
Leverage (Acquirer)	0.0139***	0.0331***	0.0326***	0.0332***	0.0334***	0.0335***	0.0332***	0.0332***	0.0328***	0.0323***	0.0213**
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Target Relative Size	0.0034***	0.0026*	0.0026*	0.0027*	0.0027**	0.0029**	0.0026*	0.0026*	0.0028**	0.0028**	0.0038***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Firm Size (Acquirer)	-0.0032***	-0.0079***	-0.0079***	-0.0077***	-0.0076***	-0.0073***	-0.0078***	-0.0078***	-0.0076***	-0.0075***	-0.0044***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Sales Growth (Acquirer)	-0.0047**	-0.0075**	-0.0075**	-0.0075**	-0.0076**	-0.0075**	-0.0075**	-0.0075**	-0.0075**	-0.0076**	-0.0076**
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Firm Age (Acquirer)	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0003	0.0250	0.0252	0.0248	0.0248	0.0248	0.0249	0.0250	0.0254	0.0257	0.0385**
	(0.009)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.018)
Big-4 Auditor (Acquirer)	0.0029	0.0079	0.0078	0.0080	0.0081	0.0082	0.0080	0.0080	0.0080	0.0079	0.0036
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Institutional Ownership (Acquirer)	-0.0076**	-0.0021	-0.0020	-0.0020	-0.0020	-0.0019	-0.0020	-0.0020	-0.0017	-0.0015	0.0036
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Public Target Dummy	-0.0079***	-0.0150***	-0.0149***	-0.0150***	-0.0150***	-0.0149***	-0.0150***	-0.0150***	-0.0149***	-0.0148***	-0.0135***
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0053***	0.0085***	0.0085***	0.0086***	0.0086***	0.0086***	0.0086***	0.0085***	0.0086***	0.0087***	0.0085***
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Uncertainty (Acquirer)	0.0430***	0.0068	0.0070	0.0075	0.0082	0.0085	0.0073	0.0073	0.0085	0.0091	0.0224
	(0.016)	(0.030)	(0.030)	(0.030)	(0.030)	(0.031)	(0.030)	(0.030)	(0.030)	(0.030)	(0.032)
Hostile Deal	-0.0089	-0.0023	-0.0023	-0.0026	-0.0020	-0.0022	-0.0021	-0.0022	-0.0026	-0.0029	0.0114
	(0.016)	(0.014)	(0.014)	(0.014)	(0.013)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.021)
Constant	0.0468***	0.0551***	0.0455***	0.0450***	0.0445***	0.0433**	0.0543***	0.0540***	0.0438**	0.0435**	-0.0349**
	(0.010)	(0.019)	(0.017)	(0.017)	(0.017)	(0.017)	(0.019)	(0.019)	(0.017)	(0.017)	(0.015)

Year Fixed-Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry-Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,507	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	2,398
R-squared	0.043	0.088	0.088	0.088	0.088	0.087	0.088	0.088	0.088	0.088	0.149

Partitioning based on target public status:

In tables 31, 32, and 33, we present the results of a similar analysis as in the general model above but applied to 3 sub-samples: deals involving public targets, private targets, and subsidiaries, respectively. For public targets (Table 31), the results are consistent with the findings derived when the whole sample was examined. Advisor's presence is insignificant, and reputation is positively and significantly related to deal outcomes in 6 of the 9 models (5% level in one model, and 10% level in 5 models). Advisor's past performance is also positively and significantly related to acquirer's CAR (1% significance). For the subsample of private targets, and that of subsidiary targets, neither advisor's presence nor reputation have significant coefficients; however, advisor's past performance is found to have a positive and significant effect on acquirer's short-term deal outcomes (1% level). A plausible explanation is that deals involving public targets are generally more visible, those the signalling effect brought about by the hiring of an advisor, or of a (reputable) top-advisor is more likely to be exhibited through a positive market reaction. Being served by a Big-4 accounting firm is associated with better deal outcomes, specifically when the target is a private firm (9 out of the 11 models). Existing studies (Golubov et al., 2012; Fuller et al., 2002) assert that target relative size has a negative effect on acquirer's returns in public deals, and a positive effect in private and subsidiary deals. The results relating to the target relative size documented in the tables below are consistent with these conclusions. Target relative size exhibits a negative and significant coefficient in public deals (Table 31: 9 of the 11 models, at 5% significance), and positive and significant coefficients for private and subsidiary deals at 1% significance (Tables 32 and 33).

<u>Table 31</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Deals Involving Public Targets.

*Table 31 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving public targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)	(11) Acq CAR (-2 +2)
Acquirer Advisor Presence	0.0009										
	(0.004)										
Acquirer Advisor Ranking - Scheme #1		-0.0005**									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0005								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0105*							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0105*						
					(0.005)						
Acquirer Advisor Ranking - Scheme #5						0.0091*					
						(0.005)					
Acquirer Advisor Ranking - Scheme #6							-0.0005*				
							(0.000)				

Acquirer Advisor Ranking - Scheme #7								-0.0005*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0095		
									(0.006)		
Second-Tier Acquirer Advisor - Scheme #8									0.0068		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0077	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0071	
										(0.006)	
Acquirer Advisor Past Performance											0.1041***
											(0.013)
Leverage (Acquirer)	0.0252**	0.0314*	0.0316*	0.0315*	0.0313*	0.0315*	0.0316*	0.0318*	0.0319*	0.0313*	0.0263
	(0.011)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Target Relative Size	-0.0012	-0.0049**	-0.0045**	-0.0048**	-0.0048**	-0.0047**	-0.0048**	-0.0048**	-0.0046**	-0.0045**	-0.0029
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0067***	-0.0108***	-0.0103***	-0.0105***	-0.0104***	-0.0102***	-0.0106***	-0.0106***	-0.0103***	-0.0102***	-0.0074***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0015	-0.0030	-0.0029	-0.0030	-0.0029	-0.0030	-0.0029	-0.0030	-0.0029	-0.0029	-0.0060
	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Firm Age (Acquirer)	-0.0000	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0143	0.0299	0.0304	0.0289	0.0295	0.0293	0.0298	0.0298	0.0301	0.0304	0.0652**
	(0.024)	(0.035)	(0.035)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.035)	(0.035)	(0.027)
Big-4 Auditor (Acquirer)	0.0069	0.0074	0.0073	0.0079	0.0078	0.0079	0.0075	0.0074	0.0075	0.0076	0.0022
	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.008)
Institutional Ownership (Acquirer)	-0.0084	-0.0074	-0.0066	-0.0071	-0.0074	-0.0071	-0.0073	-0.0073	-0.0069	-0.0065	-0.0035
	(0.009)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Percent Cash	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0004***	0.0003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0108***	0.0124***	0.0125***	0.0124***	0.0125***	0.0127***	0.0124***	0.0124***	0.0126***	0.0126***	0.0105**
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)
Uncertainty (Acquirer)	-0.0125	-0.0238	-0.0212	-0.0226	-0.0223	-0.0215	-0.0226	-0.0228	-0.0211	-0.0203	-0.0275
	(0.037)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.056)
Hostile Deal	0.0066	0.0110	0.0109	0.0104	0.0118	0.0114	0.0112	0.0111	0.0112	0.0103	0.0240

	(0.017)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.024)
Constant	0.0299*	0.0471*	0.0309	0.0323	0.0321	0.0312	0.0455*	0.0454*	0.0311	0.0308	-0.0457**
	(0.017)	(0.025)	(0.023)	(0.023)	(0.023)	(0.023)	(0.025)	(0.025)	(0.023)	(0.023)	(0.023)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	2,030	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	922
R-squared	0.112	0.133	0.131	0.132	0.132	0.132	0.132	0.132	0.131	0.131	0.178

<u>Table 32</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Deals Involving Private Targets.

*Table 32 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving private targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0034										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		0.0003									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			-0.0003								

			(0.000)								
Acquirer Advisor Ranking - Scheme #3				-0.0052							
				(0.007)							
Acquirer Advisor Ranking - Scheme #4					-0.0034						
					(0.007)						
Acquirer Advisor Ranking - Scheme #5						-0.0076					
						(0.007)					
Acquirer Advisor Ranking - Scheme #6							0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								0.0003			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									-0.0079		
									(0.008)		
Second-Tier Acquirer Advisor - Scheme #8									0.0021		
									(0.008)		
Top-Tier Acquirer Advisor - Scheme #9										-0.0089	
										(0.007)	
Second-Tier Acquirer Advisor - Scheme #9										-0.0008	
										(0.007)	
Acquirer Advisor Past Performance											0.1301***
											(0.013)
Leverage (Acquirer)	0.0089	0.0228	0.0228	0.0225	0.0221	0.0225	0.0226	0.0227	0.0211	0.0218	0.0074
	(0.007)	(0.018)	(0.019)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.019)	(0.018)	(0.017)
Target Relative Size	0.0043***	0.0120***	0.0118***	0.0118***	0.0117***	0.0121***	0.0119***	0.0120***	0.0120***	0.0122***	0.0108***
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0009	0.0009	0.0006	0.0007	0.0003	0.0011	0.0008	0.0009	0.0010	0.0013	0.0023
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)
Sales Growth (Acquirer)	-0.0053	-0.0088	-0.0087	-0.0087	-0.0086	-0.0090	-0.0087	-0.0088	-0.0087	-0.0089	-0.0043
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Firm Age (Acquirer)	0.0000	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)

Cashflows (Acquirer)	0.0101	0.0274	0.0271	0.0272	0.0272	0.0276	0.0273	0.0273	0.0279	0.0278	0.0242
	(0.010)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)
Big-4 Auditor (Acquirer)	0.0014	0.0160*	0.0160*	0.0160*	0.0158*	0.0160*	0.0159*	0.0160*	0.0156*	0.0158*	0.0092
	(0.004)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Institutional Ownership (Acquirer)	-0.0144**	-0.0132	-0.0132	-0.0131	-0.0132	-0.0131	-0.0132	-0.0132	-0.0134	-0.0132	-0.0019
	(0.006)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Percent Cash	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0000	-0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	-0.0002	0.0011	0.0011	0.0011	0.0010	0.0011	0.0011	0.0011	0.0010	0.0010	0.0052
	(0.002)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)
Uncertainty (Acquirer)	0.0489*	-0.0356	-0.0360	-0.0357	-0.0363	-0.0353	-0.0359	-0.0357	-0.0366	-0.0359	-0.0312
	(0.026)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.054)
Constant	0.0603***	0.0392	0.0477	0.0472	0.0486	0.0452	0.0404	0.0392	0.0459	0.0445	-0.0456*
	(0.016)	(0.039)	(0.037)	(0.037)	(0.037)	(0.037)	(0.039)	(0.039)	(0.037)	(0.037)	(0.027)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,917	981	981	981	981	981	981	981	981	981	749
R-squared	0.038	0.108	0.107	0.107	0.107	0.108	0.107	0.108	0.109	0.109	0.208

<u>Table 33</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Deals Involving Subsidiary Targets.

*Table 33 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving subsidiary targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)	(11) Acq CAR (-2 +2)
Acquirer Advisor Presence	0.0038										
	(0.004)										
Acquirer Advisor Ranking - Scheme #1		-0.0001									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0063							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0005						
					(0.006)						
Acquirer Advisor Ranking - Scheme #5						0.0036					
						(0.006)					
Acquirer Advisor Ranking - Scheme #6							-0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0001			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0021		
									(0.007)		
Second-Tier Acquirer Advisor - Scheme #8									0.0019		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0036	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0075	
										(0.006)	
Acquirer Advisor Past Performance											0.0903***
											(0.016)

Leverage (Acquirer)	0.0019	0.0301*	0.0298*	0.0300*	0.0301*	0.0302*	0.0301*	0.0301*	0.0300*	0.0289*	0.0234
	(0.009)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.018)
Target Relative Size	0.0071***	0.0078***	0.0076***	0.0075***	0.0081***	0.0077***	0.0078***	0.0078***	0.0079***	0.0075***	0.0086***
	(0.001)	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0030**	-0.0086***	-0.0090***	-0.0092***	-0.0082***	-0.0087***	-0.0087***	-0.0087***	-0.0085***	-0.0090***	-0.0062**
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Sales Growth (Acquirer)	-0.0058*	-0.0077	-0.0077	-0.0076	-0.0077	-0.0077	-0.0077	-0.0077	-0.0077	-0.0078	-0.0061
	(0.003)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)
Firm Age (Acquirer)	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0002	0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0251*	-0.0208	-0.0200	-0.0198	-0.0215	-0.0205	-0.0206	-0.0206	-0.0209	-0.0197	-0.0013
	(0.015)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)	(0.061)
Big-4 Auditor (Acquirer)	0.0035	-0.0019	-0.0019	-0.0024	-0.0018	-0.0020	-0.0019	-0.0019	-0.0018	-0.0021	-0.0025
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)
Institutional Ownership (Acquirer)	0.0011	0.0181	0.0178	0.0176	0.0183	0.0179	0.0180	0.0181	0.0182	0.0185	0.0193
	(0.006)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.015)
Percent Cash	-0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0054*	0.0100*	0.0101*	0.0101*	0.0100	0.0100*	0.0100*	0.0100*	0.0100	0.0102*	0.0087
	(0.003)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)
Uncertainty (Acquirer)	0.0474*	0.0566	0.0563	0.0560	0.0576	0.0569	0.0566	0.0566	0.0573	0.0579	0.1050*
	(0.028)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.057)
Constant	0.0459***	0.0718*	0.0693**	0.0712**	0.0665*	0.0690**	0.0726*	0.0725*	0.0673*	0.0692**	0.0292
	(0.017)	(0.038)	(0.035)	(0.035)	(0.034)	(0.035)	(0.038)	(0.038)	(0.035)	(0.035)	(0.032)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	2,468	878	878	878	878	878	878	878	878	878	697
R-squared	0.077	0.125	0.125	0.126	0.125	0.125	0.125	0.125	0.125	0.126	0.164

Partitioning based on method of payment:

When partitioning deals based on the nature of the consideration being paid (Table 34 for pure cash deals, Table 35 for pure stock deals, and Table 36 for mixed payment), only advisor's past performance is found to be positively and significantly related to acquirer's short-term deal outcomes; no significant results could be derived for advisor's presence nor reputation.

Leverage has a positive and significant effect in all three samples (pure cash, pure stock, and mixed-payment deals), whereas target relative size positive and significant impact is only eminent for pure cash deals. Smaller acquirers' tend to do better than larger ones when the consideration involves cash (pure cash and mixed payment deals), and the higher the percent of cash in mixed-payment deals the better the market reaction to the acquisition, which can reflect a higher certainty towards the prospects of the deal; the use of a higher stock portion in payment can also be associated with the overvaluation of acquirer's stock. Acquirers exhibiting a higher risk are also found to achieve better short-term deal outcomes in pure-cash deals. Such a positive reaction could be based on market's expectation that the acquirer's management in such circumstances is exhibiting very diligent decision, which is reinforced by their decision to use cash (a signal of confidence in the deal in question). When the acquirer uses only stock as a method of payment, the hostility of the deal has a negative and significant effect on CAR. For deals involving stock as part of the consideration paid (pure stock and mixed payment deals), public targets are associated with lower abnormal returns (1% level), which is in line with earlier studies' findings (Masulis et al., 2007; Chang, 1998; Fuller et al., 2002) that using stock as a payment method decreases acquirer's returns when the target is a public firm. For mixed payment deals, an increase in the portion of cash out of the consideration is associated with better deal outcomes.

<u>Table 34</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Pure Cash Deals.

*Table 34 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for pure cash deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	0.0001										
	(0.002)										
Acquirer Advisor Ranking - Scheme #1		-0.0003									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0060							
				(0.004)							
Acquirer Advisor Ranking - Scheme #4					0.0039						
					(0.004)						
Acquirer Advisor Ranking - Scheme #5						0.0035					
						(0.004)					
Acquirer Advisor Ranking - Scheme #6							-0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0002			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0055		
									(0.005)		

Second-Tier Acquirer Advisor - Scheme #8									0.0025		
									(0.005)		
Top-Tier Acquirer Advisor - Scheme #9										0.0050	
										(0.004)	
Second-Tier Acquirer Advisor - Scheme #9										0.0041	
										(0.005)	
Acquirer Advisor Past Performance											0.1015***
											(0.012)
Leverage (Acquirer)	0.0097	0.0247*	0.0245*	0.0244*	0.0249*	0.0248*	0.0247*	0.0248*	0.0249*	0.0246*	0.0042
	(0.006)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Target Relative Size	0.0043***	0.0045**	0.0046**	0.0045**	0.0047**	0.0047**	0.0045**	0.0046**	0.0046**	0.0045**	0.0069***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0023***	-0.0057***	-0.0056***	-0.0058***	-0.0054***	-0.0053***	-0.0057***	-0.0056***	-0.0056***	-0.0056***	-0.0017
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0095**	-0.0097	-0.0097	-0.0097	-0.0098	-0.0097	-0.0097	-0.0097	-0.0097	-0.0098	-0.0093
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)
Firm Age (Acquirer)	-0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0086	0.0117	0.0120	0.0113	0.0114	0.0110	0.0117	0.0117	0.0113	0.0121	0.0174
	(0.013)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.026)
Big-4 Auditor (Acquirer)	0.0006	0.0065	0.0064	0.0064	0.0068	0.0068	0.0065	0.0065	0.0067	0.0065	0.0057
	(0.004)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Institutional Ownership (Acquirer)	-0.0061	-0.0027	-0.0026	-0.0027	-0.0026	-0.0026	-0.0026	-0.0026	-0.0027	-0.0024	0.0032
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)
Public Target Dummy	0.0065***	0.0049	0.0050	0.0049	0.0050	0.0051	0.0049	0.0049	0.0050	0.0050	0.0026
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Related Deal	0.0043**	0.0109***	0.0109***	0.0109***	0.0109***	0.0110***	0.0109***	0.0109***	0.0109***	0.0109***	0.0101**
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Uncertainty (Acquirer)	0.0566***	0.0741*	0.0748*	0.0738*	0.0755*	0.0755*	0.0746*	0.0747*	0.0745*	0.0757*	0.1179***
	(0.020)	(0.039)	(0.039)	(0.040)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.041)
Hostile Deal	-0.0226	-0.0248	-0.0252	-0.0255	-0.0237	-0.0238	-0.0247	-0.0247	-0.0237	-0.0259	-0.0075
	(0.015)	(0.019)	(0.019)	(0.019)	(0.018)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.011)
Constant	0.0441***	0.0585**	0.0512**	0.0523**	0.0509**	0.0503**	0.0585**	0.0573**	0.0519**	0.0515**	-0.0354*
	(0.012)	(0.026)	(0.024)	(0.024)	(0.024)	(0.024)	(0.026)	(0.026)	(0.024)	(0.024)	(0.020)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	4,556	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,116
R-squared	0.054	0.096	0.096	0.096	0.095	0.095	0.096	0.095	0.096	0.096	0.164

Table 35: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Pure Stock Deals.

*Table 35 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for pure stock deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0063										
	(0.011)										
Acquirer Advisor Ranking - Scheme #1		0.0001									
		(0.001)									
Acquirer Advisor Ranking - Scheme #2			-0.0006								
			(0.001)								
Acquirer Advisor Ranking - Scheme #3				0.0013							
				(0.014)							
Acquirer Advisor Ranking - Scheme #4					-0.0054						
					(0.013)						
Acquirer Advisor Ranking - Scheme #5						-0.0084					

						(0.013)					
Acquirer Advisor Ranking - Scheme #6							0.0001				
							(0.001)				
Acquirer Advisor Ranking - Scheme #7								0.0001			
								(0.001)			
Top-Tier Acquirer Advisor - Scheme #8									-0.0051		
									(0.014)		
Second-Tier Acquirer Advisor - Scheme #8									-0.0122		
									(0.016)		
Top-Tier Acquirer Advisor - Scheme #9										-0.0031	
										(0.013)	
Second-Tier Acquirer Advisor - Scheme #9										-0.0096	
										(0.016)	
Acquirer Advisor Past Performance											0.1144***
											(0.030)
Leverage (Acquirer)	0.0674***	0.0973***	0.0988***	0.0970***	0.0980***	0.0988***	0.0974***	0.0974***	0.0994***	0.0995***	0.0637*
	(0.025)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.035)	(0.038)
Target Relative Size	0.0011	0.0002	0.0009	-0.0000	0.0004	0.0007	0.0003	0.0003	0.0008	0.0007	-0.0029
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)
Firm Size (Acquirer)	-0.0056*	-0.0004	0.0008	-0.0008	0.0000	0.0005	-0.0003	-0.0003	0.0005	0.0002	-0.0051
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Sales Growth (Acquirer)	0.0016	-0.0082	-0.0081	-0.0083	-0.0081	-0.0079	-0.0082	-0.0082	-0.0082	-0.0083	-0.0072
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.010)
Firm Age (Acquirer)	0.0003	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0003
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Cashflows (Acquirer)	0.0088	-0.0317	-0.0325	-0.0313	-0.0320	-0.0325	-0.0319	-0.0318	-0.0322	-0.0320	0.0836
	(0.028)	(0.069)	(0.068)	(0.069)	(0.068)	(0.068)	(0.069)	(0.069)	(0.069)	(0.069)	(0.076)
Big-4 Auditor (Acquirer)	0.0068	0.0052	0.0056	0.0051	0.0052	0.0052	0.0052	0.0052	0.0055	0.0055	0.0065
	(0.011)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.013)	(0.013)
Institutional Ownership (Acquirer)	-0.0096	-0.0031	-0.0014	-0.0037	-0.0022	-0.0018	-0.0029	-0.0029	-0.0023	-0.0029	0.0020
	(0.018)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.026)
Public Target Dummy	-0.0416***	-0.0385***	-0.0394***	-0.0384***	-0.0388***	-0.0390***	-0.0386***	-0.0386***	-0.0394***	-0.0390***	-0.0323**

	(0.010)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Related Deal	-0.0052	-0.0079	-0.0082	-0.0078	-0.0083	-0.0083	-0.0080	-0.0080	-0.0080	-0.0081	-0.0112
	(0.008)	(0.009)	(0.009)	(0.010)	(0.010)	(0.009)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Uncertainty (Acquirer)	0.0088	0.0841	0.0844	0.0844	0.0855	0.0872	0.0841	0.0841	0.0850	0.0838	-0.0244
	(0.069)	(0.094)	(0.093)	(0.095)	(0.093)	(0.093)	(0.094)	(0.094)	(0.094)	(0.094)	(0.097)
Hostile Deal	-0.0699***	-0.0638*	-0.0717**	-0.0614*	-0.0666*	-0.0691**	-0.0647*	-0.0646*	-0.0693**	-0.0665*	
	(0.024)	(0.034)	(0.034)	(0.035)	(0.035)	(0.035)	(0.034)	(0.034)	(0.033)	(0.034)	
Constant	0.0696**	0.0241	0.0214	0.0272	0.0244	0.0228	0.0222	0.0226	0.0218	0.0262	0.0487
	(0.034)	(0.046)	(0.042)	(0.042)	(0.041)	(0.041)	(0.046)	(0.046)	(0.042)	(0.041)	(0.060)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	484	300	300	300	300	300	300	300	300	300	218
R-squared	0.146	0.183	0.185	0.183	0.184	0.185	0.183	0.183	0.185	0.184	0.307

<u>Table 36</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Mixed-Payment Deals.

*Table 36 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for mixed-payment deals (where the consideration paid involves both stock and cash). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

Mix Pay Deals	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	0.0001										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0004									

		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0007*								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0075							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0085						
					(0.006)						
Acquirer Advisor Ranking - Scheme #5						0.0076					
						(0.006)					
Acquirer Advisor Ranking - Scheme #6							-0.0004				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0004			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0045		
									(0.007)		
Second-Tier Acquirer Advisor - Scheme #8									0.0158**		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0008	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0126**	
										(0.006)	
Acquirer Advisor Past Performance											0.1261***
											(0.012)
Leverage (Acquirer)	0.0138*	0.0316**	0.0302*	0.0322**	0.0319**	0.0323**	0.0318**	0.0319**	0.0294*	0.0289*	0.0242
	(0.008)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.017)
Target Relative Size	0.0042***	0.0034	0.0032	0.0037	0.0036	0.0037	0.0035	0.0035	0.0039*	0.0041*	0.0043*
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0035***	-0.0090***	-0.0094***	-0.0086***	-0.0086***	-0.0085***	-0.0089***	-0.0089***	-0.0084***	-0.0080***	-0.0044**
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0015	-0.0028	-0.0027	-0.0027	-0.0028	-0.0027	-0.0027	-0.0028	-0.0027	-0.0027	-0.0054
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)

Firm Age (Acquirer)	0.0001*	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0010	0.0387*	0.0386*	0.0389*	0.0384*	0.0388*	0.0386*	0.0388*	0.0401*	0.0406*	0.0302
	(0.012)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.025)
Big-4 Auditor (Acquirer)	0.0037	0.0073	0.0073	0.0074	0.0073	0.0074	0.0073	0.0073	0.0076	0.0072	0.0011
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Institutional Ownership (Acquirer)	-0.0050	0.0030	0.0027	0.0032	0.0033	0.0032	0.0030	0.0030	0.0035	0.0039	0.0071
	(0.006)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)
Public Target Dummy	-0.0301***	-0.0349***	-0.0347***	-0.0350***	-0.0353***	-0.0352***	-0.0350***	-0.0350***	-0.0346***	-0.0347***	-0.0332***
	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Percent Cash	0.0001	0.0001*	0.0001*	0.0001*	0.0001*	0.0001*	0.0001*	0.0001*	0.0001*	0.0001*	0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0043	0.0068	0.0068	0.0069	0.0069	0.0068	0.0068	0.0068	0.0068	0.0071	0.0075
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Uncertainty (Acquirer)	0.0292	-0.0632	-0.0651	-0.0618	-0.0613	-0.0608	-0.0629	-0.0629	-0.0634	-0.0625	-0.0430
	(0.028)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.047)	(0.048)	(0.051)
Hostile Deal	0.0152	0.0194	0.0200	0.0195	0.0195	0.0193	0.0198	0.0197	0.0209	0.0211	0.0196
	(0.017)	(0.017)	(0.018)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.016)	(0.016)	(0.035)
Constant	0.0734***	0.0881**	0.0780**	0.0756**	0.0761**	0.0751**	0.0877**	0.0876**	0.0737**	0.0727**	-0.0194
	(0.019)	(0.034)	(0.033)	(0.033)	(0.033)	(0.033)	(0.034)	(0.034)	(0.033)	(0.033)	(0.023)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,467	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,064
R-squared	0.061	0.125	0.127	0.125	0.125	0.125	0.125	0.125	0.127	0.127	0.183

Related versus non-related deals:

For related deals, acquirer's advisor's presence does not show significance, but rather advisor's reputation (6 of the 9 models), and past performance have a positive impact on the short-term deal outcomes achieved by the acquirer. On the other hand, the significance relating to reputation fades away for non-related deals, and only past performance shows a positive significant effect. For both samples (related and non-related deals), acquirer's size and public deals are negatively related to acquirer's CAR, whereas the percentage of cash in the payment exhibits a positive effect. Cashflows and using the service of a Big-4 accounting firm are both positive and significant in the context of related deals, while leverage and target relative size are positively related to deal outcomes for non-related deals. Acquirer's sales growth is found to negatively affect acquirer's CAR for non-related deals.

Table 37: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Related Deals.

*Table 37 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification); otherwise, deals are considered non-related. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0003										

	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0005*									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0008**								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0101*							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0114**						
					(0.006)						
Acquirer Advisor Ranking - Scheme #5						0.0090					
						(0.006)					
Acquirer Advisor Ranking - Scheme #6							-0.0005*				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0005*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0065		
									(0.006)		
Second-Tier Acquirer Advisor - Scheme #8									0.0171**		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0060	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0189***	
										(0.006)	
Acquirer Advisor Past Performance											0.1183***
											(0.013)
Leverage (Acquirer)	0.0054	0.0233	0.0225	0.0237	0.0229	0.0233	0.0235	0.0236	0.0227	0.0210	0.0084
	(0.008)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.017)
Target Relative Size	0.0044***	0.0023	0.0023	0.0025	0.0023	0.0026	0.0024	0.0024	0.0028	0.0026	0.0059***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0041***	-0.0113***	-0.0114***	-0.0109***	-0.0112***	-0.0107***	-0.0111***	-0.0112***	-0.0106***	-0.0109***	-0.0070***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0034	-0.0025	-0.0024	-0.0027	-0.0025	-0.0025	-0.0026	-0.0026	-0.0021	-0.0022	-0.0051

	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Firm Age (Acquirer)	-0.0000	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0089	0.0476**	0.0480**	0.0468*	0.0466*	0.0466*	0.0473**	0.0476**	0.0490**	0.0509**	0.0658**
	(0.015)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)	(0.027)
Big-4 Auditor (Acquirer)	0.0086**	0.0192**	0.0189**	0.0191**	0.0193**	0.0195**	0.0192**	0.0192**	0.0195**	0.0192**	0.0171**
	(0.004)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Institutional Ownership (Acquirer)	-0.0058	0.0033	0.0031	0.0032	0.0033	0.0033	0.0033	0.0033	0.0040	0.0045	0.0022
	(0.006)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.013)
Public Target Dummy	-0.0041	-0.0130***	-0.0130***	-0.0130***	-0.0130***	-0.0129***	-0.0130***	-0.0130***	-0.0128***	-0.0125**	-0.0147***
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Percent Cash	0.0002***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty (Acquirer)	0.0390	-0.0599	-0.0600	-0.0585	-0.0586	-0.0584	-0.0586	-0.0592	-0.0579	-0.0582	-0.0492
	(0.025)	(0.043)	(0.043)	(0.044)	(0.043)	(0.043)	(0.043)	(0.043)	(0.044)	(0.043)	(0.049)
Hostile Deal	-0.0065	0.0017	0.0016	0.0013	0.0028	0.0024	0.0021	0.0018	-0.0004	-0.0016	0.0069
	(0.015)	(0.018)	(0.018)	(0.018)	(0.017)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.022)
Constant	0.0641***	0.0741**	0.0607**	0.0595**	0.0610**	0.0588**	0.0722**	0.0731**	0.0546**	0.0559**	-0.0095
	(0.015)	(0.030)	(0.027)	(0.027)	(0.027)	(0.027)	(0.030)	(0.030)	(0.028)	(0.028)	(0.022)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,402	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	990
R-squared	0.056	0.113	0.114	0.112	0.113	0.112	0.112	0.113	0.115	0.117	0.162

Table 38: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Non-Related Deals.

Table 38 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification); otherwise, deals are considered non-related. All variables are defined in Tables 1, 2, and 3. All models control for year-

*and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

Non Related Deals	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0013										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0003									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0045							
				(0.004)							
Acquirer Advisor Ranking - Scheme #4					0.0022						
					(0.004)						
Acquirer Advisor Ranking - Scheme #5						0.0023					
						(0.004)					
Acquirer Advisor Ranking - Scheme #6							-0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0002			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0048		
									(0.005)		
Second-Tier Acquirer Advisor - Scheme #8									0.0027		
									(0.005)		
Top-Tier Acquirer Advisor - Scheme #9										0.0026	
										(0.004)	
Second-Tier Acquirer Advisor - Scheme #9										0.0005	
										(0.005)	

Acquirer Advisor Past Performance											0.1179***
											(0.010)
Leverage (Acquirer)	0.0180***	0.0383***	0.0380***	0.0383***	0.0387***	0.0387***	0.0383***	0.0383***	0.0385***	0.0388***	0.0286**
	(0.006)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Target Relative Size	0.0028***	0.0030*	0.0031*	0.0032*	0.0034*	0.0034*	0.0031*	0.0031*	0.0032*	0.0034*	0.0030*
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0026***	-0.0054***	-0.0052***	-0.0051***	-0.0047***	-0.0047***	-0.0053***	-0.0052***	-0.0051***	-0.0048***	-0.0026
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0051*	-0.0082*	-0.0083*	-0.0082*	-0.0083*	-0.0083*	-0.0082*	-0.0083*	-0.0083*	-0.0083*	-0.0079*
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Firm Age (Acquirer)	0.0001**	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0073	0.0095	0.0095	0.0094	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0234
	(0.011)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.024)
Big-4 Auditor (Acquirer)	-0.0006	-0.0002	-0.0003	-0.0001	-0.0001	-0.0001	-0.0002	-0.0002	-0.0001	-0.0000	-0.0070
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Institutional Ownership (Acquirer)	-0.0087*	-0.0064	-0.0063	-0.0063	-0.0061	-0.0061	-0.0064	-0.0063	-0.0062	-0.0061	0.0063
	(0.005)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Public Target Dummy	-0.0146***	-0.0182***	-0.0182***	-0.0183***	-0.0184***	-0.0183***	-0.0183***	-0.0183***	-0.0183***	-0.0183***	-0.0139***
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0001*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty (Acquirer)	0.0486**	0.0509	0.0513	0.0515	0.0526	0.0526	0.0512	0.0515	0.0516	0.0526	0.0606
	(0.022)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.041)
Hostile Deal	-0.0210	-0.0111	-0.0112	-0.0115	-0.0117	-0.0117	-0.0111	-0.0112	-0.0115	-0.0118	
	(0.030)	(0.020)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.020)	(0.021)	(0.021)	
Constant	0.0397***	0.0480**	0.0406*	0.0405*	0.0388*	0.0388*	0.0475**	0.0462**	0.0404*	0.0387*	-0.0437**
	(0.013)	(0.023)	(0.022)	(0.022)	(0.022)	(0.022)	(0.024)	(0.024)	(0.022)	(0.022)	(0.021)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	5,105	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,408
R-squared	0.044	0.093	0.093	0.093	0.092	0.092	0.093	0.093	0.093	0.092	0.159

Tender versus non-tender deals:

For tender deals, the presence of the acquirer's advisor did not show significance in terms of its impact on acquirer's short-term deal performance, and only one reputation proxy shows significance. Advisor's past performance maintains its positive and significant effect. In non-tender deals, although advisor's presence is still not significant, the significance of the reputation is more prominent (5 of the 9 models show significance), and also advisor's past performance is positively and significantly related to acquirer's CAR. Public targets are associated with negative deal outcomes in non-tender deals (1% significance in all models), whereas they are associated with better deal outcomes for tender deals (1% significance in all reputation- and past performance-related models).

Table 39: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Tender Deals.

*Table 39 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for tender deals. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)	Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0108										
	(0.008)										
Acquirer Advisor Ranking - Scheme #1		-0.0006									
		(0.000)									

Acquirer Advisor Ranking - Scheme #2			0.0008								
			(0.001)								
Acquirer Advisor Ranking - Scheme #3				0.0152*							
				(0.009)							
Acquirer Advisor Ranking - Scheme #4					0.0055						
					(0.010)						
Acquirer Advisor Ranking - Scheme #5						0.0062					
						(0.009)					
Acquirer Advisor Ranking - Scheme #6							-0.0005				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0006			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0077		
									(0.011)		
Second-Tier Acquirer Advisor - Scheme #8									0.0108		
									(0.012)		
Top-Tier Acquirer Advisor - Scheme #9										0.0121	
										(0.010)	
Second-Tier Acquirer Advisor - Scheme #9										0.0152	
										(0.010)	
Acquirer Advisor Past Performance											0.0793***
											(0.027)
Leverage (Acquirer)	-0.0052	0.0089	0.0086	0.0094	0.0100	0.0095	0.0097	0.0095	0.0098	0.0079	0.0041
	(0.021)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.033)
Target Relative Size	0.0010	0.0053	0.0054	0.0053	0.0057	0.0057	0.0055	0.0054	0.0058	0.0053	0.0081*
	(0.004)	(0.005)	(0.004)	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.004)
Firm Size (Acquirer)	-0.0092***	-0.0086**	-0.0085**	-0.0086**	-0.0077**	-0.0077**	-0.0082**	-0.0085**	-0.0079**	-0.0087**	-0.0019
	(0.003)	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Sales Growth (Acquirer)	0.0015	-0.0292**	-0.0291**	-0.0297**	-0.0288**	-0.0292**	-0.0291**	-0.0292**	-0.0288**	-0.0291**	-0.0333**

	(0.013)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.016)
Firm Age (Acquirer)	0.0003	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0003
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0489*	0.0919***	0.0920***	0.0909***	0.0915***	0.0921***	0.0915***	0.0915***	0.0925***	0.0930***	0.0883***
	(0.025)	(0.035)	(0.035)	(0.035)	(0.034)	(0.034)	(0.034)	(0.035)	(0.034)	(0.035)	(0.031)
Big-4 Auditor (Acquirer)	0.0041	0.0041	0.0040	0.0040	0.0049	0.0050	0.0042	0.0041	0.0045	0.0042	0.0135
	(0.016)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.025)	(0.028)
Institutional Ownership (Acquirer)	-0.0057	-0.0252	-0.0247	-0.0254	-0.0252	-0.0251	-0.0253	-0.0254	-0.0236	-0.0238	-0.0256
	(0.019)	(0.026)	(0.026)	(0.025)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.032)
Pubic Target Dummy	0.0898	0.1243***	0.1249***	0.1264***	0.1226***	0.1230***	0.1243***	0.1243***	0.1237***	0.1257***	0.1261***
	(0.063)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.014)	(0.013)	(0.016)
Percent Cash	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0005***	0.0003*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0281***	0.0255***	0.0257***	0.0249***	0.0255***	0.0256***	0.0254***	0.0254***	0.0260***	0.0259***	0.0251***
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Uncertainty (Acquirer)	0.0411	-0.0312	-0.0315	-0.0321	-0.0270	-0.0255	-0.0294	-0.0315	-0.0257	-0.0302	0.1190
	(0.094)	(0.101)	(0.102)	(0.102)	(0.101)	(0.101)	(0.101)	(0.101)	(0.102)	(0.102)	(0.121)
Hostile Deal	-0.0142	-0.0318	-0.0324	-0.0336	-0.0307	-0.0310	-0.0315	-0.0317	-0.0327	-0.0347	-0.0140
	(0.022)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)	(0.026)	(0.026)	(0.016)
Constant	-0.0443	-0.0490	-0.0653	-0.0657	-0.0642	-0.0653	-0.0522	-0.0496	-0.0662	-0.0640	-0.2201***
	(0.071)	(0.053)	(0.052)	(0.052)	(0.052)	(0.052)	(0.053)	(0.053)	(0.052)	(0.052)	(0.053)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	472	315	315	315	315	315	315	315	315	315	222
R-squared	0.264	0.310	0.311	0.313	0.307	0.307	0.309	0.310	0.308	0.312	0.318

<u>Table 40</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-2 +2) for Non-Tender Deals.

*Table 40 presents the results of OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-tender deals. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10%*

levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)	(11) Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0023										
	(0.002)										
Acquirer Advisor Ranking - Scheme #1		-0.0003*									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0004*								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0060							
				(0.004)							
Acquirer Advisor Ranking - Scheme #4					0.0062*						
					(0.004)						
Acquirer Advisor Ranking - Scheme #5						0.0046					
						(0.004)					
Acquirer Advisor Ranking - Scheme #6							-0.0003*				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0003*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0053		
									(0.004)		
Second-Tier Acquirer Advisor - Scheme #8									0.0083*		
									(0.005)		
Top-Tier Acquirer Advisor - Scheme #9										0.0031	
										(0.004)	
Second-Tier Acquirer Advisor - Scheme #9										0.0065	
										(0.004)	

Acquirer Advisor Past Performance											0.1164***
											(0.009)
Leverage (Acquirer)	0.0151***	0.0359***	0.0354***	0.0360***	0.0360***	0.0362***	0.0359***	0.0360***	0.0354***	0.0352***	0.0240**
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)
Target Relative Size	0.0037***	0.0032**	0.0032**	0.0034**	0.0033**	0.0035**	0.0032**	0.0033**	0.0034**	0.0035**	0.0037**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Firm Size (Acquirer)	-0.0024***	-0.0070***	-0.0070***	-0.0067***	-0.0067***	-0.0065***	-0.0069***	-0.0069***	-0.0067***	-0.0064***	-0.0045***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Sales Growth (Acquirer)	-0.0051**	-0.0060	-0.0060	-0.0060	-0.0061	-0.0060	-0.0060	-0.0060	-0.0060	-0.0061	-0.0066
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Firm Age (Acquirer)	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0025	0.0147	0.0150	0.0146	0.0147	0.0146	0.0147	0.0148	0.0153	0.0155	0.0318
	(0.009)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.020)
Big-4 Auditor (Acquirer)	0.0025	0.0070	0.0070	0.0071	0.0072	0.0072	0.0071	0.0071	0.0070	0.0070	0.0039
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Institutional Ownership (Acquirer)	-0.0072*	0.0017	0.0016	0.0017	0.0017	0.0018	0.0017	0.0017	0.0019	0.0021	0.0048
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Public Target Dummy	-0.0138***	-0.0222***	-0.0222***	-0.0223***	-0.0224***	-0.0223***	-0.0223***	-0.0223***	-0.0222***	-0.0221***	-0.0164***
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Percent Cash	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0034**	0.0047	0.0048	0.0048	0.0048	0.0048	0.0048	0.0048	0.0048	0.0049	0.0058*
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Uncertainty (Acquirer)	0.0478***	0.0139	0.0141	0.0148	0.0151	0.0154	0.0143	0.0145	0.0154	0.0162	0.0196
	(0.017)	(0.032)	(0.032)	(0.031)	(0.031)	(0.032)	(0.032)	(0.032)	(0.032)	(0.031)	(0.032)
Hostile Deal	0.0251	0.0338	0.0343	0.0336	0.0335	0.0329	0.0338	0.0337	0.0339	0.0331	0.0375
	(0.031)	(0.032)	(0.032)	(0.032)	(0.031)	(0.031)	(0.032)	(0.032)	(0.031)	(0.031)	(0.036)
Constant	0.0418***	0.0440**	0.0353*	0.0346*	0.0348*	0.0334*	0.0436**	0.0428**	0.0337*	0.0328*	-0.0283*
	(0.010)	(0.020)	(0.018)	(0.018)	(0.018)	(0.018)	(0.020)	(0.020)	(0.018)	(0.018)	(0.016)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,035	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,176
R-squared	0.042	0.090	0.091	0.090	0.090	0.090	0.090	0.090	0.091	0.090	0.152

In addition to the analyses presented above on acquirer advisor's presence and quality, and their effect on acquirer's short-term deal outcomes, where the dependent variable of interest used is CAR(-2 +2), I have conducted additional analyses using a different event window for the acquirer's abnormal returns. Appendix 4 includes the corresponding analyses involving CAR(-5 +5) as the dependent variable. Overall, the additional analyses support the conclusions derived based on the previous models presented. There are results that exhibit more significance in supporting the positive effect of advisor's reputation on acquirer's abnormal returns (CAR (-5 +5)). For instance, the positive effect was significant in 7 out of 9 models for mixed payment deals, in 6 out of 9 models for non-related deals, and in all 9 reputation-based models for non-tender deals. In addition, the past performance of acquirers' advisors exhibits a positive and significant effect on acquirer's CAR (-5 +5) in all models, similarly to the results derived from the analyses based on CAR (-2 +2) as the dependent variable.

Deal completion time:

Table 41 presents the results of the regressions illustrating the effects of acquirer's advisor's presence, reputation, and past performance on deal completion time. Deal completion time is defined as the time it takes to complete the deal, calculated as the number of days from the date of announcement to the date of deal completion, as reported in SDC. The presence of financial advisor to serve the acquirer in conducting the M&A deal is found to speed up the process. On average, advisor's presence shortens the time it takes to complete the deal by over 9 days (1% significance). Digging deeper into the reputation of the advisors hired, we find significant results in 2 of the 9 reputation-based models (10% significance); namely for reputation schemes #4 and #8. These findings show that deal completion time is lengthened as the reputation of the advisor increases. In other words, deals advised by more reputable advisors take longer to be completed. This can be attributed to the higher diligence exhibited by more reputable advisors in order to provide a better service to their clients and protect their reputational capital. Although only the results of 2 reputation-based models are significant, however, it can be noted that the coefficients of the reputation proxies are consistent with such a conclusion. Acquirer advisor's past performance does not show any significance in terms of its impact on the deal completion time. With regard to the results associated with the control variables included in the models, all the significant effects identified are expected and intuitive. Target relative size, acquirer's size, acquirer's age, public deals, and hostile deals are associated with longer deal completion times, whereas a higher percentage of cash in the payment, institutional ownership, and being served by a Big-4 accounting firm are associated with speeding up deal completion.

Table 41: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence, Reputation, and Past Performance on Deal Completion Time.

*Table 41 presents the results of OLS regressions involving deal completion time as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. Deal completion time is defined as the time it takes to complete the deal, calculated as the number of days from the date of announcement to the date of deal completion, as reported in SDC. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time	Completion Time
Acquirer Advisor Presence	-9.2102***										
	(2.902)										
Acquirer Advisor Ranking - Scheme #1		-0.1516									
		(0.147)									
Acquirer Advisor Ranking - Scheme #2			0.2615								
			(0.185)								
Acquirer Advisor Ranking - Scheme #3				3.3761							
				(3.138)							
Acquirer Advisor Ranking - Scheme #4					5.1892*						
					(3.045)						
Acquirer Advisor Ranking - Scheme #5						1.3661					
						(3.132)					
Acquirer Advisor Ranking - Scheme #6							-0.2252				
							(0.148)				
Acquirer Advisor Ranking - Scheme #7								-0.1873			
								(0.147)			
Top-Tier Acquirer Advisor - Scheme #8									5.7107*		

									(3.406)		
Second-Tier Acquirer Advisor - Scheme #8									3.7294		
									(3.719)		
Top-Tier Acquirer Advisor - Scheme #9										3.5116	
										(3.308)	
Second-Tier Acquirer Advisor - Scheme #9										2.5010	
										(3.521)	
Acquirer Advisor Past Performance											-6.1287
											(8.466)
Leverage (Acquirer)	-20.9639***	5.3401	4.9643	5.3427	5.2097	5.5973	5.1878	5.2880	5.1609	5.2229	-2.5045
	(6.823)	(10.173)	(10.207)	(10.174)	(10.165)	(10.148)	(10.181)	(10.178)	(10.239)	(10.272)	(11.772)
Target Relative Size	16.2780***	17.4679***	17.3937***	17.4725***	17.2778***	17.6665***	17.3114***	17.3910***	17.2624***	17.4379***	18.9460***
	(0.890)	(1.379)	(1.360)	(1.377)	(1.370)	(1.376)	(1.380)	(1.382)	(1.374)	(1.373)	(1.475)
Firm Size (Acquirer)	13.4810***	13.0629***	12.9191***	13.0819***	12.8048***	13.4164***	12.7929***	12.9287***	12.7177***	13.0261***	14.2000***
	(1.035)	(1.477)	(1.441)	(1.453)	(1.436)	(1.461)	(1.471)	(1.474)	(1.455)	(1.462)	(1.543)
Sales Growth (Acquirer)	-1.3730	-6.0338	-6.0210	-6.0115	-6.0512	-6.0604	-6.0093	-6.0335	-6.0098	-6.0653	-11.9141**
	(2.529)	(4.341)	(4.343)	(4.335)	(4.332)	(4.346)	(4.334)	(4.337)	(4.331)	(4.333)	(5.894)
Firm Age (Acquirer)	0.2448**	0.3876***	0.3899***	0.3871***	0.3869***	0.3857***	0.3887***	0.3883***	0.3893***	0.3888***	0.4011***
	(0.095)	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)	(0.109)	(0.123)
Cashflows (Acquirer)	-5.3395	-6.2294	-6.1113	-6.3241	-6.3074	-6.2863	-6.2455	-6.1991	-6.2075	-6.0839	-13.7384
	(5.726)	(11.809)	(11.816)	(11.800)	(11.794)	(11.799)	(11.803)	(11.810)	(11.804)	(11.795)	(18.035)
Big-4 Auditor (Acquirer)	-8.0017**	-15.3665***	-15.4459***	-15.3713***	-15.3704***	-15.2498***	-15.4399***	-15.4118***	-15.4031***	-15.3693***	-11.3066**
	(3.246)	(4.820)	(4.827)	(4.820)	(4.819)	(4.813)	(4.825)	(4.825)	(4.826)	(4.816)	(4.942)
Institutional Ownership (Acquirer)	-15.4919***	-24.1954***	-24.2851***	-24.2258***	-24.4532***	-24.0365***	-24.3589***	-24.2779***	-24.3910***	-24.1779***	-24.2526***
	(4.706)	(6.609)	(6.616)	(6.613)	(6.614)	(6.604)	(6.609)	(6.611)	(6.613)	(6.622)	(7.893)
Public Target Dummy	63.0033***	30.1498***	30.1649***	30.1487***	30.0792***	30.1549***	30.1012***	30.1148***	30.1111***	30.1761***	30.5260***
	(3.262)	(2.918)	(2.919)	(2.917)	(2.920)	(2.917)	(2.920)	(2.920)	(2.924)	(2.924)	(3.466)
Percent Cash	-0.0900***	-0.2825***	-0.2832***	-0.2830***	-0.2837***	-0.2814***	-0.2834***	-0.2830***	-0.2830***	-0.2826***	-0.2707***
	(0.025)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.049)
Related Deal	16.9468***	2.6207	2.6194	2.6269	2.5844	2.6825	2.5996	2.6049	2.5999	2.6456	2.3491
	(1.925)	(2.744)	(2.744)	(2.739)	(2.740)	(2.740)	(2.742)	(2.743)	(2.738)	(2.736)	(3.150)
Uncertainty (Acquirer)	-11.5540	-2.7185	-3.0411	-2.6488	-3.1737	-1.7816	-3.2747	-2.9735	-3.2457	-2.3994	14.5308
	(17.607)	(26.334)	(26.321)	(26.423)	(26.234)	(26.269)	(26.331)	(26.327)	(26.343)	(26.324)	(35.116)
Hostile Deal	122.4973***	143.0217***	143.0702***	142.9067***	143.4551***	142.9813***	143.2106***	143.1107***	143.3071***	142.8474***	94.1701***
	(39.153)	(39.210)	(39.193)	(39.161)	(39.018)	(39.206)	(39.251)	(39.191)	(39.301)	(38.976)	(31.703)

Constant	22.4077**	55.7793***	52.4393***	51.9001***	53.5066***	50.3465***	59.0533***	57.4137***	53.4098***	52.0591***	43.3435**
	(9.940)	(17.366)	(15.968)	(15.976)	(16.005)	(16.001)	(17.394)	(17.408)	(15.988)	(15.993)	(17.224)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,905	3,232	3,232	3,232	3,232	3,232	3,232	3,232	3,232	3,232	2,500
R-squared	0.310	0.307	0.307	0.307	0.307	0.307	0.307	0.307	0.307	0.307	0.319

4.4. Advisor Hiring-Related Decisions

The examination of the factors that affect target's decision with regard to the reputation of the advisor they select, to assist them in conducting their M&A deal, reveals significant results. A target is more likely to hire a more reputable or a top-tier advisor when being served by a Big-4 auditing company (1% significance); the 2 decisions could be reflective of the management approach to signalling and assuring to the shareholders the use of highly qualified experts to ensure that the decisions made are duly evaluated. Larger targets (1% significance), those involving higher levels of institutional ownership (1% significance), and those exhibiting a higher risk (in 8 of the 9 reputation-based models, 1% significance in 3 models and 5% significance in 5 models) tend to opt to hire top-tier advisors. Larger targets generally involve more complexity, especially when it comes to valuation analyses, and could also involve a larger shareholder base which both could explain why the firm could benefit from using the services of a top-tier advisor. The larger market share and reputation of these advisors can be seen as reflective of a strong expertise in providing the services needed, while also signalling to the shareholders that the process undertaken to evaluate the deal is overseen by reputable experts in this field. A high institutional ownership could play a monitoring/governance role, and potentially puts pressure on targets' management to ensure that the deal is certified by a reputable advisor. One could also argue that the presence of large stockholders might make it more difficult for management to justify failure; in the presence of a quality advisor, it becomes possible to justify the deal, protect the management, and blame such failure on this latter. Target's decision to hire a highly reputable advisor is also found to be positively related to the percentage of cash out of the total consideration being paid; the fairness of the consideration is key for cash deals, as the shareholders will be stripped out of their ownership in exchange of a certain amount, without being able to share the future potential as with stock

deals. Target management, in such cases, might find it more important to ensure that the consideration is certified by a reputable investment bank to justify the deal for the shareholders and protect itself against lawsuits.

Table 42: Regression Analyses of the Choice of Target's Financial Advisor.

*Table 42 presents the results of the regressions involving the choice of the target firms with regard to the reputation of the advisor being hired as the dependent variables. Logistic regression is used for models 3, 4, 5, 8, and 9, and OLS regression for the remaining models. Target-related independent variables of interest that are included in these models are: litigation risk, analyst following, Big-4 auditors, and institutional ownership, amongst others. Litigation risk is calculated as the number of litigious words scaled by the total number of words in the target's filings, as defined by Loughran and McDonald (2011). Analyst following is proxied by the number of analyst firms providing financial forecasts on the target, as reported by the Institutional Brokers Estimate System (IBES) database. Big-4 auditors is a binary variable that is equal to 1 if the target firm is using the services of one of the Big-4 accounting firms, and 0 otherwise. Institutional ownership is calculated as the portion of the target firm that is owned by institutional investors. The models include various other control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
					Target Advisor Ranking				
VARIABLES	**Scheme #1**	**Scheme #2**	**Scheme #3**	**Scheme #4**	**Scheme #5**	**Scheme #6**	**Scheme #7**	**Scheme #8**	**Scheme #9**
Litigation Risk (Target)	17.5386	-13.4050	-16.7908	8.5939	10.9690	26.5488	27.0322	-10.9684	-11.6268
	(64.295)	(51.114)	(18.621)	(19.253)	(18.831)	(65.070)	(64.285)	(18.680)	(17.941)
Analyst Following (Target)	0.0535	-0.0717	-0.0150	-0.0227	-0.0181	0.0546	0.0620	-0.0053	-0.0166
	(0.065)	(0.048)	(0.018)	(0.017)	(0.017)	(0.065)	(0.065)	(0.018)	(0.017)
Big-4 Auditor (Target)	-2.9956***	2.5932***	0.7546***	1.0226***	0.8250***	-2.7951***	-2.9207***	0.9638***	0.8980***
	(0.840)	(0.681)	(0.265)	(0.260)	(0.251)	(0.832)	(0.841)	(0.297)	(0.290)
Institutional Ownership (Target)	-4.3784***	3.6423***	1.3525***	1.6117***	1.3998***	-5.1101***	-4.9193***	1.5853***	1.5764***
	(1.416)	(1.106)	(0.411)	(0.421)	(0.409)	(1.443)	(1.443)	(0.421)	(0.430)
Leverage (Target)	-2.7200*	2.1860*	0.7796*	0.5379	0.7523*	-2.4847	-2.5150	0.3845	0.4239
	(1.569)	(1.228)	(0.470)	(0.472)	(0.456)	(1.663)	(1.623)	(0.479)	(0.462)
Target Relative Size	0.1298	-0.1788	-0.0851	-0.0094	-0.0061	0.1361	0.1221	0.0272	0.0180
	(0.214)	(0.164)	(0.062)	(0.061)	(0.061)	(0.210)	(0.213)	(0.061)	(0.062)
Firm Size (Target)	-2.5867***	1.8615***	0.7280***	0.6258***	0.6265***	-2.5248***	-2.5744***	0.5439***	0.6008***
	(0.328)	(0.246)	(0.104)	(0.107)	(0.111)	(0.333)	(0.327)	(0.101)	(0.099)

Sales Growth (Target)	0.2598	-0.1879	0.0032	-0.0164	0.0060	0.1883	0.3096	-0.0356	-0.0759
	(0.788)	(0.617)	(0.212)	(0.189)	(0.213)	(0.756)	(0.754)	(0.199)	(0.190)
Firm Age (Target)	0.0307	-0.0316	-0.0106	-0.0131*	-0.0124	0.0272	0.0313	0.0035	-0.0038
	(0.026)	(0.020)	(0.009)	(0.008)	(0.008)	(0.026)	(0.026)	(0.008)	(0.008)
Cashflows (Target)	-2.1601	2.3477*	0.2845	0.2899	0.5572	-1.9465	-2.0462	-0.1929	-0.2989
	(1.507)	(1.254)	(0.442)	(0.426)	(0.410)	(1.554)	(1.563)	(0.412)	(0.411)
Percent Cash	-0.0233***	0.0143**	0.0059**	0.0061**	0.0053**	-0.0209**	-0.0210**	0.0067***	0.0070***
	(0.008)	(0.006)	(0.003)	(0.003)	(0.003)	(0.008)	(0.008)	(0.003)	(0.003)
Related Deal	0.0040	-0.0713	0.0338	0.0309	0.0329	0.0810	0.0750	0.0998	-0.0180
	(0.611)	(0.467)	(0.192)	(0.189)	(0.191)	(0.622)	(0.621)	(0.190)	(0.188)
Uncertainty (Target)	-10.7250**	8.0122**	3.8379***	3.7801***	3.6942***	-11.0686**	-11.3970**	2.6834**	2.0481
	(4.868)	(3.822)	(1.390)	(1.397)	(1.382)	(4.883)	(4.890)	(1.317)	(1.403)
Hostile Deal	-2.7913	2.7374	1.2393	-0.1211	0.1165	-2.5033	-3.0600	-1.1601	0.1369
	(3.124)	(2.741)	(0.964)	(0.837)	(0.785)	(2.862)	(3.129)	(0.822)	(0.790)
Constant	36.9409***	-7.9886***	-6.4217***	-6.0815***	-5.6221***	37.0715***	36.7037***	-6.2496***	-5.3575***
	(2.950)	(2.248)	(0.849)	(0.821)	(0.837)	(2.903)	(2.951)	(0.776)	(0.740)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	938	938	938	938	938	938	938	938	938
R-squared	0.399	0.385				0.389	0.392		
Pseudo R-squared			0.3154	0.294	0.2956			0.2692	0.2611

As shown in Table 43, acquirers are more likely to choose a highly reputed financial advisor when they are larger, have higher litigation risk and higher institutional ownership, and when the relative size of the target is larger. Having a top-tier advisor provides a certification for the deals in question, which shields management against lawsuits, and contributes to ensuring the satisfaction of institutional, and other, investors, in terms of the sound evaluation of the deal and the consideration paid. For an acquiring company that is more risky, the decision to hire a top-tier advisor is more likely than opting for a lower-tier one (1% significance); the reputation of the advisor can

play a risk mitigating role when it comes to the deal under consideration, rather than adding to the existing already high risks, which could also improve the market sentiment towards the deal. When opting to hire an advisor, an acquirer who has hired a Big-4 firm is more likely to hire a top advisor as well (significance in 8 models), which could be interpreted, as with the target-related findings, that both decisions could be reflective of the management approach to signalling and assuring to the shareholders the use of highly qualified experts to ensure that the company is in good hands, and that the decisions made are duly evaluated by the "experts". Debtors, generally, represent a monitoring role, which explains why firms with higher leverage, should they choose to hire a financial advisor, they opt for a highly reputable one to assist with their M&A deal (significant in 5 reputation-based models). The percentage of cash out of the total payment is also positively related to the reputation of the advisor selected; when paying in cash, the acquirer does not share any post-deal risk with the target, as the target will no longer exist, and therefore benefiting from the advice of advisors that are thought to be of a higher quality is well justified.

Table 43: Regression Analyses of the Choice of Acquirer's Financial Advisor.

*Table 43 presents the results of the regressions involving the choice of the acquirer firms with regard to the reputation of the advisor being hired as the dependent variables. Logistic regression is used for models 3, 4, 5, 8, and 9, and OLS regression for the remaining models. Acquirer-related independent variables of interest that are included in these models are: litigation risk, analyst following, Big-4 auditors, and institutional ownership, amongst others. Litigation risk is calculated as the number of litigious words scaled by the total number of words in the acquirer's filings, as defined by Loughran and McDonald (2011). Analyst following is proxied by the number of analyst firms providing financial forecasts on the acquirer, as reported by the Institutional Brokers Estimate System (IBES) database. Big-4 auditors is a binary variable that is equal to 1 if the acquirer firm is using the services of one of the Big-4 accounting firms, and 0 otherwise. Institutional ownership is calculated as the portion of the acquirer firm that is owned by institutional investors. The models include various other control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical*

significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Acquirer Advisor Ranking								
VARIABLES	**Scheme #1**	**Scheme #2**	**Scheme #3**	**Scheme #4**	**Scheme #5**	**Scheme #6**	**Scheme #7**	**Scheme #8**	**Scheme #9**
Litigation Risk (Acquirer)	-92.0124**	56.9169*	16.6364	22.6300**	28.5566**	-80.9138**	-83.1161**	19.3452*	17.4238
	(38.413)	(29.165)	(11.604)	(11.439)	(11.510)	(38.683)	(38.949)	(10.901)	(10.975)
Analyst Following (Acquirer)	-0.0739**	0.0373	0.0139	0.0132	0.0154	-0.0730**	-0.0683*	0.0161	0.0181*
	(0.036)	(0.027)	(0.010)	(0.010)	(0.010)	(0.036)	(0.036)	(0.010)	(0.010)
Big-4 Auditor (Acquirer)	-1.0146*	0.8182*	0.6036***	0.4573**	0.4878**	-0.9461	-1.0129*	0.5045**	0.4672**
	(0.576)	(0.469)	(0.198)	(0.194)	(0.194)	(0.581)	(0.586)	(0.205)	(0.199)
Institutional Ownership (Acquirer)	-2.1748***	1.7272***	0.8843***	0.9438***	1.0093***	-2.2195***	-2.2128***	0.9751***	1.0555***
	(0.828)	(0.654)	(0.245)	(0.251)	(0.254)	(0.824)	(0.819)	(0.256)	(0.250)
Leverage (Acquirer)	-2.9050***	3.0396***	0.5302*	0.4463	0.4581	-2.6863**	-2.6363**	0.0523	-0.1044
	(1.108)	(0.867)	(0.306)	(0.296)	(0.299)	(1.109)	(1.107)	(0.297)	(0.298)
Target Relative Size	-2.2194***	1.5705***	0.6314***	0.6240***	0.6117***	-2.2021***	-2.2178***	0.5590***	0.5574***
	(0.155)	(0.115)	(0.051)	(0.051)	(0.050)	(0.156)	(0.156)	(0.052)	(0.052)
Firm Size (Acquirer)	-3.4538***	2.5832***	0.9410***	0.9050***	0.8801***	-3.4407***	-3.4893***	0.7909***	0.7921***
	(0.194)	(0.148)	(0.069)	(0.068)	(0.069)	(0.195)	(0.195)	(0.065)	(0.064)
Sales Growth (Acquirer)	0.1595	-0.1273	-0.0626	0.0453	-0.0174	0.1674	0.1108	0.0298	0.0609
	(0.480)	(0.380)	(0.145)	(0.142)	(0.139)	(0.484)	(0.484)	(0.148)	(0.138)
Firm Age (Acquirer)	0.0207*	-0.0213**	-0.0045	-0.0038	-0.0042	0.0207*	0.0216*	-0.0016	-0.0013
	(0.012)	(0.009)	(0.004)	(0.004)	(0.004)	(0.012)	(0.012)	(0.004)	(0.004)
Cashflows (Acquirer)	0.5677	-0.9985	0.1271	-0.0914	0.0644	0.4706	0.7339	0.5712	0.3885
	(1.480)	(1.171)	(0.470)	(0.434)	(0.442)	(1.480)	(1.502)	(0.526)	(0.490)
Public Target Dummy	0.0265	-0.1534	-0.0514	0.0309	-0.0428	-0.1339	-0.1162	0.0380	-0.0240
	(0.350)	(0.267)	(0.106)	(0.109)	(0.106)	(0.354)	(0.354)	(0.106)	(0.105)
Percent Cash	-0.0122***	0.0099***	0.0037***	0.0029**	0.0030**	-0.0119***	-0.0126***	0.0018	0.0020
	(0.004)	(0.003)	(0.001)	(0.001)	(0.001)	(0.004)	(0.004)	(0.001)	(0.001)

Related Deal	-0.4670	0.3003	0.1246	0.1216	0.0876	-0.4042	-0.4633	0.1170	0.1144
	(0.320)	(0.246)	(0.094)	(0.096)	(0.094)	(0.320)	(0.319)	(0.094)	(0.093)
Uncertainty (Acquirer)	-8.5204***	6.1115***	3.0784***	2.7654***	2.9230***	-7.7831***	-7.9859***	2.7506***	2.4356***
	(2.856)	(2.262)	(0.836)	(0.835)	(0.828)	(2.851)	(2.879)	(0.821)	(0.812)
Hostile Deal	-3.0898	1.4351	0.8400	-0.3278	1.2206	-1.4373	-1.8538	0.0511	0.0596
	(5.083)	(3.890)	(2.098)	(1.157)	(2.104)	(4.820)	(4.917)	(1.185)	(1.164)
Constant	41.4552***	-11.2834***	-7.9002***	-8.1221***	-7.8553***	42.1339***	42.1445***	-7.5512***	-7.2283***
	(1.988)	(1.513)	(0.667)	(0.651)	(0.649)	(2.013)	(2.010)	(0.642)	(0.629)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034
R-squared	0.389	0.371				0.385	0.388		
Pseudo R-squared			0.3022	0.2862	0.2829			0.2422	0.2444

4.5. Robustness Checks

4.5.1. Addressing Endogeneity

Heckman Two-Stage Procedure:

The analysis, so far, assumes that the matching between the firm (acquirer or target) and their advisor is random, which is not necessarily true. The choice of advisors could be influenced by different deal- and/or firm-specific variables. The hiring of an advisor of a specific tier could be endogenously determined. The decision to have a specific advisor work on a deal can be determined by the hiring firm and advisor. In order to correct for the potential self-selection bias, which could lead to unreliable OLS estimates, I follow the Heckman (1979) two-stage procedure, which is an approach adopted in previous studies (i.e., Golubov et al., 2012; Ma, 2013).

I present the results of this procedure in tables 44 (for the target advisor) and 45 (for the acquirer advisor). The first model in each of these tables presents a Probit model explaining the choice of advisor. At this stage, I follow Golubov et al. (2012) and include in the first stage a variable that has an influence on the choice of advisor, but not on the on the outcome of the deal (Li and Prabhala, 2007); namely, the variable "scope". This variable proxies for the extent to which the hiring firm uses the services of a top-tier advisor. Using data on different capital market transactions (equity issues, bond issues and M&As), from Thomson Financial SDC database, this variable is set to be equal to: (a) 0, if no top-advisor has been employed, (b) 1 if the firm has relied on a top-advisor for one type of the capital market transactions; (c) 2 if the firm has relied on a top-advisor for 2 of the 3 types of transactions; and (d) 3 if the firm has used the services of a top-advisor for all 3 types of transactions. The variable is calculated based on the 5-year period

preceding the deal in question. I follow Goubov et al. (2012), as well, in partitioning the deals based on the public status of the target (private, public, and subsidiary), when conducting the analysis on the acquirer side, to account for the differences and nuances that this factor presents when it comes to M&A deals' outcomes.

Based on the first stage, I derive an inverse Mills ratio for the observations. Then, this inverse Mills ratio is included in the second stage regression, where the dependent variables are CAR(-2:+2) for acquirers, and premium for targets. The "scope" variable is excluded from the second stage model. Based on the significance of the inverse Mills ratio, one can determine whether there is a self-selection bias or not (Greene, 2003).

Based on the results presented in tables 44 and 45, all the inverse Mills ratios show no significance at conventional levels, neither on the target side, nor for the three subsamples on the acquirer's side, which indicates that the coefficient estimates are reliable. I have supplemented this analysis by applying the Heckman two-stage procedure using CAR(-5 +5), and the results documented (Table 68 in Appendix 4) support the conclusion that the coefficient estimates are reliable, as the inverse Mills ratios show no significance.

Table 44: Application of Heckman's Two-Stage Procedure – Robustness Check of Target-Side Model on Advisor's Effect on Premium.

Table 44 presents the results stemming from the application of Heckman's two-stage procedure to address endogeneity concerns associated with selection bias that could lead to unreliable OLS estimates when evaluating the effect of the involvement of financial advisors on targets' short-term deal outcomes. As a first stage, I estimate a Probit model explaining the choice of advisor by target firms, in order to derive an inverse Mills ratio for the observations. Then, this inverse Mills ratio is included in the second stage regression. The level of significance of this ratio can help determine if there is a self-selection bias or not (Greene, 2003). In the first stage, I include a variable that has an influence on the choice of advisor, but not on the on the outcome of the deal, which is "scope". This variable proxies for the extent to which the hiring firm uses the services of a top-tier advisor. Using data on different capital market transactions (equity issues, bond issues and M&As), "scope" is equal to: (a) 0, if no top-advisor has been employed, (b) 1 if the firm has relied

*on a top-advisor for one type of the capital market transactions; (c) 2 if the firm has relied on a top-advisor for 2 of the 3 types of transactions; and (d) 3 if the firm has used the services of a top-advisor for all 3 types of transactions. In the second stage, the premium received by the target is the dependent variable; at this stage the "scope" variable is excluded, and the inverse Mills ratio is included. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)
VARIABLES	Target Advisor Ranking - Scheme #3	Premium
Big-4 Auditor (Target)	0.5305***	0.0755*
	(0.158)	(0.041)
Institutional Ownership (Target)	0.8055***	0.0720
	(0.240)	(0.067)
Scope (Target)	0.1407	
	(0.124)	
Leverage (Target)	0.7161**	0.0950
	(0.308)	(0.062)
Target Relative Size	-0.0320	-0.0023
	(0.039)	(0.008)
Firm Size (Target)	0.3186***	-0.0231
	(0.057)	(0.016)
Sales Growth (Target)	0.1046	-0.0447
	(0.141)	(0.031)
Firm Age (Target)	-0.0024	0.0009
	(0.005)	(0.001)
Cashflows (Target)	0.0111	-0.2514*
	(0.298)	(0.134)
Percent Cash	0.0029*	0.0000
	(0.002)	(0.000)
Related Deal	-0.0416	-0.1391***
	(0.118)	(0.020)
Uncertainty (Target)	2.1869**	0.4597**
	(0.911)	(0.212)
Inverse Mills Ratio		0.0922
		(0.073)
Constant	-3.4218***	0.1122
	(0.543)	(0.250)
Year Fixed-Effect	YES	YES
Industry-Fixed Effect	YES	YES
Observations	795	1,258
R-squared		0.272

<u>Table 45</u>: Application of Heckman's Two-Stage Procedure – Robustness Check of Acquirer-Side Model on Advisor's Effect on CAR (-2 +2).

*Table 45 presents the results stemming from the application of Heckman's two-stage procedure to address endogeneity concerns associated with selection bias that could lead to unreliable OLS estimates when evaluating the effect of the involvement of financial advisors on acquirers' short-term deal outcomes. As a first stage, I estimate a Probit model explaining the choice of advisor by the acquiring firms, in order to derive an inverse Mills ratio for the observations. Then, this inverse Mills ratio is included in the second stage regression. The level of significance of this ratio can help determine if there is a self-selection bias or not (Greene, 2003). In the first stage, I include a variable that has an influence on the choice of advisor, but not on the on the outcome of the deal, which is "scope". This variable proxies for the extent to which the hiring firm uses the services of a top-tier advisor. Using data on different capital market transactions (equity issues, bond issues and M&As), "scope" is equal to: (a) 0, if no top-advisor has been employed, (b) 1 if the firm has relied on a top-advisor for one type of the capital market transactions; (c) 2 if the firm has relied on a top-advisor for 2 of the 3 types of transactions; and (d) 3 if the firm has used the services of a top-advisor for all 3 types of transactions. In the second stage, acquirer CAR (-2 +2) is the dependent variable; at this stage the "scope" variable is excluded, and the inverse Mills ratio is included. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	Public		Private		Subsidiary	
	(1)	(2)	(1)	(2)	(1)	(2)
VARIABLES	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-2 +2)	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-2 +2)	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-2 +2)
Big-4 Auditor (Acquirer)	0.2226	0.0056	0.4163*	0.0019	0.2925	-0.0058
	(0.278)	(0.008)	(0.214)	(0.007)	(0.261)	(0.011)
Institutional Ownership (Acquirer)	0.8254**	-0.0029	0.8497***	0.0091	1.0061***	0.0169
	(0.334)	(0.013)	(0.235)	(0.011)	(0.307)	(0.016)
Scope (Acquirer)	1.5469***		1.5559***		1.6639***	
	(0.167)		(0.120)		(0.168)	
Leverage (Acquirer)	0.0988	0.0247	-0.9686***	0.0243*	-0.9288***	0.0300*
	(0.356)	(0.018)	(0.272)	(0.013)	(0.334)	(0.018)
Target Relative Size	0.3143***	-0.0035	0.3598***	0.0088***	0.3510***	0.0075**
	(0.062)	(0.003)	(0.047)	(0.002)	(0.060)	(0.003)
Firm Size (Acquirer)	0.2394***	-0.0095***	0.4256***	-0.0043	0.3892***	-0.0095**
	(0.059)	(0.003)	(0.050)	(0.003)	(0.068)	(0.004)
Sales Growth (Acquirer)	-0.1631	-0.0064	-0.0851	-0.0036	-0.0436	-0.0048
	(0.229)	(0.006)	(0.156)	(0.005)	(0.203)	(0.007)
Firm Age (Acquirer)	-0.0001	0.0001	0.0023	0.0001	0.0042	0.0003
	(0.004)	(0.000)	(0.003)	(0.000)	(0.004)	(0.000)
Cashflows (Acquirer)	1.9940**	0.0561*	0.8868	0.0331	0.6953	0.0031
	(0.890)	(0.029)	(0.541)	(0.025)	(0.921)	(0.064)
Percent Cash	0.0029*	0.0003***	0.0010	-0.0000	-0.0002	-0.0001
	(0.002)	(0.000)	(0.001)	(0.000)	(0.002)	(0.000)

Related Deal	0.2772**	0.0104**	-0.0884	0.0071	-0.2062	0.0101
	(0.118)	(0.005)	(0.096)	(0.004)	(0.138)	(0.007)
Uncertainty (Acquirer)	2.1245	-0.0177	2.2189***	0.0382	1.4123	0.0950
	(1.559)	(0.059)	(0.781)	(0.040)	(1.101)	(0.059)
Hostile Deal	-0.6638	0.0237				
	(0.780)	(0.021)				
Inverse Mills Ratio		-0.0051		-0.0040		-0.0043
		(0.005)		(0.004)		(0.005)
Constant	-4.1655***	0.0340	-5.2301***	0.0779***	-4.7471***	0.1175***
	(0.715)	(0.037)	(0.479)	(0.028)	(0.720)	(0.041)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	965	922	1,539	1,476	737	697
R-squared		0.126		0.093		0.140

Target Advisors' Activities:

Based on the examination of the value added by target advisors through the activities they conduct, I found that conducting search activities is negatively related to premium, and providing financial advisory services is positively related to premium, in all the models. Providing decision-making supporting services is negatively related to premium in one model (10% significance). One could possibly raise reverse causality-related concerns. It could be argued that advisors advising "bad" targets, those that are likely not very attractive to potential bidders, could put less effort in conducting search activities, and could potentially aim to serve their own interests when searching for bidders with the goal to consummate the deal to receive their (success) fees. In order to address such concerns, I examine two subsamples; the bottom 30% (Table 46) and the top 30% (Table 47) of targets in terms of sales growth. If these concerns are actually valid, then we should not find a negative effect for conducting search activities in the "good" targets sample. As it can be noticed in Table 47, conducting search activities is still exhibiting a negative effect (1% significance) in the "good" targets sample, thus we can conclude that our conclusion is not driven by advising "bad" targets. The results also support the positive effect brought about by the provision of financial advice by target advisors at the 10% significance level, for the "good" target sample, and no significance is achieved in the "bad" targets sample. Interestingly, another insight that can be derived from this analysis, is that the conduct of negotiation activities by target advisors has a positive effect on premium for "bad" targets (5% significance), and a negative effect for "good" targets (5% significance). Strong targets are better off conducting the negotiation activities themselves (their boards), rather than relying on their advisors, whereas relying on advisors to conduct negotiation activities with bidders strengthens the bargaining position of weaker targets.

<u>Table 46</u>: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, for the Bottom 30% Targets in Terms of Sales Growth, While Controlling for Reputation (Scheme #3).

*Table 46 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #3). This sample is limited to the bottom 30% targets in terms of sales growth. Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	0.0009					
	(0.120)					
Negotiation		0.2042**				
		(0.100)				
Search			-0.0581			
			(0.094)			
Financial Advice				0.0320		
				(0.110)		
Strategic Advice					-0.0157	
					(0.091)	
Due Diligence						-0.0245
						(0.092)
Target Advisor Reputation - Scheme #3	0.1065	0.0691	0.1167	0.1040	0.1044	0.1034
	(0.097)	(0.103)	(0.099)	(0.098)	(0.095)	(0.094)
Target Relative Size	-0.2826**	-0.3374***	-0.2620**	-0.2836**	-0.2787**	-0.2728**
	(0.111)	(0.111)	(0.117)	(0.110)	(0.114)	(0.121)
Leverage (Target)	-0.0244	0.0677	-0.0684	-0.0230	-0.0255	-0.0419
	(0.252)	(0.246)	(0.275)	(0.251)	(0.253)	(0.251)
Firm Size (Target)	-0.0698	-0.0671	-0.0735	-0.0691	-0.0701	-0.0686
	(0.053)	(0.053)	(0.054)	(0.054)	(0.054)	(0.055)
Sales Growth (Target)	-0.3952	-0.4977*	-0.3848	-0.3963	-0.3946	-0.3868
	(0.294)	(0.289)	(0.294)	(0.294)	(0.295)	(0.296)
Firm Age (Target)	0.0023	0.0024	0.0023	0.0022	0.0025	0.0024
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Cashflows (Target)	-0.4224**	-0.4153**	-0.4370**	-0.4291**	-0.4281**	-0.4215**
	(0.196)	(0.160)	(0.188)	(0.192)	(0.194)	(0.190)
Big-4 Auditor (Target)	0.2435**	0.2133*	0.2711**	0.2420**	0.2494**	0.2466**
	(0.110)	(0.109)	(0.118)	(0.110)	(0.108)	(0.111)
Institutional Ownership (Target)	0.1772	0.2341	0.1775	0.1770	0.1813	0.1800

	(0.228)	(0.226)	(0.205)	(0.213)	(0.215)	(0.211)
Percent Cash	0.0002	0.0002	0.0004	0.0003	0.0003	0.0002
	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0819	-0.0645	-0.0854	-0.0805	-0.0838	-0.0835
	(0.087)	(0.080)	(0.084)	(0.083)	(0.084)	(0.083)
Uncertainty (Target)	-0.0557	0.0575	-0.1228	-0.0565	-0.0400	-0.0253
	(0.661)	(0.641)	(0.608)	(0.604)	(0.604)	(0.636)
Hostile Deal	0.2150	0.3913*	0.1906	0.2412	0.2154	0.2012
	(0.187)	(0.210)	(0.203)	(0.234)	(0.196)	(0.216)
Constant	0.5936*	0.2305	0.6118*	0.5736*	0.5993*	0.6009*
	(0.305)	(0.369)	(0.310)	(0.326)	(0.319)	(0.311)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	88	88	88	88	88	88
R-squared	0.558	0.582	0.562	0.559	0.559	0.559

Table 47: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, for the Top 30% Targets in Terms of Sales Growth, While Controlling for Reputation (Scheme #3).

*Table 47 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #3). This sample is limited to the top 30% targets in terms of sales growth. Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0046					
	(0.069)					
Negotiation		-0.1556**				
		(0.063)				
Search			-0.1894***			
			(0.067)			
Financial Advice				0.1725*		
				(0.101)		
Strategic Advice					-0.0810	
					(0.065)	

Due Diligence						0.0535
						(0.069)
Target Advisor Reputation - Scheme #3	0.0710	0.0649	0.0708	0.0825	0.0661	0.0748
	(0.060)	(0.058)	(0.055)	(0.060)	(0.060)	(0.059)
Target Relative Size	0.0231	0.0093	0.0224	0.0095	0.0310	0.0267
	(0.071)	(0.069)	(0.067)	(0.071)	(0.070)	(0.071)
Leverage (Target)	-0.0512	-0.1231	0.0107	-0.0476	-0.0060	-0.0363
	(0.167)	(0.164)	(0.159)	(0.167)	(0.166)	(0.169)
Firm Size (Target)	0.0327	0.0314	0.0405	0.0270	0.0294	0.0294
	(0.028)	(0.028)	(0.028)	(0.027)	(0.028)	(0.028)
Sales Growth (Target)	0.0319	0.0462	0.0495	0.0528	0.0162	0.0322
	(0.061)	(0.062)	(0.055)	(0.062)	(0.058)	(0.058)
Firm Age (Target)	-0.0028	-0.0024	-0.0028	-0.0027	-0.0029	-0.0027
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Cashflows (Target)	-0.5939***	-0.6099***	-0.5873***	-0.5745***	-0.5950***	-0.5901***
	(0.147)	(0.142)	(0.131)	(0.148)	(0.143)	(0.146)
Big-4 Auditor (Target)	0.0740	0.0734	0.0810	0.0664	0.0694	0.0839
	(0.083)	(0.084)	(0.080)	(0.082)	(0.083)	(0.082)
Institutional Ownership (Target)	-0.4230***	-0.3735***	-0.3892***	-0.4062***	-0.4089***	-0.4419***
	(0.125)	(0.131)	(0.121)	(0.123)	(0.123)	(0.126)
Percent Cash	0.0024**	0.0020**	0.0027***	0.0023**	0.0025**	0.0027**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0678	-0.0646	-0.0485	-0.0699	-0.0596	-0.0689
	(0.061)	(0.058)	(0.054)	(0.060)	(0.062)	(0.060)
Uncertainty (Target)	-1.0976**	-1.1759**	-1.0439**	-1.1057**	-1.0528**	-1.1402**
	(0.504)	(0.529)	(0.486)	(0.497)	(0.495)	(0.521)
Constant	0.4301	0.5404*	0.4200	0.3031	0.4564*	0.4306
	(0.276)	(0.281)	(0.266)	(0.288)	(0.269)	(0.284)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	120	120	120	120	120	120
R-squared	0.522	0.535	0.559	0.527	0.529	0.525

In order to address concerns relating to the quality of the targets when evaluating the value added by target advisor's activities, I also conduct an additional analysis where I control for a proxy of target quality, namely their returns on assets (ROA). I also include an interaction term involving the activity in question and the target ROA. Table 48 presents the results of the regressions conducted. Based on these results, the initial conclusions hold; conducting search activities is

negatively related to premium (10% significance), and providing financial advisory services are positively related to premium (5% significance).

Table 48: OLS Regression Analyses of the Effect of Target Advisors' Activities, Individually, on Target Premium, While Controlling for Reputation (Scheme #3), and Including Interaction Between Target's ROA (Return on Assets) and Activities.

*Table 48 presents the results of OLS regressions involving target premium as the dependent variable, while including each activity conducted by the target advisor, individually, as the independent variable, in the models, and controlling for advisor's reputation (scheme #3). These models include, as well, the target's return on assets (ROA) as a control variable and an interaction term involving target's ROA and the activity addressed in the model in question. Models 1, 2, 3, 4, 5, and 6, include decision-making, negotiation, search, providing financial advice, providing strategic advice, and due diligence, as independent variables, respectively. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium
Decision Making	-0.0365					
	(0.034)					
Decision Making X Return on Assets	0.3277					
	(0.202)					
Negotiation		0.0299				
		(0.040)				
Negotiation X Return on Assets		0.2571				
		(0.160)				
Search			-0.0992***			
			(0.038)			
Search X Return on Assets			0.1337			
			(0.185)			
Financial Advice				0.1538**		
				(0.060)		
Financial Advice X Return on Assets				0.2476		
				(0.167)		
Strategic Advice					-0.0269	
					(0.037)	
Strategic Advice X Return on Assets					-0.0653	
					(0.193)	
Due Diligence						-0.0086
						(0.031)

Due Diligence X Return on Assets						0.0876
						(0.205)
Return on Assets (Target)	0.0221	-0.1054	0.1376	-0.0784	0.1668	0.1140
	(0.312)	(0.328)	(0.343)	(0.312)	(0.331)	(0.333)
Target Advisor Reputation - Scheme #3	0.0538	0.0595*	0.0632*	0.0599*	0.0617*	0.0608*
	(0.034)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
Target Relative Size	-0.0842*	-0.0889*	-0.0860*	-0.0919*	-0.0889*	-0.0900*
	(0.050)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
Leverage (Target)	0.1150	0.1029	0.0944	0.0858	0.0873	0.0933
	(0.116)	(0.115)	(0.117)	(0.114)	(0.117)	(0.115)
Firm Size (Target)	-0.0267	-0.0289	-0.0363*	-0.0338*	-0.0315	-0.0296
	(0.019)	(0.020)	(0.020)	(0.019)	(0.019)	(0.020)
Sales Growth (Target)	-0.0285	-0.0055	-0.0035	-0.0147	-0.0086	-0.0101
	(0.050)	(0.048)	(0.047)	(0.048)	(0.046)	(0.048)
Firm Age (Target)	-0.0007	-0.0004	-0.0006	-0.0008	-0.0005	-0.0005
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.5761**	-0.4955*	-0.5947**	-0.5194**	-0.5155*	-0.5457**
	(0.278)	(0.255)	(0.275)	(0.255)	(0.262)	(0.263)
Big-4 Auditor (Target)	0.1554***	0.1529***	0.1666***	0.1524***	0.1571***	0.1522***
	(0.046)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)
Institutional Ownership (Target)	-0.2135**	-0.2213**	-0.1788**	-0.1844**	-0.1992**	-0.2092**
	(0.088)	(0.089)	(0.086)	(0.084)	(0.089)	(0.087)
Percent Cash	0.0017***	0.0014***	0.0016***	0.0014***	0.0014***	0.0014**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0483	-0.0493	-0.0424	-0.0489	-0.0456	-0.0476
	(0.036)	(0.036)	(0.034)	(0.036)	(0.035)	(0.037)
Uncertainty (Target)	-0.6426**	-0.6416**	-0.6567**	-0.5936**	-0.6648**	-0.6282**
	(0.260)	(0.269)	(0.255)	(0.269)	(0.269)	(0.284)
Hostile Deal	0.0399	0.0869	-0.0059	0.2161*	0.0279	0.0399
	(0.095)	(0.096)	(0.092)	(0.114)	(0.096)	(0.096)
Constant	0.5176***	0.5188***	0.6041***	0.4146***	0.5643***	0.5452***
	(0.149)	(0.154)	(0.145)	(0.158)	(0.145)	(0.150)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	326	326	326	326	326	326
R-squared	0.370	0.356	0.371	0.361	0.353	0.353

4.5.2. Additional Analyses

Reputation of the Opposing Party's Advisor:

In Table 49, I present the results of the regression analyses on the effect of target advisors' presence, reputation, and past performance on premium, while controlling for the presence and quality of the acquirer's advisor. Model 1 reveals that both target advisor's and acquirer advisor's presence have a significant positive effect on the premium achieved by the target (1% significance level for both). Whereas, when accounting for both parties' advisors' reputation or past performance, these proxies of advisors' quality do not show a significant effect on target premium. This is consistent with the initial analyses where it was concluded that, for the whole sample, in general, target advisor's presence has a positive effect on the premium, but not their reputation.

Table 49: OLS Regression Analyses of the Effect of Target Advisors' Presence and Reputation on Target Premium, Controlling for the Presence and Reputation of the Acquirer's Advisor.

*Table 49 presents the results of the OLS regressions involving target premium as the dependent variable, and target advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. These models specifically control for the presence or quality of the acquirer's advisor (reputation or past performance). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium	(7) Premium	(8) Premium	(9) Premium	(10) Premium	(11) Premium
Target Advisor Presence	0.2186***										
	(0.027)										
Acquirer Advisor Presence	0.0665***										
	(0.026)										
Target Advisor Ranking - Scheme #1		0.0003									
		(0.001)									
Acquirer Advisor Ranking - Scheme #1		-0.0015									
		(0.001)									
Target Advisor Ranking - Scheme #2			-0.0016								
			(0.002)								
Acquirer Advisor Ranking - Scheme #2			0.0022								
			(0.002)								
Target Advisor Ranking - Scheme #3				0.0028							
				(0.024)							
Acquirer Advisor Ranking - Scheme #3				0.0261							
				(0.028)							
Target Advisor Ranking - Scheme #4					-0.0202						
					(0.023)						
Acquirer Advisor Ranking - Scheme #4					0.0221						
					(0.028)						
Target Advisor Ranking - Scheme #5						-0.0098					
						(0.023)					
Acquirer Advisor Ranking - Scheme #5						0.0285					
						(0.027)					
Target Advisor Ranking - Scheme #6							0.0005				
							(0.001)				
Acquirer Advisor Ranking - Scheme #6							-0.0014				
							(0.001)				

Target Advisor Ranking - Scheme #7								0.0004			
								(0.001)			
Acquirer Advisor Ranking - Scheme #7								-0.0015			
								(0.001)			
Top-Tier Target Advisor - Scheme #8									-0.0134		
									(0.025)		
Second-Tier Target Advisor - Scheme #8									-0.0414		
									(0.035)		
Top-Tier Acquirer Advisor - Scheme #8									-0.0014		
									(0.023)		
Top-Tier Target Advisor - Scheme #9										-0.0093	
										(0.025)	
Second-Tier Target Advisor - Scheme #9										-0.0460	
										(0.033)	
Top-Tier Acquirer Advisor - Scheme #9										0.0042	
										(0.024)	
Target Advisor Past Performance											-0.1221
											(0.107)
Acquirer Advisor Past Performance											-0.0178
											(0.093)
Leverage (Target)	0.0335	0.0789	0.0822	0.0776	0.0826	0.0793	0.0797	0.0793	0.0832	0.0838	0.1054
	(0.054)	(0.077)	(0.077)	(0.077)	(0.077)	(0.077)	(0.077)	(0.077)	(0.078)	(0.078)	(0.083)
Target Relative Size	-0.0094	-0.0079	-0.0080	-0.0080	-0.0082	-0.0083	-0.0080	-0.0079	-0.0094	-0.0095	-0.0141
	(0.007)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.011)
Firm Size (Target)	-0.0370***	-0.0414***	-0.0396***	-0.0417***	-0.0385***	-0.0400***	-0.0407***	-0.0411***	-0.0369***	-0.0380***	-0.0497***
	(0.007)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.014)
Sales Growth (Target)	-0.0346	-0.0074	-0.0086	-0.0069	-0.0069	-0.0074	-0.0072	-0.0075	-0.0091	-0.0088	-0.0210
	(0.025)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.059)
Firm Age (Target)	0.0016***	0.0008	0.0008	0.0008	0.0008	0.0008	0.0008	0.0008	0.0007	0.0007	0.0012
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.2141**	-0.3199***	-0.3174***	-0.3179***	-0.3203***	-0.3209***	-0.3192***	-0.3200***	-0.3121***	-0.3133***	-0.2644**
	(0.087)	(0.087)	(0.087)	(0.086)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.108)
Big-4 Auditor (Target)	0.0413*	0.0438	0.0474	0.0442	0.0462	0.0434	0.0447	0.0445	0.0475	0.0500	0.0583
	(0.024)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.036)

Institutional Ownership (Target)	-0.0463	-0.0322	-0.0289	-0.0331	-0.0274	-0.0302	-0.0307	-0.0317	-0.0220	-0.0254	-0.0040
	(0.038)	(0.054)	(0.053)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.053)	(0.053)	(0.062)
Percent Cash	0.0010***	0.0009***	0.0010***	0.0009***	0.0010***	0.0010***	0.0010***	0.0009***	0.0010***	0.0010***	0.0015***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	-0.0021	0.0007	0.0003	0.0010	0.0020	0.0014	0.0010	0.0007	0.0040	0.0046	-0.0063
	(0.021)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.026)
Uncertainty (Target)	0.0228	0.0369	0.0430	0.0377	0.0496	0.0407	0.0403	0.0383	0.0519	0.0598	0.1874
	(0.142)	(0.186)	(0.186)	(0.186)	(0.185)	(0.187)	(0.186)	(0.186)	(0.187)	(0.188)	(0.213)
Hostile Deal	-0.0136	0.0767	0.0781	0.0706	0.0758	0.0769	0.0765	0.0775	0.0752	0.0731	0.2681**
	(0.053)	(0.063)	(0.064)	(0.062)	(0.060)	(0.062)	(0.062)	(0.063)	(0.063)	(0.064)	(0.116)
Constant	0.2715***	0.6036***	0.5628***	0.5748***	0.5616***	0.5685***	0.5928***	0.5991***	0.5579***	0.5563***	0.4008**
	(0.094)	(0.120)	(0.105)	(0.105)	(0.105)	(0.105)	(0.121)	(0.120)	(0.105)	(0.106)	(0.188)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1,593	810	810	810	810	810	810	810	810	810	584
R-squared	0.312	0.238	0.239	0.238	0.238	0.238	0.238	0.238	0.238	0.239	0.269

Controlling for target advisor's presence and quality (reputation and past performance) in the examination of the effect of acquirer's advisor presence and quality on the short-term deal outcomes (CAR) achieved by the acquirer, I document that target advisor's presence exhibit a negative and significant effect on acquirer's CARs (at 5% level). When considering the reputation of the target and acquirer advisors, no significant results ensued on the effect of these on acquirer's short-term deal outcomes. In the initial models evaluating the effect of acquirer's advisor quality on CARs, the empirical evidence supported a positive effect. Accounting for the reputation of the target's advisor seems to wipe out the significance of the acquirer's advisor's effect. On the other hand, even when controlling for the target advisor's past performance, acquirer's advisor's past performance still shows a significant positive effect on the deal outcomes

for the acquirer. These findings provide an empirical support to the positive market reaction exhibited when a well performing advisor is hired by the acquirer.

<u>Table 50</u>: OLS Regression Analyses of the Effect of the Acquirer's Advisor's Presence and Reputation on the Acquirer's CAR (-2 +2), Controlling for the Presence and Reputation of the Target's Advisor.

*Table 50 presents the results of the OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. These models specifically control for the presence or quality of the target's advisor (reputation or past performance). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)	(11) Acq CAR (-2 +2)
Acquirer Advisor Presence	-0.0009										
	(0.002)										
Target Advisor Presence	-0.0039**										
	(0.002)										
Acquirer Advisor Ranking - Scheme #1		-0.0002									
		(0.000)									
Target Advisor Ranking - Scheme #1		-0.0003									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Target Advisor Ranking - Scheme #2			0.0003								
			(0.000)								

Acquirer Advisor Ranking - Scheme #3	0.0046						
	(0.004)						
Target Advisor Ranking - Scheme #3	0.0066						
	(0.004)						
Acquirer Advisor Ranking - Scheme #4		0.0038					
		(0.004)					
Target Advisor Ranking - Scheme #4		0.0052					
		(0.004)					
Acquirer Advisor Ranking - Scheme #5			0.0016				
			(0.004)				
Target Advisor Ranking - Scheme #5			0.0058				
			(0.004)				
Acquirer Advisor Ranking - Scheme #6				-0.0002			
				(0.000)			
Target Advisor Ranking - Scheme #6				-0.0003			
				(0.000)			
Acquirer Advisor Ranking - Scheme #7					-0.0002		
					(0.000)		
Target Advisor Ranking - Scheme #7					-0.0003		
					(0.000)		
Top-Tier Acquirer Advisor - Scheme #8						0.0030	
						(0.005)	
Second-Tier Acquirer Advisor - Scheme #8						0.0050	
						(0.005)	
Top-Tier Target Advisor - Scheme #8						0.0044	
						(0.004)	
Top-Tier Acquirer Advisor - Scheme #9							0.0016
							(0.004)
Second-Tier Acquirer Advisor - Scheme #9							0.0060
							(0.004)
Top-Tier Target Advisor - Scheme #9							0.0053

										(0.004)	
Acquirer Advisor Past Performance											0.1093***
											(0.010)
Target Advisor Past Performance											0.0021
											(0.010)
Leverage (Target)	0.0139***	0.0299**	0.0297**	0.0298**	0.0300**	0.0302***	0.0300**	0.0299**	0.0300***	0.0292**	0.0272**
	(0.005)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Target Relative Size	0.0037***	0.0012	0.0015	0.0013	0.0016	0.0017	0.0013	0.0012	0.0018	0.0017	0.0020
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Target)	-0.0029***	-0.0073***	-0.0069***	-0.0072***	-0.0068***	-0.0066***	-0.0071***	-0.0072***	-0.0065***	-0.0066***	-0.0056***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Target)	-0.0048**	-0.0091**	-0.0091**	-0.0090**	-0.0091**	-0.0091**	-0.0090**	-0.0091**	-0.0089*	-0.0091**	-0.0069
	(0.002)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)
Firm Age (Target)	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Target)	0.0002	0.0189	0.0190	0.0189	0.0188	0.0190	0.0189	0.0190	0.0188	0.0195	0.0247
	(0.009)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.022)
Big-4 Auditor (Target)	0.0028	0.0034	0.0033	0.0035	0.0036	0.0036	0.0035	0.0034	0.0037	0.0035	0.0003
	(0.003)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Institutional Ownership (Target)	-0.0074*	0.0043	0.0043	0.0044	0.0043	0.0047	0.0043	0.0044	0.0048	0.0054	0.0188*
	(0.004)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.010)
Public Target Dummy	-0.0077***	-0.0176***	-0.0177***	-0.0174***	-0.0178***	-0.0177***	-0.0176***	-0.0175***	-0.0178***	-0.0175***	-0.0091**
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0051***	0.0057*	0.0058*	0.0058*	0.0058*	0.0059*	0.0058*	0.0058*	0.0058*	0.0059*	0.0066*
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Uncertainty (Target)	0.0425**	0.0393	0.0396	0.0407	0.0404	0.0413	0.0400	0.0399	0.0408	0.0421	0.0306
	(0.017)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.036)	(0.043)
Hostile Deal	-0.0089	0.0037	0.0036	0.0035	0.0045	0.0041	0.0038	0.0036	0.0038	0.0032	0.0510*
	(0.016)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.030)
Constant	0.0473***	0.0616***	0.0472**	0.0479**	0.0469**	0.0454**	0.0600***	0.0608***	0.0456**	0.0448**	-0.0295
	(0.010)	(0.021)	(0.019)	(0.019)	(0.019)	(0.019)	(0.021)	(0.021)	(0.019)	(0.019)	(0.021)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,507	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	1,635
R-squared	0.043	0.100	0.100	0.100	0.100	0.099	0.100	0.100	0.099	0.100	0.158

Relative Advisor's Quality Measure:

To account for the effect of the reputation and past performance of a firm's advisor on the deal performance for the opposing party, I follow Kale et al. (2003) and construct a relative quality measure, where I incorporate the quality of both parties' advisors. This measure is calculated as the ratio of the party of interest's advisor reputation (past performance) to the reputation (past performance) of the other party's advisor (i.e. for the acquirer, this measure equals the acquirer's advisor reputation (past performance) divided by the target's advisor reputation (past performance), and on the target side it equals to the target's advisor's reputation (past performance) divided by the acquirer's advisor's reputation (past performance)). The logic supporting this analysis resembles somewhat to that of the previous analysis; the strategic advantage captured by a party is dependent on the reputation of its advisor relative to that of the opposing party. I include the relative reputation measure as the main independent variable in the models presented earlier to examine the effect of advisors' quality on deal outcomes.

Table 51 presents the results of the OLS regression analyses on the effect of target advisors' relative reputation and past performance on the premium achieved. Consistently with the previous results, when accounting for both parties' advisors' reputation and past performance, these quality proxies do not show significance when it comes to the resulting effect on the premium received by the target. On the other hand, when the analysis is mirrored on the acquirer's side (Table 52), the results highlight the significance of the relative past performance of the acquirer's advisor vis-à-vis that of the target advisor. Acquirer advisor's relative past performance is positively related to the abnormal returns achieved by the acquirer (at 1% significance level). These results support the

previous conclusions made with regard to the significance of acquirer's advisor's past performance, and the positive effect it exhibits on acquirer's deal performance.

Table 51: OLS Regression Analyses of the Effect of Target Advisors' Relative Reputation/Performance on Target Premium.

*Table 51 presents the results of the OLS regressions involving target premium as the dependent variable, and target advisor's relative reputation (4 proxies: models 1 to 4, for ranking schemes #1, #2, #6, and #7, respectively), and past performance (model 5) as the independent variables. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium
Target Advisor Relative Performance - Scheme #1	0.0003				
	(0.002)				
Target Advisor Relative Performance - Scheme #2		-0.0223			
		(0.022)			
Target Advisor Relative Performance - Scheme #6			0.0007		
			(0.002)		
Target Advisor Relative Performance - Scheme #7				0.0011	
				(0.002)	
Target Advisor Relative Past Performance					-0.0416
					(0.044)
Leverage (Target)	0.0807	0.0784	0.0808	0.0807	0.1054
	(0.076)	(0.083)	(0.076)	(0.076)	(0.084)
Target Relative Size	-0.0086	-0.0169	-0.0085	-0.0084	-0.0158
	(0.009)	(0.011)	(0.009)	(0.009)	(0.011)
Firm Size (Target)	-0.0384***	-0.0464***	-0.0384***	-0.0384***	-0.0491***
	(0.011)	(0.013)	(0.011)	(0.011)	(0.014)
Sales Growth (Target)	-0.0069	-0.0336	-0.0068	-0.0069	-0.0214
	(0.040)	(0.049)	(0.040)	(0.040)	(0.060)
Firm Age (Target)	0.0008	0.0012	0.0008	0.0008	0.0013
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	-0.3163***	-0.2979***	-0.3166***	-0.3168***	-0.2481**
	(0.086)	(0.109)	(0.086)	(0.086)	(0.110)
Big-4 Auditor (Target)	0.0445	0.0894**	0.0443	0.0444	0.0480
	(0.033)	(0.044)	(0.033)	(0.033)	(0.037)
Institutional Ownership (Target)	-0.0276	-0.0031	-0.0276	-0.0281	-0.0108
	(0.053)	(0.067)	(0.053)	(0.053)	(0.064)
Percent Cash	0.0010***	0.0010**	0.0010***	0.0010***	0.0015***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0028	-0.0113	0.0027	0.0027	-0.0064
	(0.023)	(0.028)	(0.023)	(0.023)	(0.026)

Uncertainty (Target)	0.0413	0.1461	0.0420	0.0447	0.2107
	(0.185)	(0.252)	(0.185)	(0.185)	(0.212)
Hostile Deal	0.0677	-0.0376	0.0687	0.0709	0.2729**
	(0.059)	(0.071)	(0.059)	(0.060)	(0.117)
Constant	0.5641***	0.6357***	0.5632***	0.5628***	0.3529*
	(0.104)	(0.133)	(0.104)	(0.104)	(0.187)
Year Fixed-Effect	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES
Observations	810	564	810	810	571
R-squared	0.237	0.270	0.237	0.237	0.272

Table 52: OLS Regression Analyses of the Effect of Acquirer Advisor's Relative Reputation/Performance on Acquirer CAR (-2 +2).

*Table 52 presents the results of the OLS regressions involving acquirer's CAR (-2 +2) as the dependent variable, and the acquirer's advisor's relative reputation (4 proxies: models 1 to 4, for ranking schemes #1, #2, #6, and #7, respectively), and past performance (model 5) as the independent variables. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)
Acquirer Advisor Relative Performance - Scheme #1	-0.0001				
	(0.000)				
Acquirer Advisor Relative Performance - Scheme #2		-0.0010			
		(0.002)			
Acquirer Advisor Relative Performance - Scheme #6			0.0000		
			(0.001)		
Acquirer Advisor Relative Performance - Scheme #7				-0.0002	
				(0.000)	
Acquirer Advisor Relative Past Performance					0.0228***
					(0.005)
Leverage (Acquirer)	0.0309***	0.0391**	0.0308***	0.0310***	0.0275**
	(0.012)	(0.016)	(0.012)	(0.012)	(0.013)
Target Relative Size	0.0027*	0.0020	0.0026*	0.0027*	0.0027
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0053***	-0.0097***	-0.0054***	-0.0053***	-0.0056***
	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)
Sales Growth (Acquirer)	-0.0091**	-0.0087	-0.0091**	-0.0091**	-0.0050

	(0.005)	(0.006)	(0.005)	(0.005)	(0.006)
Firm Age (Acquirer)	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0183	0.0729***	0.0183	0.0183	0.0264
	(0.021)	(0.024)	(0.021)	(0.021)	(0.023)
Big-4 Auditor (Acquirer)	0.0038	0.0145	0.0038	0.0038	0.0019
	(0.007)	(0.014)	(0.007)	(0.007)	(0.007)
Institutional Ownership (Acquirer)	0.0053	-0.0092	0.0053	0.0053	0.0223**
	(0.008)	(0.013)	(0.008)	(0.008)	(0.010)
Public Target Dummy	-0.0182***	-0.0162***	-0.0182***	-0.0183***	-0.0108***
	(0.003)	(0.005)	(0.003)	(0.003)	(0.004)
Percent Cash	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0058*	0.0089*	0.0059*	0.0058*	0.0061
	(0.003)	(0.005)	(0.003)	(0.003)	(0.004)
Uncertainty (Acquirer)	0.0422	0.0029	0.0424	0.0421	0.0595
	(0.036)	(0.049)	(0.036)	(0.036)	(0.045)
Hostile Deal	0.0042	0.0148	0.0040	0.0045	0.0630***
	(0.014)	(0.017)	(0.014)	(0.014)	(0.018)
Constant	0.0406**	0.0442	0.0406**	0.0407**	0.0173
	(0.019)	(0.029)	(0.019)	(0.019)	(0.021)
Year Fixed-Effect	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES
Observations	2,320	1,276	2,320	2,320	1,608
R-squared	0.098	0.138	0.098	0.098	0.126

Advisor's Embeddedness with their Client Firm:

Finally, I control for financial advisors' embeddedness with their clients. This aspect has been focused on in some M&A literature. Repeated exchanges (embeddedness) are proxied for through the number of previous transactions between the firm and the advisor. Repeated exchanges are associated with lower information asymmetry and higher levels of trust between the acquirer and their advisors (Granovetter, 1985; Uzzi, 1997). However, such embeddedness could deprive the firm in question from accessing information from different advisors. Given that existing research on the embeddedness with M&A advisors is focused on the acquirer's side, Gordon et al. (2019) call for more research on the embeddedness of targets with their advisors. Embeddedness is proxied in the following analysis through the previous relationship variable. Previous relationship is calculated as the number of times the advisor in question is hired by their client during the 5-year period preceding the M&A deal. This variable is included as an additional control variable to the initial base models presented earlier.

Table 55 presents the results of the analysis on the target side. After controlling for embeddedness, 2 of the reputation proxies show a positive relation with premium (10% significance), and target advisor's past performance shows a negative effect at the 10% significance level. Advisors that are more embedded with their target clients seem to have a positive effect on the short-term deal outcomes of their clients (at 5% significance level in 8 models, and at 1% significance in another model).

On the acquirer side (Table 54), after controlling for advisor's embeddedness, reputation is positively related to acquirer's CAR in 8 out of the 9 reputation-based models, and past performance is negatively related to acquirer's short-term deal outcomes (at the 1% significance level). However, embeddedness does not show significant effect on acquirer's CAR.

It can be concluded that embeddedness between firms and advisors is especially important to be accounted for on the target side. Targets that opt to hire advisors with whom they had frequent dealing, and that they are familiar with, are in a better position to achieve better short-term deal outcomes. This factor could mitigate the self-interests' related concerns associated with the fact that the target will cease to exist after the transaction, and therefore advisors are less likely to care about providing a good service as the target will no longer represent a potential client following the deal; advisors' loyalty to such clients could, after all, govern the efforts exerted by these latter to ensure that their clients get better outcomes.

<u>Table 53</u>: OLS Regression Analyses of the Effect of Target Advisors' Reputation on Target Premium, Controlling for the Embeddedness Between Target Advisor and Target.

*Table 53 presents the results of OLS regressions involving target premium as the dependent variable, and target advisor's reputation (9 proxies: models 1 to 9), and past performance (model 10) as the independent variables. These models specifically control for the embeddedness between the financial advisor and the target. Target Advisor Embeddedness is a proxy for the previous relationship between the advisor and the client (the target) and is calculated as the number of times the advisor in question is hired by the client in question during the 5-year period preceding the M&A deal. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Premium	(2) Premium	(3) Premium	(4) Premium	(5) Premium	(6) Premium	(7) Premium	(8) Premium	(9) Premium	(10) Premium
Target Advisor Ranking - Scheme #1	-0.0028									
	(0.002)									
Target Advisor Ranking - Scheme #2		0.0025								
		(0.002)								
Target Advisor Ranking - Scheme #3			0.0437							
			(0.036)							
Target Advisor Ranking - Scheme #4				0.0567*						
				(0.034)						
Target Advisor Ranking - Scheme #5					0.0618*					
					(0.035)					
Target Advisor Ranking - Scheme #6						-0.0027				
						(0.002)				
Target Advisor Ranking - Scheme #7							-0.0028			
							(0.002)			
Top-Tier Target Advisor - Scheme #8								0.0585		
								(0.042)		

Second-Tier Target Advisor - Scheme #8								0.0101		
								(0.042)		
Top-Tier Target Advisor - Scheme #9									0.0407	
									(0.039)	
Second-Tier Target Advisor - Scheme #9									-0.0095	
									(0.040)	
Target Advisor Past Performance										-0.2552*
										(0.139)
Target Advisor Embeddedness	0.2128**	0.2049**	0.1999**	0.2040**	0.1958*	0.2117**	0.2123**	0.2390**	0.2379**	0.1273
	(0.101)	(0.100)	(0.101)	(0.100)	(0.101)	(0.100)	(0.100)	(0.100)	(0.099)	(0.108)
Leverage (Target)	-0.0056	-0.0074	-0.0113	-0.0075	-0.0064	-0.0075	-0.0076	-0.0076	-0.0038	-0.0964
	(0.118)	(0.118)	(0.118)	(0.118)	(0.118)	(0.117)	(0.117)	(0.118)	(0.118)	(0.117)
Target Relative Size	-0.0184	-0.0179	-0.0181	-0.0187*	-0.0187*	-0.0185	-0.0186	-0.0191*	-0.0188*	-0.0296**
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
Firm Size (Target)	-0.0435***	-0.0409***	-0.0420***	-0.0418***	-0.0433***	-0.0432***	-0.0435***	-0.0419***	-0.0396**	-0.0436***
	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)
Sales Growth (Target)	-0.0090	-0.0085	-0.0091	-0.0075	-0.0107	-0.0090	-0.0086	-0.0072	-0.0054	-0.0307
	(0.055)	(0.055)	(0.055)	(0.054)	(0.055)	(0.055)	(0.055)	(0.054)	(0.053)	(0.052)
Firm Age (Target)	0.0013	0.0013	0.0014	0.0013	0.0014	0.0013	0.0013	0.0012	0.0012	0.0008
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Target)	0.0904	0.0883	0.0920	0.0900	0.0923	0.0909	0.0909	0.0943	0.0890	0.0804
	(0.191)	(0.192)	(0.194)	(0.192)	(0.192)	(0.191)	(0.191)	(0.192)	(0.194)	(0.149)
Big-4 Auditor (Target)	0.0102	0.0130	0.0146	0.0113	0.0119	0.0102	0.0098	0.0110	0.0128	0.0398
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.048)	(0.047)
Institutional Ownership (Target)	-0.0418	-0.0401	-0.0350	-0.0436	-0.0372	-0.0433	-0.0428	-0.0437	-0.0400	0.0208
	(0.082)	(0.083)	(0.082)	(0.083)	(0.082)	(0.083)	(0.082)	(0.084)	(0.084)	(0.079)
Percent Cash	0.0008	0.0009*	0.0008	0.0008*	0.0008	0.0008	0.0008	0.0008	0.0008	0.0004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Related Deal	-0.0093	-0.0089	-0.0082	-0.0084	-0.0077	-0.0084	-0.0087	-0.0071	-0.0070	-0.0151
	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.030)
Uncertainty (Target)	0.3100	0.3141	0.3181	0.3103	0.3140	0.3100	0.3084	0.3262	0.3451	0.5564**
	(0.280)	(0.281)	(0.282)	(0.280)	(0.280)	(0.280)	(0.280)	(0.281)	(0.283)	(0.277)
Hostile Deal	0.2326**	0.2328**	0.2169*	0.2811**	0.2673**	0.2317**	0.2303**	0.2540**	0.2609**	0.3494***
	(0.115)	(0.116)	(0.124)	(0.117)	(0.116)	(0.116)	(0.116)	(0.124)	(0.126)	(0.135)
Constant	0.1944	0.1256	0.1332	0.1196	0.1259	0.1949	0.1969	0.0979	0.0901	0.3528
	(0.179)	(0.180)	(0.179)	(0.181)	(0.180)	(0.180)	(0.179)	(0.182)	(0.184)	(0.237)

Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	373	373	373	373	373	373	373	373	373	370
R-squared	0.166	0.162	0.163	0.166	0.167	0.165	0.166	0.165	0.163	0.205

<u>Table 54</u>: OLS Regression Analyses of the Effect of Acquirer Advisor's Reputation on Acquirer's Cumulative Abnormal Returns (CAR (-2 +2)), Controlling for the Embeddedness Between the Acquirer's Advisor and the Acquirer.

*Table 54 presents the results of OLS regressions involving acquirer's cumulative abnormal returns (CAR (-2 +2)) as the dependent variable, and acquirer advisor's reputation (9 proxies: models 1 to 9), and past performance (model 10) as the independent variables. These models specifically control for the embeddedness between the financial advisor and the acquirer. Acquirer Advisor Embeddedness is a proxy for the previous relationship between the advisor and the client (the acquiring firm) and is calculated as the number of times the advisor in question is hired by the client in question during the 5-year period preceding the M&A deal. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-2 +2)	(2) Acq CAR (-2 +2)	(3) Acq CAR (-2 +2)	(4) Acq CAR (-2 +2)	(5) Acq CAR (-2 +2)	(6) Acq CAR (-2 +2)	(7) Acq CAR (-2 +2)	(8) Acq CAR (-2 +2)	(9) Acq CAR (-2 +2)	(10) Acq CAR (-2 +2)
Acquirer Advisor Ranking - Scheme #1	-0.0005***									
	(0.000)									
Acquirer Advisor Ranking - Scheme #2		0.0007***								
		(0.000)								
Acquirer Advisor Ranking - Scheme #3			0.0083**							
			(0.004)							
Acquirer Advisor Ranking - Scheme #4				0.0074**						
				(0.004)						

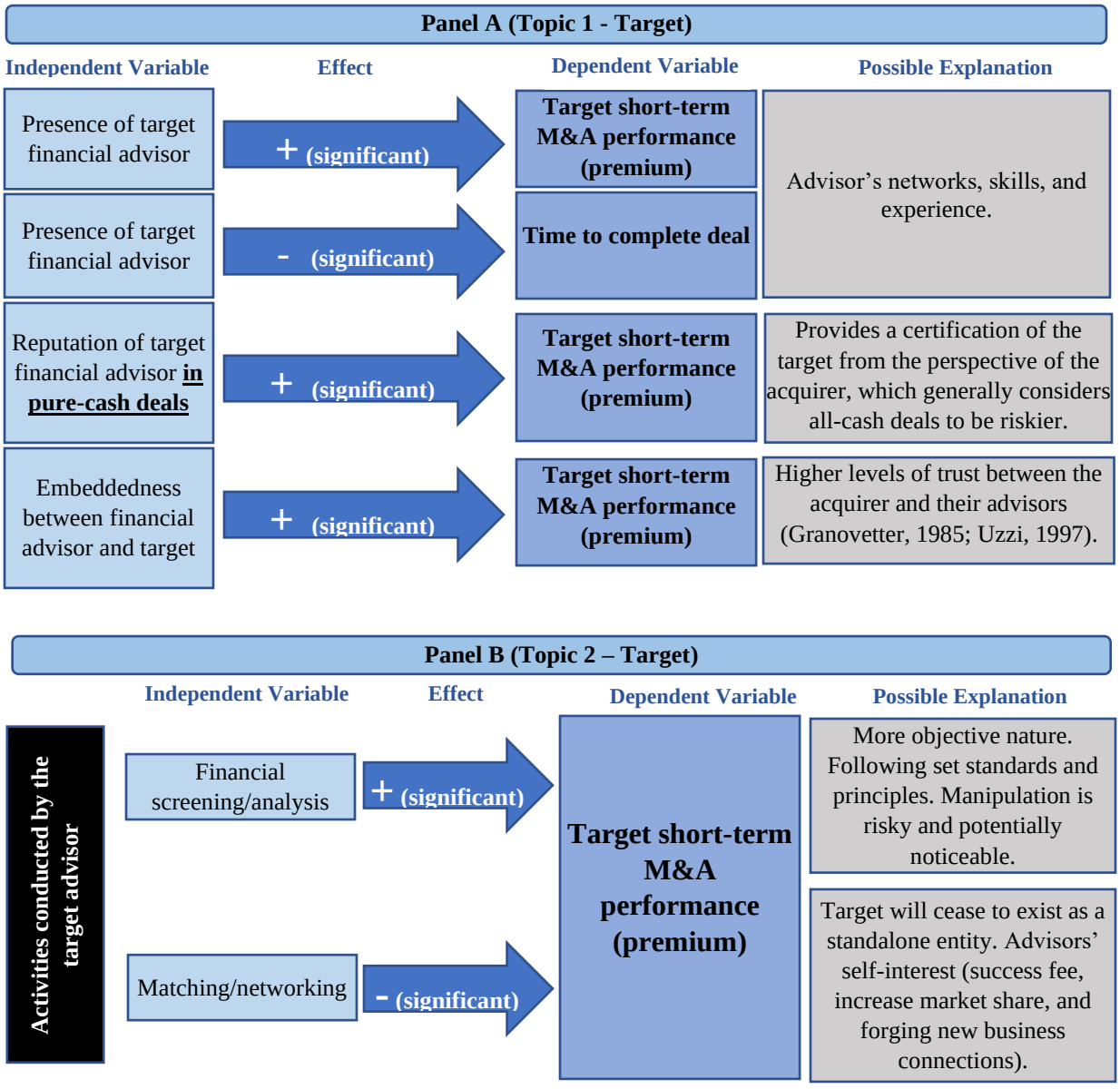
Acquirer Advisor Ranking - Scheme #5					0.0067*					
					(0.004)					
Acquirer Advisor Ranking - Scheme #6						-0.0005**				
						(0.000)				
Acquirer Advisor Ranking - Scheme #7							-0.0005**			
							(0.000)			
Top-Tier Acquirer Advisor - Scheme #8								0.0082*		
								(0.004)		
Second-Tier Acquirer Advisor - Scheme #8								0.0097**		
								(0.005)		
Top-Tier Acquirer Advisor - Scheme #9									0.0060	
									(0.004)	
Second-Tier Acquirer Advisor - Scheme #9									0.0088**	
									(0.004)	
Acquirer Advisor Past Performance										0.1167***
										(0.008)
Acquirer Advisor Embeddedness	-0.0004	-0.0003	-0.0004	-0.0004	-0.0004	-0.0004	-0.0004	-0.0003	-0.0002	-0.0006
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Leverage (Acquirer)	0.0266**	0.0258**	0.0270**	0.0272**	0.0274**	0.0268**	0.0268**	0.0264**	0.0257**	0.0216**
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.010)
Target Relative Size	0.0029**	0.0030**	0.0033**	0.0033**	0.0034**	0.0031**	0.0031**	0.0033**	0.0034**	0.0038***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Firm Size (Acquirer)	-0.0069***	-0.0069***	-0.0064***	-0.0062***	-0.0061***	-0.0067***	-0.0067***	-0.0065***	-0.0063***	-0.0043***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Sales Growth (Acquirer)	-0.0053	-0.0053	-0.0052	-0.0054	-0.0053	-0.0052	-0.0053	-0.0052	-0.0054	-0.0075*
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Firm Age (Acquirer)	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0372*	0.0377*	0.0367*	0.0368*	0.0365*	0.0371*	0.0373*	0.0379*	0.0381*	0.0383**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.018)
Big-4 Auditor (Acquirer)	0.0047	0.0047	0.0049	0.0050	0.0050	0.0048	0.0048	0.0049	0.0048	0.0036
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Institutional Ownership (Acquirer)	0.0051	0.0051	0.0053	0.0056	0.0056	0.0052	0.0052	0.0057	0.0059	0.0033

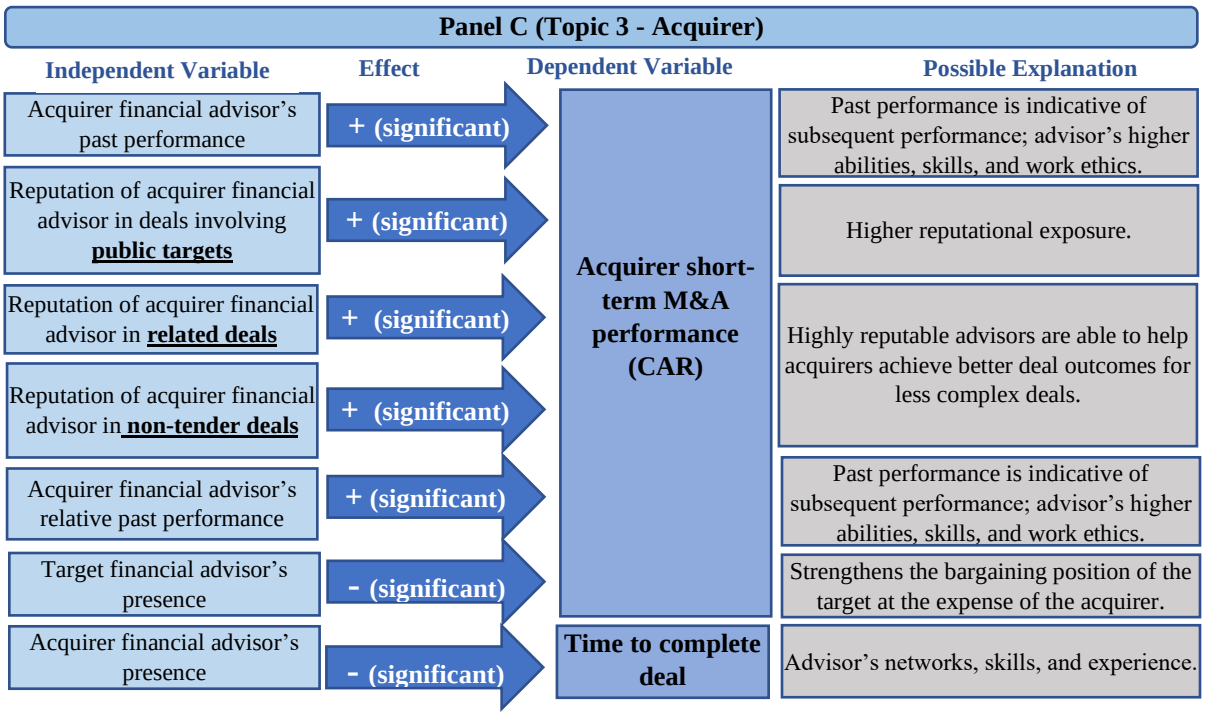
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Public Target Dummy	-0.0158***	-0.0157***	-0.0158***	-0.0158***	-0.0158***	-0.0159***	-0.0158***	-0.0157***	-0.0156***	-0.0135***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Percent Cash	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***	0.0001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0093***	0.0094***	0.0094***	0.0093***	0.0094***	0.0093***	0.0093***	0.0094***	0.0094***	0.0085***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Uncertainty (Acquirer)	0.0240	0.0243	0.0260	0.0269	0.0268	0.0251	0.0253	0.0268	0.0271	0.0227
	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.032)
Hostile Deal	0.0122	0.0132	0.0126	0.0123	0.0122	0.0127	0.0126	0.0132	0.0132	0.0118
	(0.020)	(0.020)	(0.019)	(0.019)	(0.019)	(0.020)	(0.020)	(0.019)	(0.019)	(0.021)
Constant	0.0627***	0.0489***	0.0477***	0.0469***	0.0461***	0.0611***	0.0609***	0.0465***	0.0459***	-0.0347**
	(0.017)	(0.015)	(0.015)	(0.015)	(0.015)	(0.017)	(0.017)	(0.015)	(0.015)	(0.015)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398
R-squared	0.089	0.089	0.088	0.088	0.087	0.089	0.088	0.088	0.088	0.149

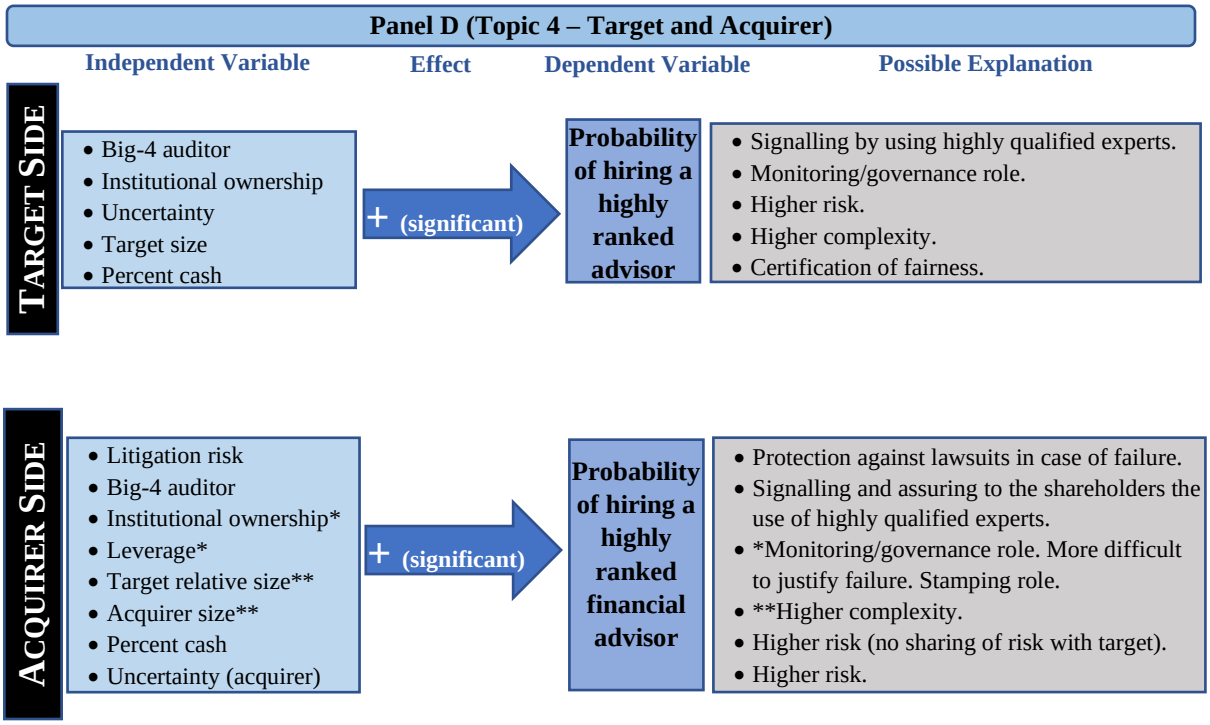
4.6. Summary of Key Findings

Figure 7: Summary of Key Findings

Panel A, Panel B, Panel C, and Panel D present the key findings relating to Topic 1, Topic 2, Topic 3, and Topic 4, respectively.




Panel C (Topic 3 - Acquirer)
Independent Variable
Effect
Dependent Variable
Possible Explanation
Acquirer financial advisor's past performance
+ (significant)
Reputation of acquirer financial advisor in deals involving public targets
+ (significant)
Reputation of acquirer financial advisor in related deals
+ (significant)
Reputation of acquirer financial advisor in non-tender deals
+ (significant)
Acquirer financial advisor's relative past performance
+ (significant)
Target financial advisor's presence
- (significant)
Acquirer financial advisor's presence
- (significant)
Acquirer short-term M&A performance (CAR)
Time to complete deal
Past performance is indicative of subsequent performance; advisor's higher abilities, skills, and work ethics.
Higher reputational exposure.
Highly reputable advisors are able to help acquirers achieve better deal outcomes for less complex deals.
Past performance is indicative of subsequent performance; advisor's higher abilities, skills, and work ethics.
Strengthens the bargaining position of the target at the expense of the acquirer.
Advisor's networks, skills, and experience.


Panel D (Topic 4 – Target and Acquirer)
Independent Variable
Effect
Dependent Variable
Possible Explanation
TARGET SIDE
• Big-4 auditor
• Institutional ownership
• Uncertainty
• Target size
• Percent cash
+ (significant)
Probability of hiring a highly ranked advisor
• Signalling by using highly qualified experts.
• Monitoring/governance role.
• Higher risk.
• Higher complexity.
• Certification of fairness.
ACQUIRER SIDE
• Litigation risk
• Big-4 auditor
• Institutional ownership*
• Leverage*
• Target relative size**
• Acquirer size**
• Percent cash
• Uncertainty (acquirer)
+ (significant)
Probability of hiring a highly ranked financial advisor
• Protection against lawsuits in case of failure.
• Signalling and assuring to the shareholders the use of highly qualified experts.
• *Monitoring/governance role. More difficult to justify failure. Stamping role.
• **Higher complexity.
• Higher risk (no sharing of risk with target).
• Higher risk.

Findings highlights:

- Targets with an advisor are able to achieve better short-term deal outcomes.
- Highly reputable target advisors are associated with better deal outcomes for their clients in all-cash deals.
- Target advisors are value adding through the provision of services relating to the evaluation of deals from a financial perspective, but, assigning them to the search/matching activities is associated with a negative effect on the premium achieved.
- Acquirers' financial advisors with stronger past performance are able to secure better short-term deal outcomes for their clients.
- Highly reputable acquirer advisors deliver higher returns to their clients in public deals (in line with Golubov et al., (2012)).
- Hiring a financial advisor, whether on the acquirer or on the target side, is associated with shorter deal completion times.
- Targets exhibit a higher propensity to hire a highly reputed financial advisor when they are being served by a Big-4 accounting firm, and in the presence of a larger institutional ownership base.
- Acquirers show a higher propensity to hire a highly-ranked financial advisor if they face a higher litigation risk, if they are served by a Big-4 accounting company, and if they involve a higher institutional ownership base.

CHAPTER 5. CONCLUSION

This thesis addresses the role of financial advisors and their reputation, and the effect resulting from their involvement in M&A deals on short-term deal outcomes. A comprehensive analysis covering four topics is conducted. One of the main contributions of this research project is the development of ten ranking schemes to proxy for advisors' quality. Existing research rely on a multitude of ranking methods when categorizing advisors into tiers, which can be regarded as a potential reason explaining the differing findings reached. Incorporating a wide range of reputation proxies into the analysis, while using a common model, allows understanding how the definition of advisor's tier affects the findings, and strengthens the robustness of the conclusions derived. In addition to the nine reputation-based proxies of quality, the analysis also includes a proxy of advisors' past performance.

The extensive literature review conducted reveals a lack of focus on target financial advisors. Therefore, the first topic consists of exploring the involvement of investment banks in serving target firms in the M&A process, to derive insights regarding their presence and their quality (league tables-based ranking and past performance), and the resulting effect on the short-term deal outcomes for their clients. I found that targets that hire an advisor are able to achieve better short-term deal outcomes, and that highly reputable target advisors are associated with better deal performance for their clients in all-cash deals. Another conclusion stemming from the analysis is that the presence of an advisor on the target side allows completing deals in a shorter period of time.

Given the shortage of evidence on the role of target advisors, for the second topic, I hand-collected a comprehensive dataset from targets' SEC filings to capture the activities conducted by these

advisors. The analysis of this data sheds light on the mechanisms through which target advisors contribute while serving their clients, and the value captured through them conducting such activities. The results of the analyses performed show that target advisors add value through the provision of services relating to the evaluation of deals from a financial perspective, however, assigning them to the search/matching activities is associated with a negative effect on the premium achieved.

The third topic involves the re-examination of financial advisors' impact on the acquirer side. This analysis is justified by the outdated nature of the existing literature in this field, and more importantly, by the inconclusive findings reached despite the abundant body of literature addressing this topic. Based on the findings, acquirers' financial advisors with stronger past performance are able to secure better short-term deal outcomes to their clients, and in line with Golubov et al. (2012), highly reputable acquirers' advisors deliver higher returns to their clients in public deals. The results also show that hiring a financial advisor by the acquirer is associated with shorter deal completion times.

Lastly, the thesis covers the determinants of firms' decisions regarding the reputation of the advisors they select to assist them in their M&A deals. This analysis is conducted for both the target and the acquiring firms. On the target side, there is a higher propensity to hire a highly reputed financial advisor when the firm is being served by a Big-4 accounting firm, and in the presence of a larger institutional ownership base. On the acquirer side, firms are found to be more likely to hire a highly-ranked financial advisor if they face a higher litigation risk, if they are served by a Big-4 accounting company, and if they involve a higher institutional ownership base.

The findings of this research project hold important implications both for businesses involved in mergers and acquisitions, and for the academic research conducted in this field. Insights derived from this analysis could guide management decisions with regard to hiring advisors, and to deciding on the attributes to focus on when choosing an advisor (league tables-based ranking/reputation or past performance). For target firms, the conclusions derived could feed into their decisions on the activities to assign to their advisors. On the other hand, the comprehensiveness of the analysis, and the incorporation of both existing and new proxies of advisor's quality into this investigation allow to reconcile the inconclusive findings reached in the extant literature.

As with most empirical work, this research project is faced with some limitations. For instance, the lack of data on private targets forced me to limit the target-side analysis to public targets. The scope of the hand collection of data, in this study, was restricted to the 2001 to the 2017 period, and to the target side of the M&A transactions. In order to expand the sample, future studies could involve the extension of the sample period. Furthermore, conducting a similar exercise on the acquirer side, by hand collecting data to explore the activities conducted by their advisors, could also be fruitful. This study focused mainly on the short-term performance of the firms involved in M&A transactions. Addressing the effects of advisors' presence and reputation on firms' long-term performance could be, potentially, an interesting area to explore in the future.

CHAPTER 6. REFERENCES

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CHAPTER 7. APPENDICES

7.1. Appendix 1: Summary of the Literature on the Effect of the Reputation of M&A Advisors on M&A Deal Outcomes.

Table 55: Summary of the Literature on the Effect of the Reputation of M&A Advisors on M&A Deal Outcomes.

Author(s)	Journal	Year of publication	Findings
Bowers and Miller	Financial Management	1990	There is no significant difference in terms of the average total dollar returns achieved, between firms (both targets and acquirers) retaining highly-ranked advisors, and those with low-tier ones.
McLaughlin	Journal of Financial Economics	1992	Bidders' financial advisors' reputation is negatively related to the announcement returns achieved by their clients. Bidders with lower quality (less reputable) advisors offer substantially lower premiums than those with highly-ranked ones. The tier of investment banks retained by the targets has no significant effect on the premium received by their clients.
Servaes and Zenner	Review of Financial Studies	1996	There is no relation between bidders' abnormal returns and the tier of the advisor assisting to conduct the transaction.
Rau	Journal of Financial Economics	2000	Bidders advised by top-tier advisors do not achieve higher returns. In mergers, top-tier advisors lead to lower announcement returns than their counterparts, whereas in tender offers they lead to higher returns.
Rau and Rodgers	Unpublished working paper. Purdue University.	2002	Top-tier advisors do not lead to higher announcement returns for acquiring firms and are associated with lower long-term returns for these latter.
Kale, Kini, and Ryan	Journal of Financial and Quantitative Analysis	2003	Reputable financial advisors provide their clients a strategic bargaining advantage and are associated with higher wealth gains.

Hunter and Jagtiani	Review of Financial Economics	2003	Highly-ranked advisors are able to complete deals faster than low-tier ones. Using top-tier advisors is negatively related to gains realized by acquirers.
Lowinski, Schiereck, and Thomas	Review of Quantitative Finance and Accounting	2004	By examining the influence of advisors on wealth creation for Swiss acquirers, they found that more reputable advisors do not lead to higher cumulative abnormal returns (CARs); deals not advised by these advisors experienced higher CARs.
Da Silva Rosa, Lee, Skott, and Walter	Australian Journal of Management	2004	Highly-ranked advisors are not value-adding to their clients (acquiring firms in the Australian market).
Walter, Yawson, and Yeung	Pacific-Basin Finance Journal	2008	High quality advisors are associated with shorter deal completion time, but not with higher cumulative abnormal returns to their clients, except in deals involving stock as a method of payment.
Boone and Mulherin	Journal of Financial Economics	2008	Top-tier advisors are value-adding to their clients. Although they report that the use of investment banks by acquirers is negatively related to these latter's returns, but this observation was found to apply only for lower tier advisors.
Ismail	Review of Quantitative Finance and Accounting	2009	Target top-tier advisors are able to extract higher gains for their clients, compared to second-tier ones. However, acquirers with tier-one advisors were found to underperform those with second-tier advisors.
Schiereck, Sigl-Grübb, and Jan Unverhau	Research in International Business and Finance	2009	There is no relation between the tier of advisor and the wealth gains achieved by acquirers or targets. The findings failed to support the Superior deal hypothesis nor for Bargaining advantage hypothesis.
Bao and Edmans	Review of Financial Studies	2011	Reputable investment banks lead to superior M&A returns.

Golubov, Petmezas, and Travlos	The Journal of Finance	2012	Top-tier advisors lead to higher bidder returns only in public deals and are able to complete deals in a shorter period of time.
Ma	Journal of Economics and Finance	2013	Top-tier advisors retained by targets are associated with higher premiums and abnormal returns for their clients.
Ertugrul	Journal of Economics and Business	2015	Targets' top-tier advisors allow their clients to realize higher premiums and a higher proportion of the gains achieved through deals. Specifically, the findings support the ability of target top-tier advisors to leverage takeover defenses in negotiations thus allowing their clients to capture higher returns.
Guo, Li, Wang, and Xing	Journal of Banking & Finance	2020	The effects generated by the involvement of acquiring firms' top-tier advisors are dependent on the financial conditions of their clients. They found evidence that such advisors are particularly value-adding for constrained acquirers (short-term and long-term performance).

7.2. Appendix 2: Example of the "Background" Section in Targets' SEC Filings.

Background of the transaction involving Adobe Systems Inc and TubeMogul Inc

The following is a description of contacts between representatives of TubeMogul, Morgan Stanley, Adobe and other parties that resulted in the execution of the Merger Agreement and agreements related to the Offer. Unless otherwise specified, all dates referenced below refer to 2016.

The TubeMogul Board regularly evaluates TubeMogul's strategic direction, ongoing business plans and prospects to assess how TubeMogul might enhance stockholder value. As part of this evaluation, the TubeMogul Board has from time to time discussed the types of strategic alternatives that might be considered for TubeMogul, including (i) continuing to grow the business organically as an independent enterprise; (ii) modifications to TubeMogul's strategy; (iii) the potential to increase the scale of TubeMogul's business and/or expand into new business areas through acquisitions and combinations with other businesses; and (iv) a possible sale of TubeMogul.

In November 2015, the TubeMogul Board conducted an offsite strategic planning meeting. In addition to addressing operating plans and priorities, the TubeMogul Board conducted a broader discussion regarding the strategy to maximize stockholder value. In particular, the TubeMogul Board discussed the relative potential benefits and risks associated with the strategic alternatives that might enhance stockholder value as well as the most likely prospects as ultimate potential acquirors of TubeMogul. The TubeMogul Board recommended that TubeMogul's Chief Executive Officer, Mr. Brett Wilson, continue to expand and deepen his contacts with executives at other companies that might be prospects for a strategic combination with TubeMogul.

On June 23, 2016, TubeMogul management met with representatives of Morgan Stanley & Co. LLC ("*Morgan Stanley*") at which time such representatives of Morgan Stanley provided their perspectives regarding the strategic alternatives available to TubeMogul and discussed companies that might be interested in pursuing a strategic transaction with TubeMogul. TubeMogul management provided additional background and information regarding TubeMogul and internal considerations regarding TubeMogul's strategic alternatives.

On July 15, TubeMogul management had a follow-up call with representatives of Morgan Stanley to further discuss TubeMogul's strategic alternatives, views on valuation, as well as preparation that would be helpful for potential discussions regarding a transaction.

At its regularly scheduled board meeting on July 26, the TubeMogul Board continued its discussion regarding strategic alternatives for TubeMogul. Mr. Wilson reported on his ongoing discussions with other industry executives and representatives of Morgan Stanley. The TubeMogul Board encouraged him to continue with such discussions and determined that TubeMogul should consider the advisability of informal discussions with the most likely potential acquirors of TubeMogul to assess the level of interest in a potential transaction.

On August 5, representatives of Morgan Stanley had a call with three of the independent members of the TubeMogul Board during which they provided a situation overview and reviewed Morgan Stanley's preliminary valuation analysis. TubeMogul management also had additional discussions with representatives of Morgan Stanley to review potential parties who might have interest in acquiring TubeMogul and Morgan Stanley's recommended approach to engage with these parties.

On August 18, the TubeMogul Board held a special meeting at which representatives of Morgan Stanley made a presentation and provided related materials which addressed value benchmarking for TubeMogul, an overview of strategic alternatives, a list of potential acquirors and an illustrative timeline if the TubeMogul Board were to pursue a process to sell TubeMogul. Questions and discussion ensued after which the representatives of Morgan Stanley left the meeting. After further discussion, the TubeMogul Board approved retaining Morgan Stanley as TubeMogul's strategic investment banking adviser, based on Morgan Stanley's qualifications, experience, expertise and its familiarity with TubeMogul and its industry expertise, with the final terms and form of engagement letter to be negotiated by management and subject to the approval of the Chair of the Audit Committee of the TubeMogul Board. The TubeMogul Board also then authorized management, together with Morgan Stanley, to initiate a targeted market check with the parties identified as being the most likely buyers. The purpose of the market check was to expand the awareness of potential acquirors regarding TubeMogul and to ascertain the level of potential interest in a strategic transaction.

Between August 18 and the signing of the exclusivity agreement with Adobe on November 4, representatives of TubeMogul and Morgan Stanley contacted 16 strategic entities, including Adobe, and three financial sponsors. Following the initial contact, eight of the strategic entities expressed interest in evaluating a potential transaction with TubeMogul. During the process, TubeMogul negotiated and entered into mutual nondisclosure agreements with seven of the identified prospects. Over this same period, these seven parties attended separate meetings with TubeMogul management and were provided access to an electronic data room that

contained certain financial and business due diligence information, including TubeMogul's financial projections. The parties who did the most work exploring a potential acquisition are described in more detail below.

On August 18, a representative of Morgan Stanley called a representative of a financial sponsor who owned a relevant portfolio company, collectively referred to as "Party A", and encouraged them to consider and review a potential acquisition of TubeMogul, indicating that TubeMogul was engaging in discussions which could lead to an acquisition and offered up a meeting with TubeMogul.

On August 19, a representative of Party A sent an email to a representative of Morgan Stanley indicating that after internal review, Party A had determined that they were interested in further exploring a potential acquisition of TubeMogul. The representative of Party A requested a meeting with TubeMogul to conduct a more thorough review.

On August 29, a representative from a media company, which we refer to as "Party B", contacted a representative of Morgan Stanley and indicated that they had interest in exploring a potential acquisition of TubeMogul. The representative of Party B asked if Morgan Stanley knew TubeMogul and could make an introduction. Morgan Stanley discussed the inquiry with Mr. Wilson and agreed to arrange follow-up discussions.

In late August 2016, at a social event, Mr. Wilson encountered a representative of Adobe and they discussed, amongst other industry topics, TubeMogul's interest in potentially pursuing a sale of the company. In recent years, representatives of TubeMogul, including Mr. Wilson, have had a number of conversations about developing a deeper strategic partnership with Adobe, after becoming acquainted with several senior members of Adobe's digital marketing and strategy teams, which had also had a number of internal conversations about developing a deeper strategic relationship with TubeMogul. On this basis, Mr. Wilson suggested a meeting with additional Adobe executives to further discuss the topic.

On September 7, representatives of Party B met with representatives of TubeMogul and discussed TubeMogul's business and the potential for a business combination.

On September 8, TubeMogul and Party A entered into a mutual nondisclosure agreement.

On September 8, representatives of Party A met with Mr. Wilson and discussed TubeMogul's business and the potential for a business combination. Subsequent to the meeting, representatives of TubeMogul, Morgan Stanley and Party A had a number of exchanges to provide information regarding TubeMogul's business and to schedule follow-up discussions.

On September 12, in a telephone call with representatives of Party B, representatives of TubeMogul provided them with additional information about TubeMogul, including an overview of TubeMogul's business.

On September 13, a representative of Morgan Stanley called a representative of Party A who noted that Party A had interest in considering a potential acquisition and were doing the work required to make a decision.

On September 14, following a conversation with Mr. Wilson, a representative of Adobe introduced Mr. Wilson by email to other senior leaders in Adobe's digital marketing business.

On September 15, Mr. Wilson had a meeting with representatives of a foreign telecom company, which we refer to as "Party C", who noted that Party C had potential interest in partnering with or potentially acquiring TubeMogul. The representatives of Party C identified a number of key questions and focus areas they would need to understand. Mr. Wilson agreed to follow up with more details to address these questions and provide additional information.

On September 16, Mr. Wilson had a discussion with a representative of Party A during which they discussed how the two companies could work together to provide a more comprehensive solution for joint customers and agreed to continue to explore a potential transaction.

On September 16, in a call with Mr. Wilson, representatives of Party B asked follow-up questions regarding TubeMogul and the proposed timeline and process for a potential acquisition of TubeMogul.

On September 20, representatives of Party B and Party A had separate meetings with Mr. Wilson and other representatives of TubeMogul at a TubeMogul user conference, during which they discussed the history of TubeMogul and provided a further introduction to TubeMogul's business.

On September 21, a representative of Party C requested that TubeMogul provide additional information regarding TubeMogul's product, which information was subsequently provided.

On September 23, a representative of Morgan Stanley met with a representative of a social media company, which we refer to as "Party D", and encouraged Party D to discuss a potential acquisition of TubeMogul, given a perceived strong strategic fit between TubeMogul and Party D. The representative of Morgan Stanley informed the representative of Party D that it appeared that TubeMogul might receive acquisition proposals. The representative of Party D indicated they would have interest in considering a potential transaction.

On September 24, a representative of Morgan Stanley informed a representative of Adobe confidentially that TubeMogul was exploring a potential sale of the company. The representative of Adobe indicated that they would discuss internally and provide feedback on their level of interest. Following that conversation, members of Adobe's senior management discussed internally whether Adobe should consider a potential acquisition of TubeMogul. They agreed that additional information was needed regarding TubeMogul's business model and trajectory and product, and scheduled a follow-up meeting with Mr. Wilson.

On September 26, Mr. Wilson spoke with a representative of Party D who indicated that TubeMogul had been identified by Party D as a potential acquisition candidate, although given a variety of other priorities, Party D might not be able to move quickly. Mr. Wilson indicated others were evaluating TubeMogul and considering making acquisition proposals.

On September 26, representatives of Party A sent follow-up due diligence requests and on the following day, representatives of TubeMogul had a call with representatives of Party A to discuss what materials had been provided to date and what Party A still wanted to review.

On September 27, in a call with a representative of Party C, Mr. Wilson provided an overview of TubeMogul's business.

On September 28, representatives of Adobe met with Mr. Wilson in San Francisco, California, and Mr. Wilson provided a broad general overview of TubeMogul's business, and the parties discussed TubeMogul's products and whether they might be a good fit with Adobe's digital marketing business. After the meeting, Mr. Wilson and representatives of Adobe continued discussions over email, where Mr. Wilson provided additional insights into TubeMogul's business and market and suggested setting up a product demonstration for the Adobe team.

On September 29, a representative of Morgan Stanley contacted a representative of Party B who indicated that Party B was very interested and performing additional work in order to determine if they would make a proposal. The representative of Morgan Stanley encouraged the representative of Party B to let them know what information was needed in order for them to complete their review.

On September 30, Mr. Wilson had a conversation with representatives of Party B to discuss potential joint opportunities and synergies.

From September 28 through October 3, representatives of Morgan Stanley continued to follow up with members of Adobe's corporate development team, leading up to an additional telephone conversation with a senior member of Adobe's corporate development team on October 3, 2016, during which representatives of Morgan Stanley provided additional updates on the process that Morgan Stanley was running on behalf of TubeMogul, including the status and timing of the process. The representatives of Morgan Stanley indicated that TubeMogul's management viewed Adobe as a strong potential fit.

On October 3, Mr. Wilson spoke with a representative from Party C who reiterated that Party C had heard consistently positive things about TubeMogul and was interested in considering an acquisition. The representative of Party C identified areas of focus for further diligence review.

Between October 3 and October 6, Mr. Wilson had a series of email exchanges with representatives of Adobe discussing the joint opportunities of working together.

On October 4, representatives of TubeMogul and Morgan Stanley met with the representatives of Party B to review an overview of the TubeMogul business and discuss potential joint opportunities. The representatives of Party B indicated they had identified many ways in which the companies could work together and that a potential acquisition could make sense.

On October 5, Mr. Wilson met with representatives of Party C, reviewed TubeMogul's products and provided a product demonstration. Later that day, a representative of Morgan Stanley had a discussion with a representative of Party C and advised that discussions were underway with several parties, that TubeMogul saw a strong fit with Party C and that TubeMogul would be open to further discussions. The representative of Morgan Stanley noted that Party C should try and make a decision in coming weeks, to which Party C responded that it would be hard for them as an organization to move quickly and meet the proposed

timeline. The representative from Party C did indicate that there was serious interest within Party C in reviewing a potential acquisition of TubeMogul, and that Party C's internal team would continue discussions.

On October 5, Mr. Wilson had a call with a representative of Party A to discuss the potential transaction, and Party A's process to consider a potential acquisition.

On October 6, a representative of Morgan Stanley had a discussion with a representative from Party B who indicated that Party B was very impressed with TubeMogul and its strategy. The representative of Party B noted they wanted to continue doing due diligence and further understand the joint opportunities so they could complete their analysis and review whether to make an acquisition proposal to their board. He further noted that they would be hiring a financial advisor to help in their review.

On October 6, Mr. Wilson met with representatives of Party C who expressed that Party C believed that there was a strategic fit between the companies. They noted they would discuss the situation internally and determine if Party C had an ability to move more quickly in its review of the potential transaction.

On October 7, a representative of TubeMogul had a call with representatives of Party B to review TubeMogul's historical financial information and address follow-up questions.

On October 7, Party D and TubeMogul executed a mutual nondisclosure agreement. Later that day, representatives of TubeMogul met with representatives of Party D and provided an overview of the business. The parties discussed potential opportunities to work together, and the representatives of TubeMogul provided a demo of TubeMogul's software. The parties agreed to conduct follow-up discussions after Party D discussed the potential transaction internally.

On October 10, Party B and TubeMogul executed a mutual nondisclosure agreement.

On October 10, a representative of Morgan Stanley had a discussion with a representative of Party A who indicated that Party A had determined that they were interested in the combination of the two companies and would set up meetings in the coming week to validate a few remaining questions. They also noted they would want to move aggressively on timing if those meetings went well. Later in the day Party A confirmed their interest in a call with Mr. Wilson.

On October 10, a representative of Morgan Stanley spoke with representatives of Party D who indicated that Party D was interested in exploring a potential acquisition and want to move forward quickly. The representatives of Party D noted they would send detailed follow-up questions, confirmed their availability during the week and requested data room access. The representatives of Party D noted they would want to focus on technology, product and finance due diligence to come to a firm decision. The representative of Morgan Stanley advised that Party D should complete their due diligence and come to a decision as soon as possible.

On October 11, Mr. Wilson had a conversation with a representative from Party C who noted Party C wanted to pursue follow-up discussions and further explore a potential acquisition. The representative of Party C noted there was support to pursue a transaction, but that they were not yet in a position to move forward.

On October 11, representatives of TubeMogul had a call with representatives of Party B to review TubeMogul's due diligence responses and other follow-up questions which Party B had asked.

On October 11, a representative of Party D contacted Mr. Wilson and indicated that the meeting with the representatives of TubeMogul went extremely well, that the Party D team was impressed and that they wanted to continue discussions to explore a potential acquisition.

On October 12, a representative from Party B followed up with Mr. Wilson and noted that the meetings and calls had been helpful in supporting Party B's interest in considering an acquisition of TubeMogul. The representative from Party B noted that they had reviewed their diligence findings with their internal team and advisors, briefed certain board members and were targeting a November 1 meeting with their board to seek approval to make an acquisition proposal.

On October 12, after representatives of Adobe's corporate development team had further discussed the potential transaction with representatives of Morgan Stanley, representatives of TubeMogul met with representatives of Adobe to provide a more in-depth business overview and a demonstration of TubeMogul's software platform. Mr. Wilson and the representatives of Adobe discussed potential synergies of a combination and ways to work together to provide more value to joint customers. Mr. Wilson noted that other parties were doing meaningful work and if Adobe was serious they should accelerate their review.

On October 12, a representative from Morgan Stanley had a discussion regarding TubeMogul with a representative of Adobe. The Adobe representative indicated that he was aware of the conversations that were underway with TubeMogul and noted they had strategic interest in this area. He further noted that they would be very discerning and selective around acquisitions in this sector. The representative of Morgan Stanley indicated that Morgan Stanley and TubeMogul believed TubeMogul would be an excellent fit given Adobe's strategic initiatives, and that Adobe should undertake a thorough review of the potential transaction, noting that others were doing the same.

On October 13, representatives of TubeMogul met with representatives of Party A to conduct an additional due diligence review. During the course of such meeting, the representatives of Party A confirmed that they intended to complete their review and to seek approval to make an offer in the near term.

On October 14, representatives of Adobe and TubeMogul participated in a follow-up call to continue the discussion from the October 12 meeting. Following the call, the participants continued email discussions wherein Mr. Wilson shared insights with representatives of Adobe on TubeMogul's progress in the market.

On October 14, in a process update call with management, representatives of Morgan Stanley advised management that Party A had indicated that they would not continue to participate if TubeMogul were to keep the process open through mid-November, and recommended to management that potential bidders be advised to submit their offers by November 1. After consulting with members of the TubeMogul Board, management instructed Morgan Stanley to confirm to potential bidders that they needed to respond by November 1.

On October 14, a representative of Adobe called a representative of Morgan Stanley and indicated that the meeting with TubeMogul had gone well and they were continuing their review to determine whether they would like to submit an offer to acquire TubeMogul. The Adobe representative indicated that they planned to meet as a team to discuss further early the following week. Representatives of Morgan Stanley indicated that the TubeMogul Board was looking for indications of interest by November 1.

On October 17, representatives of TubeMogul and Morgan Stanley met with representatives of Party D to review financial due diligence responses.

On October 17, representatives of TubeMogul met with a representative of Party A to discuss operating alignment and potential joint synergies.

On October 18, a representative of Adobe sent TubeMogul a form of non-disclosure agreement (the "*NDA*") which was negotiated by the companies' in-house attorneys and subsequently executed on October 19.

On October 18, in a call with a representative Adobe, Mr. Wilson reviewed the bid process and timeline.

On October 18, representatives of Party A and TubeMogul management conducted additional due diligence meetings. A representative of Morgan Stanley communicated to Party A that the TubeMogul Board had set a bid deadline of November 1.

On October 18, TubeMogul and Party C executed a mutual nondisclosure agreement.

On October 19, representatives of TubeMogul met with representatives of Party C to further review TubeMogul's business and potential joint opportunities.

On October 19, following the execution of the NDA by the parties, Brad Rencher, executive vice president and general manager of Adobe's digital marketing business, and other senior members of Adobe's digital marketing, technology and corporate development teams participated in a video conference with Mr. Wilson and another representative of TubeMogul, and a representative of Morgan Stanley. During this video conference, the TubeMogul representatives provided a detailed demonstration of TubeMogul's products and solutions, and answered questions about their business and technology. The representative of Morgan Stanley reiterated to Adobe that the TubeMogul Board was looking for indications of interest by November 1.

On October 19, a representative of Party A contacted Mr. Wilson and indicated Party A could be in a position to make an offer as early as the following day, and asked Mr. Wilson if the TubeMogul Board would be in a position to react to such a proposal. Mr. Wilson indicated that based on the current situation, he did not think so and reconfirmed the recommendation that they submit their proposal on November 1, 2016.

On October 21, a representative of Adobe indicated to a representative of Morgan Stanley that Adobe's internal discussions regarding a potential acquisition of TubeMogul had been positive. The Adobe representative indicated that Adobe would need to increase diligence efforts the following week before coming to a definitive conclusion on whether Adobe would make a proposal.

The Adobe representative noted that it would likely be challenging for Adobe to provide a full proposal by November 1, but confirmed that Adobe understood the timeline of the process.

On October 21, representatives from Party B had a call with representatives of TubeMogul to address follow-up questions regarding the business overview.

On October 21, representatives of Party C called Mr. Wilson and indicated Party C had interest in making an acquisition proposal. Mr. Wilson advised of the November 1 bid deadline and the representative of Party C responded they might be in a position to meet the deadline.

On October 24 and 28, representatives of TubeMogul and Morgan Stanley met with representatives of Party D to discuss potential joint synergies and to conduct technology due diligence.

Between October 24 and October 27, representatives of Party A and TubeMogul management met in a series of finance, tax and other due diligence meetings.

On October 24 and throughout the subsequent week, representatives of Morgan Stanley again reached out via email and telephone to members of Adobe's corporate development team, offering additional follow-up discussions and suggesting that the parties schedule a full-day, in-person due diligence session for a more in-depth review of TubeMogul's business and technology. Representatives of Adobe and Morgan Stanley subsequently corresponded via email to coordinate additional due diligence review and schedule a broader due diligence meeting.

On October 25, representatives of TubeMogul had a call with representatives of Party C to address follow-up questions regarding the business overview.

On October 26, representatives from Morgan Stanley had a discussion with representatives of Adobe and discussed additional due diligence meetings that Adobe would need to schedule. The Adobe representatives reiterated that it might be challenging for Adobe to be ready with a proposal by November 1.

On October 27, a representative of TubeMogul had a call with representatives of Party C to address follow-up questions regarding TubeMogul's business.

On October 28, prior to a regularly scheduled meeting of the TubeMogul Board, the independent members of the TubeMogul Board met in executive session with a representative of DLA Piper LLP (US) ("*DLA*"), outside counsel to TubeMogul, and without TubeMogul management present, to discuss the potential sale process and to consider potential outcomes that might develop from such process. Following such session, the TubeMogul Board held is regularly scheduled quarterly meeting. At the meeting, the TubeMogul Board conducted its customary review of the operating performance of TubeMogul, including TubeMogul's results for the quarter ended September 30, 2016 and projections for the quarter ending December 31, 2016. Representatives of Morgan Stanley joined the meeting and reviewed the status of the process, addressing, among other matters, discussions that had taken place to date with potential acquirors of TubeMogul, TubeMogul's strategic alternatives to enhance stockholder value and a preliminary valuation analysis. A representative from DLA discussed with the TubeMogul Board their fiduciary duties in the context of the consideration of strategic transactions, including at the current stage of considering a potential transaction. The TubeMogul Board discussed the status of the process, addressing, among other matters, TubeMogul's financial projections that had been provided to all interested parties. After discussion, the TubeMogul Board determined to continue the process and discussed the price per share at which it would consider the potential sale of TubeMogul, and directed management to advise Morgan Stanley that they would be open to a transaction at $14.00 per share. Following the board meeting, the independent members of the TubeMogul Board met again in an executive session with a representative of DLA and without TubeMogul management present to review the matters that had been discussed at the meeting regarding a potential strategic transaction.

On October 28, a representative of Morgan Stanley had a call with a representative of Party A during which Party A was informed that the TubeMogul Board would be open to a proposed acquisition of TubeMogul based upon an offer price of $14.00 per share. The representative of Party A confirmed that Party A was not likely to pay such a price to acquire TubeMogul, but would complete their analysis in order to make a proposal.

On October 31, Party D sent follow-up due diligence requests and reiterated its interest in potentially making an offer to acquire TubeMogul.

Also on October 31, representatives of Adobe reached out to Morgan Stanley to schedule follow-up meetings with TubeMogul management to conduct additional due diligence and further discuss TubeMogul's business, technology and market opportunity.

On November 1, TubeMogul and Morgan Stanley executed an engagement letter.

On November 1, Mr. Wilson and another representative of TubeMogul had a call with representatives of Adobe to address follow-up questions regarding TubeMogul's business and technology.

On November 1, representatives of TubeMogul had a call with representatives of Party D to further discuss potential synergies between the companies. Later in the day, representatives of Morgan Stanley had a discussion with representatives of Party D who indicated they were meeting as a team the next day and would provide feedback with regard to their decision about making a potential acquisition proposal. The representative of Party D reaffirmed that they had serious interest.

On November 1, representatives of Morgan Stanley had a call with representatives of Party C and advised them that it appeared likely that the TubeMogul Board would be making a decision regarding an offer later that week, and as a result, Party C should accelerate its review and decision-making process. The representative of Party C indicated that it might be difficult for them to make a proposal before a board meeting they had scheduled for November 9, although would continue exploring the potential transaction and had significant interest in TubeMogul.

On November 1, a representative of Morgan Stanley had a discussion with a representative of Adobe who indicated that Adobe had determined that it had a strategic interest in acquiring TubeMogul and that they needed to complete certain meetings in anticipation of potentially making a proposal to acquire TubeMogul. The Adobe representative indicated that Adobe was very serious and could be in a position to make a proposal within 10 days. The representative of Morgan Stanley advised that the TubeMogul Board was meeting that week and that Adobe should make a proposal as soon as possible given the timeline and initial indication that November 1 would be the bid deadline.

On November 1, Party A submitted to Morgan Stanley a non-binding indication of interest offering an all-cash transaction at a purchase price of $12.00 per share of TubeMogul's common stock, together with a draft of a proposed merger agreement and other documents and agreements. Representatives of Party A indicated that they had completed their due diligence review and were prepared to move quickly, had proposed a draft merger agreement based upon recently negotiated transactions and believed that a definitive agreement could be signed as early as November 4, 2016. They also indicated that their offer would expire on the evening of November 3, 2016 unless extended.

Later in the evening of November 1, the TubeMogul Board held a special meeting with members of TubeMogul management and representatives of Morgan Stanley and DLA in attendance. The representatives of Morgan Stanley reviewed the terms of an indication of interest that had been delivered by Party A. The indication of interest, together with the additional material provided by Party A, had been provided to the TubeMogul Board in advance of the meeting. The representatives of Morgan Stanley also provided additional information regarding communications with Party A as well as communications with other potential bidders. A representative of DLA reminded the TubeMogul Board of its fiduciary duties in light of an all-cash proposal as discussed at the last meeting of the TubeMogul Board. The TubeMogul Board asked questions and discussion ensued. Among other matters, the TubeMogul Board inquired regarding the likelihood of obtaining a higher offer from Party A or others.

On November 2, representatives from Adobe's digital marketing business, technology business and corporate development team met with representatives of TubeMogul, including Mr. Wilson, at TubeMogul's Emeryville, California headquarters, with additional representatives from Adobe's corporate development team joining telephonically. At this meeting, the Adobe team engaged in additional exploratory due diligence, and members of TubeMogul's executive team answered questions regarding TubeMogul's business, technology and market opportunity. Following this meeting, Mr. Wilson followed up by email to a member of the senior management of Adobe's digital marketing business stating that he felt there was a strong strategic fit between the companies. Later in the day, a representative of Morgan Stanley contacted by email a senior member of Adobe's corporate development team, informing Adobe that TubeMogul had received a proposal in writing and a definitive agreement that was generally "seller friendly". The representative of Morgan Stanley further advised Adobe that additional potential bidders were also involved, and if Adobe wanted to make a bid, it would need to make a bid in writing very soon. Adobe's representative asked for information regarding the price, and Morgan Stanley's representative informed him that an offer would need to be at least $13.00 per share to be competitive. Morgan Stanley's representative also requested that any bid from Adobe include as much information as possible regarding the terms involved and the timing of getting a definitive agreement signed and announced.

On November 2, representatives of Party D advised representatives of Morgan Stanley that Party D remained interested and believed in the strategic benefits of an acquisition, but would need more time to complete further diligence on joint synergies. The representative of Party D confirmed that they would not be able to make a decision within the requested timeline given other matters they were focused on, but that they continued to have interest if there were an opportunity to explore at a later time.

On November 2, representatives of Party C met with representatives of TubeMogul and conducted further due diligence. Party C continued to express interest in making an acquisition proposal and requested more time to complete their work.

On November 2, a representative of Party B communicated to a representative of Morgan Stanley that Party B's board of directors supported its efforts to continue to explore a potential acquisition, but was not yet in a position to make a proposal. The representative from Party B expressed the belief that given sufficient time, they would be in a position to make an offer, although they expected the $14.00 guidance would be hard to achieve.

In the evening of November 2, the TubeMogul Board held a special meeting with members of TubeMogul management and representatives of Morgan Stanley and DLA in attendance. The representatives of Morgan Stanley provided an update regarding discussions with Party A as well as the other parties. The TubeMogul Board discussed seeking an offer of $13.50 per share from Party A in order to enter into an agreement and preclude continuing conversations with others. The TubeMogul Board considered that Party A's proposal was set to expire the following day, and that Party A had indicated it was finished with diligence and had signaled potential room to move on the price, though Party A had previously stated they would not be willing to offer $14.00 per share. The TubeMogul Board also discussed the relative importance of the price and certainty of the transaction, in relation to possibly seeking to request a lower termination fee, and to include in the merger agreement a "go shop" provision or an exception from the exclusivity provisions of the merger agreement that would permit TubeMogul to continue discussions with other parties currently engaged with TubeMogul. The TubeMogul Board directed Morgan Stanley to see if Party A would agree to a deal at $13.50 per share, while continuing to work with the other parties.

On November 3, representatives of Morgan Stanley had a call with a representative of Party A during which the representatives of Morgan Stanley advised that given the multiple parties that were continuing to explore a potential transaction, the $12.00 per share price proposed by Party A was insufficient for TubeMogul to pursue the timeline proposed by Party A. The representatives from Morgan Stanley further noted that the TubeMogul Board would be willing to work with Party A if they would increase their offer to a price of $13.50 per share and provide in the merger agreement that TubeMogul could continue its discussions with other parties involved in the process, subject to payment of a lower termination fee, if a superior proposal was accepted. Later in the day, a representative from Party A contacted a representative of Morgan Stanley and indicated that, while they were prepared to consider a higher offer, they were not prepared to make a revised proposal without another proposal to respond to.

On November 3, a senior member of the Adobe team called a representative of Morgan Stanley and indicated that Adobe continued to have an interest in making a proposal to acquire TubeMogul and was working as fast as it could to finalize the price and other terms of an offer. The representative of Adobe indicated that Adobe would only make a proposal if Adobe received a commitment that its proposal would not be used as a means to get others to increase their offers, and asked Morgan Stanley to suggest a price at which TubeMogul would be willing to enter into an exclusivity agreement with Adobe. Morgan Stanley indicated they were not authorized by the TubeMogul Board to provide a preclusive price, other than reiterating that the priced needed to be greater than $13.00 per share in order to be competitive on a non-exclusive basis.

On November 3, a representative of Morgan Stanley advised a representative of Party C that TubeMogul had received a proposal and that it might make a decision on a transaction that week. The representative from Party C informed the representative from Morgan Stanley that Party C would not be able to provide feedback until after a November 9 board meeting.

On November 4, a representative of Morgan Stanley and a senior member of Adobe's corporate development team discussed the current status over the phone. The representative of Morgan Stanley informed Adobe that the TubeMogul Board was planning to pursue an offer from another bidder unless Adobe made an offer that day. The agreement with the other bidder had been received in a form they were potentially willing to sign and subsequently announce as early as the following Monday, November 7, according to the Morgan Stanley representative. However, the representative of Morgan Stanley conveyed that, while an offer of greater than $13.00 per share was required to be competitive on a non-exclusive basis, the TubeMogul Board might consider entering into exclusive negotiations with Adobe if Adobe made a written offer for $14.00 per share in cash and committed to negotiate and sign a definitive agreement by Wednesday, November 9.

Early in the afternoon on November 4, a member of Adobe's corporate development team informed Morgan Stanley on a telephone call that Adobe was still working on preparing a bid, then sent an email describing a number of items Adobe would require in order to move forward on an accelerated timeline, including additional diligence materials, a copy of TubeMogul's draft merger agreement and scheduling in-person meetings on Monday, November 7, in the offices of Weil Gotshal & Manges LLP ("*Weil*"), outside counsel to Adobe. Later that afternoon, a representative of Morgan Stanley confirmed receipt of the email and stated that Adobe would need to submit a written bid by that evening or TubeMogul would begin the process of pursuing a deal with the other bidder.

Later in the evening on November 4, after having received approval from Adobe's executive team, which had reviewed financial information and projections and other information about TubeMogul's business, a member of Adobe's corporate development team submitted a nonbinding indication of interest to acquire all the outstanding shares of TubeMogul for $14.00 per share in cash, subject to customary representations, warranties, covenants and closing conditions, as well as conducting satisfactory due diligence on TubeMogul. The offer was contingent on TubeMogul agreeing to an exclusivity period through November 9 and was to expire on midnight that evening.

In the evening of November 4, the TubeMogul Board held a special meeting with members of TubeMogul management and representatives of Morgan Stanley and DLA in attendance. Representatives of Morgan Stanley advised the TubeMogul Board with respect to the status of discussions with respect to potential transactions and advised the TubeMogul Board that Adobe had submitted a nonbinding indication of interest, a copy of which had been provided to the TubeMogul Board, which proposed an offer of $14.00 per share, but which was conditioned upon further due diligence and TubeMogul agreeing to an exclusivity agreement through November 9, 2016. Morgan Stanley further noted that Party A had indicated that, although there was potential for it to increase its offer, it was unwilling to make a higher offer without confirmation that another higher bid had been received; and Party A also had previously indicated that they were not willing to pay $14.00 per share to acquire TubeMogul. The representatives of Morgan Stanley also updated the TubeMogul Board regarding the status of discussions with all other prospective bidders. The representatives of Morgan Stanley reviewed the updated financial analysis that had been provided to the TubeMogul Board in advance of the meeting. Representatives of Morgan Stanley then reviewed with the TubeMogul Board a letter that Morgan Stanley would be delivering to the TubeMogul Board advising the TubeMogul Board that Morgan Stanley had received compensation from Adobe and Party A for services rendered in the past two years to Adobe and Party A, and that Morgan Stanley was currently providing financial advisory services to Party A on a transaction unrelated to TubeMogul. Representatives of Morgan Stanley confirmed that, in accordance with its internal policies, such compensation did not present a conflict of interest that would preclude Morgan Stanley from representing TubeMogul in connection with a potential transaction with Adobe or Party A. Representatives of Morgan Stanley confirmed that no senior members of the Morgan Stanley transaction team were currently providing services of any type on behalf of Adobe or Party A. Representatives of DLA addressed the TubeMogul Board's fiduciary duties in connection with the proposed transaction and in particular if the TubeMogul Board was prepared to approve an all-cash offer. Discussion ensued among the members of the TubeMogul Board. Among other matters, the TubeMogul Board discussed its concerns regarding the required exclusivity agreement and the risks associated with the further due diligence work which Adobe had indicated it needed to complete before finalizing a definitive purchase agreement. The TubeMogul Board also discussed with the representatives of Morgan Stanley the likelihood that Party A might raise its offer, and by what potential amount, as well as the likelihood, amount and timing for offers that might be made by the other parties. After further discussion, taking account of the fact that Adobe had made an offer at a price that the TubeMogul Board considered to be preemptive, and that Party A had stated it would not raise its offer to $14.00 per share, the TubeMogul Board authorized the execution and delivery of the exclusivity agreement with Adobe subject to the negotiation of certain changes discussed with the TubeMogul Board.

Subsequent to the meeting of the TubeMogul Board, Morgan Stanley communicated to Adobe that subject to certain modifications to the exclusivity agreement, and agreement that Adobe is committed to working to sign a transaction on November 9, the TubeMogul Board was prepared to enter into an exclusivity agreement and seek to complete the negotiation of a definitive merger agreement. DLA delivered to Weil proposed changes to the form of exclusivity agreement. After further negotiation, later that night the exclusivity agreement was executed.

Later that night, DLA delivered a draft of a proposed merger agreement to Weil.

Between November 5, and the announcement of the execution of the Merger Agreement, representatives of Party C and Party A reached out to Morgan Stanley and to representatives of TubeMogul asking for updates and expressing continued interest in pursuing a transaction. Given the obligations under the exclusivity agreement, neither the representatives of Morgan Stanley nor TubeMogul responded.

On November 7, the parties met at Weil's offices in Redwood Shores, California, where they engaged in detailed due diligence meetings. Representatives of PwC joined certain of those meetings on behalf of Adobe to participate in financial and tax due diligence. As the meetings were in progress, as required by the exclusivity agreement, a representative of Morgan Stanley informed the Adobe team that two potential bidders were continuing to reach out regarding TubeMogul, and confirmed that Morgan Stanley and TubeMogul had not responded to those communications after the execution of the exclusivity agreement with Adobe.

On November 7, Weil delivered a mark-up of the draft merger agreement as well as a draft Tender and Support Agreement. On November 8 and November 9, representatives of DLA and Weil continued to negotiate the terms of the Merger Agreement and Tender and Support Agreement. Among other issues subject to negotiation were the scope of representations and warranties, the conditions to the Offer and the amount of the proposed termination fee.

On November 8, the TubeMogul Board held a special meeting to consider the terms of the proposed transaction with members of TubeMogul management and representatives of Morgan Stanley and DLA in attendance. The representatives of DLA addressed the TubeMogul Board's fiduciary duties in connection with the proposed transaction and reviewed the terms of the draft Merger Agreement circulated prior to the TubeMogul Board meeting. Among other matters, the representatives of DLA reviewed the key provisions of the Merger Agreement, including issues that remained subject to negotiation, and in comparison to the draft merger agreement that had been submitted by Party A. Representatives of Morgan Stanley then reviewed their updated financial analysis, confirming that there were no material changes from that previously reviewed with the TubeMogul Board at the November 4, 2016 meeting. They then delivered to the TubeMogul Board Morgan Stanley's oral opinion, subsequently confirmed in writing by delivery of a written opinion dated November 9, 2016, that, as of that date and based upon and subject to the various limitations,

matters, qualifications and assumptions set forth therein, the $14.00 per share price to be received by the holders of shares of TubeMogul common stock, other than Excluded Shares (as defined in the Merger Agreement), pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. For more information about Morgan Stanley's opinion, see below under the caption "*—Opinion of TubeMogul Financial Advisor*".

After discussing potential reasons for and against the proposed transaction (see below under the caption "*—Background of the Transactions; Reasons for the Recommendation of the TubeMogul Board—Reasons for Recommendation*"), the TubeMogul Board unanimously authorized management, DLA and Morgan Stanley to continue negotiations with Adobe and, subject to the finalization of such negotiations, unanimously (i) determined that the Merger Agreement, including the Offer, the Merger and the other Transactions, were fair to and in the best interests of TubeMogul and its stockholders, (ii) elected that the Merger Agreement and the Transactions be expressly governed by Section 251(h) of the DGCL, (iii) adopted and approved the Merger Agreement and the form of Tender and Support Agreement, declaring the advisability of the Merger Agreement and approving the Transactions, including the Offer and the Merger, in accordance with the requirements of the DGCL, (iv) approved the execution, delivery and performance by TubeMogul of the Merger Agreement and the consummation of the Transactions, including the Offer and the Merger, and (v) recommended that the holders of Shares accept the Offer and tender their Shares pursuant to the Offer, in each case, on the terms and subject to the conditions of the Merger Agreement. The TubeMogul Board also took such actions as were necessary to render Section 203 of the DGCL inapplicable to the transactions contemplated by the Merger Agreement and the Tender and Support Agreements and adopted a resolution authorizing amendments to TubeMogul's bylaws to provide that Delaware courts would be the exclusive forum for certain types of claims relating to TubeMogul.

Following the meeting of the TubeMogul Board, representatives of DLA and Weil continued to negotiate the final terms of the Merger Agreement and the Tender and Support Agreement.

Early in the morning on November 10, the parties executed the Merger Agreement and the Tender and Support Agreements, and issued a joint press release the prior to the opening of stock markets in the United States, announcing the transaction.

7.3. Appendix 3: Ranking of Investment Banks in Thomson One league Tables for the Sample Period.

Table 56: Ranking of Investment Banks According to Thomson One League Tables.

Ranking Based on Market Share	Year					
	2001	2002	2003	2004	2005	2006
1	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co
2	BofA Securities Inc	Morgan Stanley	JP Morgan	BofA Securities Inc	Citi	JP Morgan
3	Morgan Stanley	BofA Securities Inc	Citi	JP Morgan	JP Morgan	Citi
4	JP Morgan	JP Morgan	Morgan Stanley	Morgan Stanley	Morgan Stanley	Morgan Stanley
5	Credit Suisse	Credit Suisse	BofA Securities Inc	Citi	BofA Securities Inc	BofA Securities Inc
6	Citi	Citi	Lazard	Lazard	Deutsche Bank	UBS
7	Deutsche Bank	Deutsche Bank	Deutsche Bank	UBS	UBS	Credit Suisse
8	UBS	UBS	UBS	Barclays	Credit Suisse	Deutsche Bank
9	Commerzbank AG	Rothschild & Co	Credit Suisse	Credit Suisse	Rothschild & Co	Barclays
10	Lazard	Nomura	Rothschild & Co	Rothschild & Co	Lazard	Lazard
11	Rothschild & Co	Lazard	Nomura	Deutsche Bank	Barclays	Rothschild & Co
12	Quadrangle Group LLC	Quadrangle Group LLC	Barclays	BNP Paribas SA	NatWest Markets	Evercore Partners
13	Barclays	Barclays	HSBC Holdings PLC	KPMG	Nomura	BNP Paribas SA
14	Nomura	Commerzbank AG	BNP Paribas SA	Nomura	BNP Paribas SA	Nomura
15	BNP Paribas SA	BNP Paribas SA	Credit Agricole CIB	NatWest Markets	Houlihan Lokey	HSBC Holdings PLC
16	Greenhill & Co, LLC	CIBC World Markets Inc	NatWest Markets	Evercore Partners	Mediobanca	Macquarie Group
17	CIBC World Markets Inc	NatWest Markets	Mediobanca	Macquarie Group	Commerzbank AG	Houlihan Lokey
18	RBC Capital Markets	PricewaterhouseCoopers	UniCredit	Cazenove & Co	HSBC Holdings PLC	Commerzbank AG

19	Cazenove & Co	Mizuho Financial Group	Greenhill & Co, LLC	HSBC Holdings PLC	UniCredit	Societe Generale
20	Mizuho Financial Group	HSBC Holdings PLC	Pricewaterhouse Coopers	Wells Fargo & Co	Pricewaterhou seCoopers	Credit Agricole CIB
21	Societe Generale	Credit Agricole CIB	Houlihan Lokey	Houlihan Lokey	KPMG	Wells Fargo & Co
22	NatWest Markets	Cazenove & Co	Societe Generale	Societe Generale	Mitsubishi UFJ Financial Group	NatWest Markets
23	ING	Macquarie Group	Deloitte	Pricewaterhou seCoopers	Evercore Partners	PJT Partners Inc
24	Gresham Partners	Mediobanca	KPMG	Ernst & Young LLP	Duff & Phelps,A Kroll Business	Stifel/KBW
25	Macquarie Group	RBC Capital Markets	Macquarie Group	CIBC World Markets Inc	Macquarie Group	RBC Capital Markets

Ranking Based on Market Share	**Year**					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
1	Morgan Stanley	JP Morgan	Morgan Stanley	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co
2	Goldman Sachs & Co	Goldman Sachs & Co	Citi	Morgan Stanley	Morgan Stanley	JP Morgan
3	BofA Securities Inc	BofA Securities Inc	Goldman Sachs & Co	JP Morgan	JP Morgan	Morgan Stanley
4	JP Morgan	Citi	BofA Securities Inc	Credit Suisse	BofA Securities Inc	Credit Suisse
5	Citi	Morgan Stanley	JP Morgan	Barclays	Citi	Barclays
6	UBS	UBS	UBS	Citi	Credit Suisse	BofA Securities Inc
7	Credit Suisse	Credit Suisse	Credit Suisse	Deutsche Bank	UBS	Deutsche Bank
8	Deutsche Bank	Deutsche Bank	Deutsche Bank	BofA Securities Inc	Deutsche Bank	Citi
9	Barclays	Rothschild & Co	Lazard	UBS	Barclays	Lazard
10	Rothschild & Co	Lazard	Rothschild & Co	Lazard	Lazard	UBS
11	Lazard	Nomura	Barclays	Rothschild & Co	Rothschild & Co	Rothschild & Co

12	Nomura	Barclays	Evercore Partners	HSBC Holdings PLC	Nomura	Evercore Partners
13	NatWest Markets	BNP Paribas SA	BNP Paribas SA	Nomura	Evercore Partners	Nomura
14	BNP Paribas SA	Centerview Partners LLC	KPMG	Evercore Partners	BNP Paribas SA	HSBC Holdings PLC
15	Greenhill & Co, LLC	NatWest Markets	Greenhill & Co, LLC	Jefferies LLC	Societe Generale	Centerview Partners LLC
16	Macquarie Group	HSBC Holdings PLC	Santander Corp & Invest Bkg	BNP Paribas SA	HSBC Holdings PLC	RBC Capital Markets
17	Houlihan Lokey	Credit Agricole CIB	Commerzbank AG	Perella Weinberg Partners LP	Perella Weinberg Partners LP	BNP Paribas SA
18	Santander Corp & Invest Bkg	Societe Generale	Macquarie Group	Greenhill & Co, LLC	NatWest Markets	Mizuho Financial Group
19	Evercore Partners	PJT Partners Inc	RBC Capital Markets	Houlihan Lokey	RBC Capital Markets	Macquarie Group
20	RBC Capital Markets	Greenhill & Co, LLC	NatWest Markets	PJT Partners Inc	Credit Agricole CIB	Houlihan Lokey
21	HSBC Holdings PLC	Mediobanca	Wells Fargo & Co	Santander Corp & Invest Bkg	Jefferies LLC	Moelis & Co
22	Mediobanca	Moelis & Co	Houlihan Lokey	RBC Capital Markets	Macquarie Group	Jefferies LLC
23	Commerzbank AG	Oddo BHF SCA	Mediobanca	Centerview Partners LLC	IMI - Intesa Sanpaolo	Sumitomo Mitsui Finl Grp Inc
24	NIBC NV	RBC Capital Markets	PJT Partners Inc	KPMG	Moelis & Co	Perella Weinberg Partners LP
25	PJT Partners Inc	Houlihan Lokey	Duff & Phelps,A Kroll Business	Mizuho Financial Group	KPMG	BMO Capital Markets

Ranking Based on Market Share	**Year**				
	2013	**2014**	**2015**	**2016**	**2017**
1	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co	Goldman Sachs & Co
2	JP Morgan	Morgan Stanley	JP Morgan	Morgan Stanley	Morgan Stanley
3	Morgan Stanley	JP Morgan	Morgan Stanley	JP Morgan	JP Morgan
4	Barclays	BofA Securities Inc	BofA Securities Inc	BofA Securities Inc	BofA Securities Inc
5	BofA Securities Inc	Barclays	Citi	Barclays	Citi

6	Citi	Citi	Lazard	Citi	Lazard
7	Deutsche Bank	Deutsche Bank	Deutsche Bank	Lazard	Barclays
8	Credit Suisse	UBS	Credit Suisse	Credit Suisse	Credit Suisse
9	Lazard	Credit Suisse	Barclays	Deutsche Bank	Evercore Partners
10	UBS	Lazard	UBS	Centerview Partners LLC	UBS
11	Rothschild & Co	PJT Partners Inc	Rothschild & Co	UBS	Deutsche Bank
12	BNP Paribas SA	Rothschild & Co	Centerview Partners LLC	Rothschild & Co	Rothschild & Co
13	Evercore Partners	Guggenheim Securities LLC	HSBC Holdings PLC	Evercore Partners	Centerview Partners LLC
14	Centerview Partners LLC	Jefferies LLC	RBC Capital Markets	Robey Warshaw LLP	RBC Capital Markets
15	Moelis & Co	BNP Paribas SA	BNP Paribas SA	Industrial & Comm Bank China	Industrial & Comm Bank China
16	RBC Capital Markets	RBC Capital Markets	Evercore Partners	LionTree Advisors LLC	CITIC
17	Nomura	Centerview Partners LLC	China International Capital Co	BNP Paribas SA	China International Capital Co
18	VTB Capital	Evercore Partners	Perella Weinberg Partners LP	Guggenheim Securities LLC	HSBC Holdings PLC
19	Jefferies LLC	Perella Weinberg Partners LP	Anglo Chinese Holdings Ltd	RBC Capital Markets	Jefferies LLC
20	Wells Fargo & Co	Moelis & Co	Somerley	Moelis & Co	BMO Capital Markets
21	HSBC Holdings PLC	Ernst & Young LLP	Jefferies LLC	CITIC	BNP Paribas SA
22	Greenhill & Co, LLC	Macquarie Group	Nomura	Allen & Co Inc	Wells Fargo & Co
23	Mizuho Financial Group	Nomura	Houlihan Lokey	China International Capital Co	Alantra Partners SA
24	Perella Weinberg Partners LP	Credit Agricole CIB	Zaoui & Co	Greenhill & Co, LLC	M Klein & Co LLC
25	LionTree Advisors LLC	Somerley	PricewaterhouseCoopers	Perella Weinberg Partners LP	Guggenheim Securities LLC

7.4. Appendix 4: Additional Tables Addressing the Acquirer Financial Advisor's Impact on Short-Term Deal Performance - CAR (-5 +5).

Table 57: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5).

*Table 57 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	-0.0003										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0005**									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0006**								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0105**							
				(0.004)							
Acquirer Advisor Ranking - Scheme #4					0.0074*						
					(0.004)						
Acquirer Advisor Ranking - Scheme #5						0.0070*					
						(0.004)					
Acquirer Advisor Ranking - Scheme #6							-0.0004**				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0004**			

								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0081		
									(0.005)		
Second-Tier Acquirer Advisor - Scheme #8									0.0073		
									(0.005)		
Top-Tier Acquirer Advisor - Scheme #9										0.0087*	
										(0.004)	
Second-Tier Acquirer Advisor - Scheme #9										0.0091**	
										(0.005)	
Acquirer Advisor Past Performance											0.1244***
											(0.010)
Leverage (Acquirer)	0.0159**	0.0377***	0.0373***	0.0377***	0.0382***	0.0382***	0.0378***	0.0379***	0.0378***	0.0369***	0.0208
	(0.006)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Target Relative Size	0.0038***	0.0022	0.0023	0.0022	0.0024	0.0025	0.0022	0.0023	0.0024	0.0022	0.0035**
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0034***	-0.0092***	-0.0090***	-0.0092***	-0.0087***	-0.0086***	-0.0091***	-0.0091***	-0.0088***	-0.0091***	-0.0044***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0065**	-0.0005	-0.0005	-0.0004	-0.0006	-0.0005	-0.0005	-0.0005	-0.0005	-0.0006	-0.0028
	(0.003)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.005)
Firm Age (Acquirer)	0.0001*	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002*	0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0072	0.0245	0.0248	0.0242	0.0244	0.0243	0.0245	0.0246	0.0248	0.0253	0.0302
	(0.011)	(0.024)	(0.024)	(0.024)	(0.023)	(0.023)	(0.024)	(0.024)	(0.023)	(0.024)	(0.030)
Big-4 Auditor (Acquirer)	-0.0012	0.0033	0.0033	0.0033	0.0036	0.0035	0.0033	0.0033	0.0034	0.0032	-0.0024
	(0.003)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Institutional Ownership (Acquirer)	-0.0098*	-0.0078	-0.0077	-0.0080	-0.0077	-0.0077	-0.0078	-0.0078	-0.0075	-0.0075	0.0010
	(0.005)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Public Target Dummy	-0.0077***	-0.0130***	-0.0130***	-0.0131***	-0.0131***	-0.0130***	-0.0131***	-0.0131***	-0.0130***	-0.0129***	-0.0130***
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0051**	0.0088**	0.0088**	0.0088**	0.0089**	0.0089**	0.0088**	0.0088**	0.0089**	0.0089**	0.0105***

	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Uncertainty (Acquirer)	0.0282	0.0135	0.0143	0.0136	0.0154	0.0154	0.0141	0.0141	0.0153	0.0153	0.0380
	(0.021)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.036)
Hostile Deal	-0.0082	0.0011	0.0011	0.0008	0.0015	0.0013	0.0013	0.0012	0.0011	0.0005	0.0074
	(0.019)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.042)
Constant	0.0631***	0.0873***	0.0743***	0.0758***	0.0736***	0.0730***	0.0866***	0.0860***	0.0735***	0.0748***	-0.0421**
	(0.012)	(0.023)	(0.021)	(0.021)	(0.021)	(0.021)	(0.023)	(0.023)	(0.021)	(0.021)	(0.019)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,511	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	2,398
R-squared	0.032	0.069	0.069	0.069	0.068	0.068	0.069	0.069	0.068	0.069	0.117

<u>Table 58</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Deals Involving Public Targets.

*Table 58 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving public targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0059										
	(0.005)										
Acquirer Advisor Ranking - Scheme #1		-0.0004									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0095							
				(0.007)							
Acquirer Advisor Ranking - Scheme #4					0.0069						
					(0.006)						
Acquirer Advisor Ranking - Scheme #5						0.0072					
						(0.006)					
Acquirer Advisor Ranking - Scheme #6							-0.0003				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0003			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0062		

									(0.008)		
Second-Tier Acquirer Advisor - Scheme #8									0.0054		
									(0.008)		
Top-Tier Acquirer Advisor - Scheme #9										0.0081	
										(0.007)	
Second-Tier Acquirer Advisor - Scheme #9										0.0067	
										(0.007)	
Acquirer Advisor Past Performance											0.1079***
											(0.016)
Leverage (Acquirer)	0.0262*	0.0359	0.0361	0.0356	0.0359	0.0358	0.0361	0.0362*	0.0362*	0.0352	0.0334
	(0.014)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)
Target Relative Size	-0.0024	-0.0071***	-0.0068**	-0.0072***	-0.0070***	-0.0070***	-0.0070**	-0.0070**	-0.0069**	-0.0071***	-0.0064**
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0085***	-0.0113***	-0.0109***	-0.0115***	-0.0110***	-0.0111***	-0.0112***	-0.0111***	-0.0110***	-0.0113***	-0.0083***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	0.0020	0.0091	0.0092	0.0090	0.0092	0.0091	0.0092	0.0091	0.0092	0.0092	-0.0028
	(0.007)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Firm Age (Acquirer)	0.0000	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0332	0.0433	0.0436	0.0422	0.0430	0.0427	0.0432	0.0432	0.0435	0.0434	0.0569
	(0.027)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
Big-4 Auditor (Acquirer)	0.0076	0.0056	0.0055	0.0058	0.0058	0.0058	0.0056	0.0055	0.0055	0.0055	-0.0022
	(0.007)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Institutional Ownership (Acquirer)	-0.0020	-0.0054	-0.0049	-0.0055	-0.0054	-0.0054	-0.0053	-0.0053	-0.0049	-0.0052	0.0082
	(0.010)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.015)
Percent Cash	0.0004***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0140***	0.0138***	0.0139***	0.0137***	0.0139***	0.0140***	0.0139***	0.0139***	0.0139***	0.0139***	0.0130**
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Uncertainty (Acquirer)	-0.0322	0.0177	0.0194	0.0162	0.0187	0.0181	0.0184	0.0184	0.0193	0.0174	-0.0066
	(0.043)	(0.056)	(0.057)	(0.057)	(0.056)	(0.057)	(0.056)	(0.056)	(0.057)	(0.056)	(0.061)
Hostile Deal	0.0098	0.0190	0.0190	0.0185	0.0195	0.0194	0.0192	0.0191	0.0190	0.0184	0.0285
	(0.022)	(0.022)	(0.021)	(0.022)	(0.021)	(0.022)	(0.021)	(0.021)	(0.021)	(0.021)	(0.046)
Constant	0.0361*	0.0512	0.0405	0.0432	0.0413	0.0415	0.0501	0.0499	0.0408	0.0424	-0.0534*

	(0.022)	(0.031)	(0.029)	(0.030)	(0.029)	(0.029)	(0.031)	(0.031)	(0.029)	(0.029)	(0.027)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	2,030	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	922
R-squared	0.085	0.105	0.104	0.105	0.104	0.105	0.104	0.104	0.104	0.105	0.140

<u>Table 59</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Deals Involving Private Targets.

*Table 59 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving private targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0003										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0003									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0004								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0080							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0048						
					(0.005)						
Acquirer Advisor Ranking - Scheme #5						0.0041					
						(0.005)					
Acquirer Advisor Ranking - Scheme #6							-0.0003				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0003			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0051		

									(0.006)		
Second-Tier Acquirer Advisor - Scheme #8									0.0021		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0058	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0059	
										(0.006)	
Acquirer Advisor Past Performance											0.1302***
											(0.014)
Leverage (Acquirer)	0.0100	0.0350**	0.0346**	0.0350**	0.0353**	0.0353**	0.0351**	0.0351**	0.0355**	0.0346**	0.0099
	(0.007)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Target Relative Size	0.0068***	0.0103***	0.0104***	0.0102***	0.0105***	0.0106***	0.0103***	0.0104***	0.0105***	0.0103***	0.0114***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0007	-0.0054**	-0.0052**	-0.0055**	-0.0049**	-0.0048**	-0.0054**	-0.0052**	-0.0050**	-0.0053**	-0.0006
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0093***	-0.0044	-0.0044	-0.0043	-0.0045	-0.0044	-0.0044	-0.0044	-0.0045	-0.0045	-0.0020
	(0.003)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Firm Age (Acquirer)	0.0001**	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0026	0.0167	0.0169	0.0168	0.0168	0.0168	0.0168	0.0168	0.0168	0.0173	0.0251
	(0.012)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.041)
Big-4 Auditor (Acquirer)	-0.0035	0.0013	0.0014	0.0011	0.0015	0.0015	0.0014	0.0014	0.0015	0.0013	-0.0020
	(0.004)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Institutional Ownership (Acquirer)	-0.0122**	-0.0075	-0.0075	-0.0077	-0.0074	-0.0074	-0.0075	-0.0074	-0.0073	-0.0073	-0.0013
	(0.006)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Percent Cash	-0.0000	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0007	0.0050	0.0050	0.0050	0.0049	0.0050	0.0050	0.0050	0.0050	0.0050	0.0078
	(0.002)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Uncertainty (Acquirer)	0.0406*	0.0160	0.0166	0.0159	0.0172	0.0172	0.0163	0.0165	0.0170	0.0174	0.0548
	(0.023)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)	(0.043)
Constant	0.0676***	0.0913***	0.0824***	0.0844***	0.0818***	0.0811***	0.0913***	0.0897***	0.0817***	0.0828***	-0.0364
	(0.015)	(0.032)	(0.030)	(0.030)	(0.030)	(0.030)	(0.032)	(0.032)	(0.030)	(0.030)	(0.026)

Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	6,481	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,476
R-squared	0.036	0.077	0.077	0.078	0.077	0.077	0.077	0.077	0.077	0.077	0.129

<u>Table 60</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Deals Involving Subsidiary Targets.

*Table 60 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for deals involving subsidiary targets. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0047										
	(0.004)										
Acquirer Advisor Ranking - Scheme #1		-0.0002									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0002								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0099							
				(0.008)							
Acquirer Advisor Ranking - Scheme #4					0.0003						
					(0.007)						
Acquirer Advisor Ranking - Scheme #5						0.0049					
						(0.007)					
Acquirer Advisor Ranking - Scheme #6							-0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0002			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0038		

									(0.009)		
Second-Tier Acquirer Advisor - Scheme #8									-0.0032		
									(0.009)		
Top-Tier Acquirer Advisor - Scheme #9										0.0075	
										(0.008)	
Second-Tier Acquirer Advisor - Scheme #9										0.0080	
										(0.008)	
Acquirer Advisor Past Performance											0.1015***
											(0.021)
Leverage (Acquirer)	-0.0007	0.0284	0.0280	0.0282	0.0283	0.0285	0.0284	0.0284	0.0294	0.0277	0.0116
	(0.011)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.022)
Target Relative Size	0.0066***	0.0077***	0.0077***	0.0071**	0.0081***	0.0076***	0.0076***	0.0077***	0.0079***	0.0072**	0.0087***
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0043**	-0.0092***	-0.0092***	-0.0102***	-0.0086***	-0.0094***	-0.0094***	-0.0093***	-0.0091***	-0.0101***	-0.0063*
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Sales Growth (Acquirer)	-0.0054	-0.0001	-0.0001	0.0001	-0.0001	-0.0000	-0.0001	-0.0001	-0.0002	-0.0002	0.0015
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Firm Age (Acquirer)	0.0002*	0.0003*	0.0003*	0.0003*	0.0003*	0.0003*	0.0003*	0.0003*	0.0003*	0.0003*	0.0004**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0402*	-0.0186	-0.0185	-0.0168	-0.0196	-0.0182	-0.0183	-0.0185	-0.0187	-0.0163	-0.0178
	(0.021)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.069)
Big-4 Auditor (Acquirer)	0.0011	-0.0017	-0.0015	-0.0025	-0.0015	-0.0018	-0.0017	-0.0017	-0.0018	-0.0019	-0.0028
	(0.007)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Institutional Ownership (Acquirer)	-0.0052	0.0004	0.0003	-0.0005	0.0007	0.0001	0.0002	0.0003	0.0004	0.0003	0.0066
	(0.009)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.018)
Percent Cash	-0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0050	0.0118	0.0119	0.0119	0.0118	0.0118	0.0119	0.0118	0.0115	0.0120	0.0102
	(0.004)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Uncertainty (Acquirer)	0.0014	0.0637	0.0641	0.0624	0.0650	0.0641	0.0636	0.0638	0.0626	0.0646	0.1238*
	(0.039)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.065)
Constant	0.0744***	0.0919**	0.0868**	0.0926**	0.0847**	0.0884**	0.0939**	0.0924**	0.0887**	0.0905**	0.0423
	(0.021)	(0.046)	(0.043)	(0.043)	(0.043)	(0.042)	(0.046)	(0.046)	(0.043)	(0.043)	(0.040)

Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	2,468	878	878	878	878	878	878	878	878	878	697
R-squared	0.061	0.108	0.108	0.110	0.108	0.109	0.108	0.108	0.109	0.110	0.150

<u>Table 61</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Pure Cash Deals.

*Table 61 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for pure cash deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0003										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0002									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0055							
				(0.006)							
Acquirer Advisor Ranking - Scheme #4					0.0021						
					(0.005)						
Acquirer Advisor Ranking - Scheme #5						0.0027					
						(0.005)					
Acquirer Advisor Ranking - Scheme #6							-0.0002				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0002			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0053		

									(0.006)		
Second-Tier Acquirer Advisor - Scheme #8									0.0011		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0052	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0052	
										(0.006)	
Acquirer Advisor Past Performance											0.1145***
											(0.015)
Leverage (Acquirer)	0.0074	0.0274*	0.0272*	0.0271*	0.0275*	0.0274*	0.0274*	0.0274*	0.0277*	0.0270*	0.0115
	(0.008)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.017)
Target Relative Size	0.0048***	0.0040*	0.0041*	0.0040*	0.0043*	0.0042*	0.0040*	0.0041*	0.0040*	0.0039*	0.0059**
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0023**	-0.0073***	-0.0072***	-0.0074***	-0.0069***	-0.0070***	-0.0073***	-0.0072***	-0.0073***	-0.0075***	-0.0032
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0096**	-0.0002	-0.0003	-0.0002	-0.0003	-0.0003	-0.0002	-0.0003	-0.0002	-0.0004	0.0002
	(0.004)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.008)
Firm Age (Acquirer)	0.0000	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	-0.0134	0.0176	0.0179	0.0173	0.0172	0.0170	0.0176	0.0175	0.0170	0.0186	0.0302
	(0.016)	(0.043)	(0.043)	(0.043)	(0.043)	(0.043)	(0.043)	(0.043)	(0.043)	(0.044)	(0.038)
Big-4 Auditor (Acquirer)	-0.0046	0.0029	0.0029	0.0028	0.0032	0.0032	0.0029	0.0030	0.0031	0.0027	0.0006
	(0.005)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)
Institutional Ownership (Acquirer)	-0.0134**	-0.0103	-0.0101	-0.0103	-0.0100	-0.0101	-0.0103	-0.0101	-0.0104	-0.0101	-0.0020
	(0.007)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.014)
Public Target Dummy	0.0072**	0.0072	0.0072	0.0072	0.0073	0.0073	0.0071	0.0072	0.0072	0.0072	0.0049
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Related Deal	0.0050*	0.0136***	0.0137***	0.0136***	0.0137***	0.0137***	0.0136***	0.0137***	0.0136***	0.0136***	0.0145***
	(0.003)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Uncertainty (Acquirer)	0.0279	0.0714	0.0721	0.0710	0.0730	0.0727	0.0718	0.0720	0.0710	0.0728	0.0837*
	(0.025)	(0.047)	(0.047)	(0.048)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.049)
Hostile Deal	-0.0442***	-0.0416*	-0.0419*	-0.0423*	-0.0407*	-0.0408*	-0.0415*	-0.0415*	-0.0399	-0.0434*	-0.0654***
	(0.011)	(0.025)	(0.024)	(0.025)	(0.023)	(0.024)	(0.024)	(0.024)	(0.025)	(0.023)	(0.013)
Constant	0.0729***	0.0781**	0.0717**	0.0730**	0.0704**	0.0708**	0.0781**	0.0764**	0.0731**	0.0728**	-0.0239

	(0.015)	(0.032)	(0.029)	(0.029)	(0.029)	(0.029)	(0.032)	(0.032)	(0.029)	(0.029)	(0.024)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	4,557	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,116
R-squared	0.041	0.084	0.084	0.085	0.084	0.084	0.084	0.084	0.085	0.085	0.131

<u>Table 62</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Pure Stock Deals.

*Table 62 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for pure stock deals. The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(5)	(7)	(6)	(4)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0070										
	(0.015)										
Acquirer Advisor Ranking - Scheme #1		-0.0004									
		(0.001)									
Acquirer Advisor Ranking - Scheme #2			-0.0001								
			(0.001)								
Acquirer Advisor Ranking - Scheme #3				0.0116							
				(0.018)							
Acquirer Advisor Ranking - Scheme #4					0.0073						
					(0.016)						
Acquirer Advisor Ranking - Scheme #5						0.0047					
						(0.016)					
Acquirer Advisor Ranking - Scheme #6							-0.0003				
							(0.001)				
Acquirer Advisor Ranking - Scheme #7								-0.0003			
								(0.001)			
Top-Tier Acquirer Advisor - Scheme #8									0.0033		

									(0.018)		
Second-Tier Acquirer Advisor - Scheme #8									-0.0026		
									(0.021)		
Top-Tier Acquirer Advisor - Scheme #9										0.0082	
										(0.017)	
Second-Tier Acquirer Advisor - Scheme #9										-0.0044	
										(0.020)	
Acquirer Advisor Past Performance											0.1229***
											(0.039)
Leverage (Acquirer)	0.0329	0.0704	0.0716	0.0705	0.0702	0.0705	0.0704	0.0705	0.0718	0.0719	0.0551
	(0.036)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.049)
Target Relative Size	-0.0020	-0.0025	-0.0017	-0.0026	-0.0022	-0.0021	-0.0024	-0.0024	-0.0018	-0.0020	-0.0051
	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)
Firm Size (Acquirer)	-0.0027	0.0027	0.0041	0.0024	0.0030	0.0033	0.0029	0.0029	0.0037	0.0031	0.0040
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Sales Growth (Acquirer)	-0.0027	0.0017	0.0019	0.0014	0.0016	0.0017	0.0017	0.0017	0.0018	0.0015	-0.0153
	(0.010)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Firm Age (Acquirer)	0.0005	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0005
	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Cashflows (Acquirer)	-0.0090	-0.0739	-0.0751	-0.0734	-0.0744	-0.0745	-0.0741	-0.0741	-0.0745	-0.0737	-0.1321*
	(0.036)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.076)
Big-4 Auditor (Acquirer)	-0.0072	-0.0180	-0.0177	-0.0176	-0.0179	-0.0178	-0.0179	-0.0179	-0.0176	-0.0173	-0.0209
	(0.014)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)
Institutional Ownership (Acquirer)	0.0064	-0.0123	-0.0105	-0.0133	-0.0124	-0.0116	-0.0121	-0.0122	-0.0111	-0.0122	0.0087
	(0.023)	(0.027)	(0.027)	(0.027)	(0.028)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.031)
Public Target Dummy	-0.0334***	-0.0257	-0.0266	-0.0263	-0.0260	-0.0262	-0.0259	-0.0259	-0.0265	-0.0261	-0.0240
	(0.013)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.018)
Related Deal	-0.0098	-0.0192	-0.0196	-0.0191	-0.0190	-0.0193	-0.0192	-0.0192	-0.0192	-0.0188	-0.0221*
	(0.010)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)
Uncertainty (Acquirer)	0.0534	0.0930	0.0935	0.0964	0.0914	0.0917	0.0933	0.0932	0.0944	0.0937	0.0021
	(0.095)	(0.111)	(0.111)	(0.112)	(0.110)	(0.110)	(0.111)	(0.111)	(0.112)	(0.111)	(0.128)
Hostile Deal	-0.0327	-0.0315	-0.0394	-0.0290	-0.0331	-0.0349	-0.0322	-0.0322	-0.0372	-0.0329	
	(0.035)	(0.043)	(0.041)	(0.043)	(0.043)	(0.044)	(0.043)	(0.043)	(0.041)	(0.042)	
Constant	0.0363	0.0797	0.0653	0.0706	0.0688	0.0679	0.0786	0.0781	0.0658	0.0683	0.0066

	(0.060)	(0.056)	(0.051)	(0.052)	(0.051)	(0.051)	(0.056)	(0.056)	(0.052)	(0.051)	(0.077)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	484	300	300	300	300	300	300	300	300	300	218
R-squared	0.089	0.179	0.178	0.179	0.178	0.178	0.178	0.178	0.178	0.179	0.306

<u>Table 63</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Mixed-Payment Deals.

*Table 63 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for mixed-payment deals (where the consideration paid involves both stock and cash). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0020										
	(0.004)										
Acquirer Advisor Ranking - Scheme #1		-0.0007*									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0009**								
			(0.000)								

Acquirer Advisor Ranking - Scheme #3				0.0154**							
				(0.007)							
Acquirer Advisor Ranking - Scheme #4					0.0125*						
					(0.007)						
Acquirer Advisor Ranking - Scheme #5						0.0120*					
						(0.007)					
Acquirer Advisor Ranking - Scheme #6							-0.0007*				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0007*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0094		
									(0.008)		
Second-Tier Acquirer Advisor - Scheme #8									0.0150*		
									(0.008)		
Top-Tier Acquirer Advisor - Scheme #9										0.0101	
										(0.007)	
Second-Tier Acquirer Advisor - Scheme #9										0.0152**	
										(0.007)	
Acquirer Advisor Past Performance											0.1287***
											(0.016)
Leverage (Acquirer)	0.0212**	0.0442**	0.0429**	0.0446**	0.0447**	0.0452**	0.0444**	0.0445**	0.0431**	0.0419**	0.0192
	(0.010)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.020)
Target Relative Size	0.0050***	0.0026	0.0026	0.0026	0.0029	0.0030	0.0027	0.0026	0.0032	0.0029	0.0048*
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0039**	-0.0106***	-0.0106***	-0.0105***	-0.0100***	-0.0099***	-0.0105***	-0.0105***	-0.0098***	-0.0101***	-0.0035
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)
Sales Growth (Acquirer)	-0.0039	0.0022	0.0022	0.0024	0.0022	0.0022	0.0022	0.0021	0.0022	0.0022	0.0016
	(0.004)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.007)
Firm Age (Acquirer)	0.0002**	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0154	0.0474	0.0478	0.0472	0.0471	0.0475	0.0473	0.0475	0.0487	0.0490	0.0443
	(0.015)	(0.031)	(0.032)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.040)

Big-4 Auditor (Acquirer)	0.0017	0.0070	0.0071	0.0069	0.0071	0.0071	0.0070	0.0070	0.0073	0.0069	-0.0009
	(0.005)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Institutional Ownership (Acquirer)	-0.0050	-0.0067	-0.0068	-0.0069	-0.0063	-0.0064	-0.0067	-0.0067	-0.0062	-0.0064	0.0022
	(0.008)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.015)
Public Target Dummy	-0.0323***	-0.0338***	-0.0337***	-0.0339***	-0.0344***	-0.0343***	-0.0340***	-0.0339***	-0.0338***	-0.0336***	-0.0345***
	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Percent Cash	0.0001	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0034	0.0071	0.0071	0.0071	0.0072	0.0071	0.0071	0.0071	0.0072	0.0073	0.0092
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Uncertainty (Acquirer)	0.0294	-0.0533	-0.0539	-0.0532	-0.0501	-0.0497	-0.0528	-0.0529	-0.0517	-0.0531	0.0246
	(0.034)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.056)
Hostile Deal	0.0208	0.0209	0.0216	0.0211	0.0210	0.0208	0.0215	0.0214	0.0220	0.0222	0.0347
	(0.029)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.030)	(0.030)	(0.053)
Constant	0.0747***	0.1398***	0.1217***	0.1231***	0.1208***	0.1197***	0.1393***	0.1394***	0.1184***	0.1205***	-0.0561*
	(0.023)	(0.042)	(0.041)	(0.041)	(0.041)	(0.041)	(0.042)	(0.042)	(0.041)	(0.041)	(0.031)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,470	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,064
R-squared	0.050	0.108	0.108	0.108	0.107	0.107	0.108	0.108	0.107	0.108	0.152

Table 64: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Related Deals.

*Table 64 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification); otherwise, deals are considered non-related. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0031										
	(0.004)										
Acquirer Advisor Ranking - Scheme #1		-0.0004									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0006								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0081							
				(0.007)							
Acquirer Advisor Ranking - Scheme #4					0.0082						
					(0.007)						
Acquirer Advisor Ranking - Scheme #5						0.0067					
						(0.007)					
Acquirer Advisor Ranking - Scheme #6							-0.0003				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0003			

								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0026		
									(0.008)		
Second-Tier Acquirer Advisor - Scheme #8									0.0137*		
									(0.008)		
Top-Tier Acquirer Advisor - Scheme #9										0.0049	
										(0.007)	
Second-Tier Acquirer Advisor - Scheme #9										0.0206***	
										(0.007)	
Acquirer Advisor Past Performance											0.1389***
											(0.018)
Leverage (Acquirer)	0.0128	0.0357*	0.0350*	0.0360*	0.0355*	0.0357*	0.0360*	0.0360*	0.0352*	0.0328*	0.0202
	(0.010)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.018)	(0.019)	(0.020)
Target Relative Size	0.0039***	0.0019	0.0018	0.0019	0.0019	0.0021	0.0021	0.0020	0.0024	0.0019	0.0037
	(0.001)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Firm Size (Acquirer)	-0.0046***	-0.0120***	-0.0122***	-0.0119***	-0.0119***	-0.0117***	-0.0118***	-0.0118***	-0.0113***	-0.0121***	-0.0089***
	(0.001)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)
Sales Growth (Acquirer)	-0.0029	0.0106	0.0108	0.0105	0.0106	0.0107	0.0106	0.0106	0.0110	0.0110	0.0128
	(0.005)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Firm Age (Acquirer)	0.0001	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0091	0.0573*	0.0577*	0.0567*	0.0566*	0.0566*	0.0572*	0.0573*	0.0588*	0.0612*	0.0879**
	(0.018)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.036)
Big-4 Auditor (Acquirer)	0.0054	0.0167*	0.0164*	0.0165*	0.0167*	0.0169*	0.0167*	0.0167*	0.0170*	0.0164*	0.0144
	(0.005)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)
Institutional Ownership (Acquirer)	-0.0088	-0.0046	-0.0048	-0.0048	-0.0047	-0.0047	-0.0046	-0.0046	-0.0038	-0.0034	-0.0045
	(0.008)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.015)
Public Target Dummy	-0.0024	-0.0089	-0.0089	-0.0089	-0.0089	-0.0088	-0.0089	-0.0089	-0.0087	-0.0084	-0.0121*
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Percent Cash	0.0002***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***	0.0003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty (Acquirer)	0.0058	-0.0541	-0.0547	-0.0536	-0.0532	-0.0533	-0.0530	-0.0533	-0.0524	-0.0542	-0.0738
	(0.032)	(0.051)	(0.051)	(0.051)	(0.050)	(0.051)	(0.051)	(0.051)	(0.051)	(0.051)	(0.056)
Hostile Deal	-0.0139	-0.0002	-0.0003	-0.0006	0.0006	0.0003	0.0000	-0.0001	-0.0024	-0.0039	0.0074

	(0.026)	(0.031)	(0.031)	(0.031)	(0.030)	(0.031)	(0.031)	(0.031)	(0.030)	(0.030)	(0.046)
Constant	0.0684***	0.0798**	0.0711**	0.0703**	0.0707**	0.0693**	0.0776**	0.0777**	0.0642*	0.0673**	-0.0243
	(0.019)	(0.037)	(0.034)	(0.034)	(0.034)	(0.033)	(0.037)	(0.037)	(0.034)	(0.034)	(0.029)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	3,403	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	990
R-squared	0.041	0.097	0.098	0.098	0.098	0.097	0.097	0.097	0.099	0.102	0.148

<u>Table 65:</u> OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Non-Related Deals.

*Table 65 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-related deals. Related deals are those where the target and acquirer share the same SIC code (using the Fama-French 12-Industry classification); otherwise, deals are considered non-related. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	-0.0005										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0005**									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0005								

			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0114**							
				(0.005)							
Acquirer Advisor Ranking - Scheme #4					0.0061						
					(0.005)						
Acquirer Advisor Ranking - Scheme #5						0.0072					
						(0.005)					
Acquirer Advisor Ranking - Scheme #6							-0.0005*				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0005*			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0112*		
									(0.006)		
Second-Tier Acquirer Advisor - Scheme #8									0.0048		
									(0.007)		
Top-Tier Acquirer Advisor - Scheme #9										0.0106*	
										(0.006)	
Second-Tier Acquirer Advisor - Scheme #9										0.0033	
										(0.006)	
Acquirer Advisor Past Performance											0.1170***
											(0.013)
Leverage (Acquirer)	0.0156*	0.0337**	0.0333**	0.0335**	0.0345**	0.0344**	0.0337**	0.0337**	0.0344**	0.0345**	0.0162
	(0.008)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Target Relative Size	0.0036***	0.0024	0.0027	0.0025	0.0030	0.0029	0.0025	0.0025	0.0026	0.0026	0.0038*
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0024**	-0.0069***	-0.0064***	-0.0068***	-0.0059***	-0.0060***	-0.0068***	-0.0067***	-0.0067***	-0.0066***	-0.0012
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0083**	-0.0050	-0.0051	-0.0048	-0.0052	-0.0051	-0.0050	-0.0051	-0.0050	-0.0052	-0.0107*
	(0.003)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Firm Age (Acquirer)	0.0001*	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)

Cashflows (Acquirer)	0.0035	0.0003	0.0004	0.0002	0.0004	0.0004	0.0003	0.0003	0.0003	0.0004	-0.0100
	(0.015)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.035)
Big-4 Auditor (Acquirer)	-0.0043	-0.0060	-0.0060	-0.0059	-0.0057	-0.0058	-0.0059	-0.0060	-0.0058	-0.0057	-0.0159*
	(0.004)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.008)
Institutional Ownership (Acquirer)	-0.0110*	-0.0114	-0.0110	-0.0115	-0.0110	-0.0111	-0.0114	-0.0113	-0.0111	-0.0112	0.0070
	(0.006)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Public Target Dummy	-0.0157***	-0.0174***	-0.0174***	-0.0174***	-0.0176***	-0.0175***	-0.0175***	-0.0175***	-0.0175***	-0.0174***	-0.0147***
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Percent Cash	0.0001*	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0002**	0.0001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty (Acquirer)	0.0460*	0.0517	0.0528	0.0517	0.0545	0.0543	0.0520	0.0523	0.0524	0.0533	0.0902*
	(0.027)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)	(0.046)	(0.047)
Hostile Deal	-0.0127	-0.0023	-0.0026	-0.0027	-0.0031	-0.0032	-0.0022	-0.0023	-0.0030	-0.0029	
	(0.024)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	
Constant	0.0616***	0.0964***	0.0809***	0.0829***	0.0790***	0.0795***	0.0960***	0.0951***	0.0818***	0.0812***	-0.0459*
	(0.016)	(0.029)	(0.027)	(0.027)	(0.027)	(0.027)	(0.029)	(0.029)	(0.027)	(0.027)	(0.027)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	5,108	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,408
R-squared	0.037	0.076	0.075	0.076	0.074	0.075	0.076	0.076	0.075	0.076	0.120

<u>Table 66</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Tender Deals.

*Table 66 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for the sample of tender deals. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0044										
	(0.011)										
Acquirer Advisor Ranking - Scheme #1		-0.0001									
		(0.001)									
Acquirer Advisor Ranking - Scheme #2			0.0002								
			(0.001)								
Acquirer Advisor Ranking - Scheme #3				0.0068							
				(0.012)							
Acquirer Advisor Ranking - Scheme #4					-0.0023						
					(0.012)						
Acquirer Advisor Ranking - Scheme #5						-0.0041					
						(0.012)					
Acquirer Advisor Ranking - Scheme #6							-0.0001				
							(0.001)				
Acquirer Advisor Ranking - Scheme #7								-0.0001			
								(0.001)			
Top-Tier Acquirer Advisor - Scheme #8									-0.0017		

									(0.014)		
Second-Tier Acquirer Advisor - Scheme #8									0.0029		
									(0.017)		
Top-Tier Acquirer Advisor - Scheme #9										0.0062	
										(0.013)	
Second-Tier Acquirer Advisor - Scheme #9										0.0103	
										(0.015)	
Acquirer Advisor Past Performance											0.0715*
											(0.040)
Leverage (Acquirer)	-0.0103	0.0365	0.0364	0.0365	0.0370	0.0373	0.0368	0.0367	0.0368	0.0354	0.0631
	(0.031)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.055)
Target Relative Size	-0.0019	-0.0003	-0.0003	-0.0005	0.0001	0.0002	-0.0002	-0.0003	0.0001	-0.0005	-0.0021
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Firm Size (Acquirer)	-0.0115***	-0.0127***	-0.0127***	-0.0130***	-0.0120**	-0.0118***	-0.0125***	-0.0126***	-0.0122**	-0.0132***	-0.0097*
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Sales Growth (Acquirer)	-0.0043	-0.0206	-0.0206	-0.0210	-0.0202	-0.0198	-0.0205	-0.0205	-0.0201	-0.0207	-0.0157
	(0.011)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.023)
Firm Age (Acquirer)	0.0002	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0003
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0792**	0.1000**	0.1001**	0.0996**	0.0999**	0.0995**	0.0999**	0.0999**	0.1004**	0.1010**	0.0678
	(0.039)	(0.048)	(0.048)	(0.049)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.049)	(0.051)
Big-4 Auditor (Acquirer)	-0.0026	0.0090	0.0089	0.0087	0.0094	0.0094	0.0091	0.0090	0.0094	0.0088	0.0198
	(0.020)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.042)
Institutional Ownership (Acquirer)	0.0012	-0.0129	-0.0128	-0.0132	-0.0121	-0.0119	-0.0128	-0.0129	-0.0117	-0.0121	0.0042
	(0.024)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.045)
Public Target Dummy	0.1558**	0.1760***	0.1763***	0.1775***	0.1748***	0.1742***	0.1758***	0.1759***	0.1753***	0.1777***	0.1741***
	(0.076)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.022)
Percent Cash	0.0004*	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0370***	0.0323***	0.0324***	0.0320***	0.0326***	0.0326***	0.0323***	0.0323***	0.0327***	0.0326***	0.0346***
	(0.010)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)
Uncertainty (Acquirer)	-0.0041	-0.0459	-0.0464	-0.0482	-0.0417	-0.0415	-0.0448	-0.0456	-0.0418	-0.0469	0.0868
	(0.112)	(0.119)	(0.120)	(0.120)	(0.119)	(0.119)	(0.119)	(0.119)	(0.119)	(0.120)	(0.171)
Hostile Deal	-0.0232	-0.0309	-0.0311	-0.0318	-0.0308	-0.0307	-0.0308	-0.0308	-0.0316	-0.0331	-0.0330

	(0.025)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.028)	(0.028)	(0.039)
Constant	-0.1278	-0.1206*	-0.1245*	-0.1245*	-0.1258*	-0.1256*	-0.1226*	-0.1214*	-0.1255*	-0.1239*	-0.2696***
	(0.090)	(0.072)	(0.069)	(0.070)	(0.069)	(0.069)	(0.072)	(0.073)	(0.069)	(0.070)	(0.065)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	472	315	315	315	315	315	315	315	315	315	222
R-squared	0.218	0.249	0.250	0.250	0.249	0.250	0.249	0.249	0.250	0.251	0.247

<u>Table 67</u>: OLS Regression Analyses of the Effect of Acquirer Advisors' Presence and Reputation on Acquirer's Cumulative Abnormal Returns (-5 +5) for Non-Tender Deals.

*Table 67 presents the results of OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables, for non-tender deals. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)	Acq CAR (-5 +5)
Acquirer Advisor Presence	-0.0014										
	(0.003)										
Acquirer Advisor Ranking - Scheme #1		-0.0005**									
		(0.000)									

Acquirer Advisor Ranking - Scheme #2			0.0006**								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0108**							
				(0.005)							
Acquirer Advisor Ranking - Scheme #4					0.0088**						
					(0.004)						
Acquirer Advisor Ranking - Scheme #5						0.0084*					
						(0.004)					
Acquirer Advisor Ranking - Scheme #6							-0.0005**				
							(0.000)				
Acquirer Advisor Ranking - Scheme #7								-0.0005**			
								(0.000)			
Top-Tier Acquirer Advisor - Scheme #8									0.0090*		
									(0.005)		
Second-Tier Acquirer Advisor - Scheme #8									0.0079		
									(0.005)		
Top-Tier Acquirer Advisor - Scheme #9										0.0087*	
										(0.005)	
Second-Tier Acquirer Advisor - Scheme #9										0.0088*	
										(0.005)	
Acquirer Advisor Past Performance											0.1263***
											(0.011)
Leverage (Acquirer)	0.0171***	0.0374***	0.0370***	0.0374***	0.0378***	0.0378***	0.0375***	0.0376***	0.0375***	0.0368***	0.0177
	(0.007)	(0.012)	(0.013)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.012)	(0.013)	(0.013)
Target Relative Size	0.0043***	0.0031*	0.0033*	0.0032*	0.0034*	0.0034*	0.0032*	0.0032*	0.0034*	0.0033*	0.0043**
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0025***	-0.0082***	-0.0079***	-0.0081***	-0.0077***	-0.0076***	-0.0081***	-0.0080***	-0.0078***	-0.0079***	-0.0036**
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0066**	0.0016	0.0015	0.0016	0.0015	0.0016	0.0016	0.0015	0.0016	0.0014	-0.0013
	(0.003)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.005)
Firm Age (Acquirer)	0.0001**	0.0002*	0.0002*	0.0002*	0.0002*	0.0002*	0.0002*	0.0002*	0.0002*	0.0002*	0.0001

	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0030	0.0136	0.0139	0.0133	0.0136	0.0133	0.0136	0.0137	0.0139	0.0144	0.0264
	(0.012)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.033)
Big-4 Auditor (Acquirer)	-0.0013	0.0018	0.0017	0.0018	0.0020	0.0020	0.0018	0.0018	0.0019	0.0017	-0.0035
	(0.004)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Institutional Ownership (Acquirer)	-0.0099*	-0.0055	-0.0053	-0.0056	-0.0054	-0.0054	-0.0054	-0.0054	-0.0052	-0.0052	-0.0000
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Public Target Dummy	-0.0133***	-0.0209***	-0.0209***	-0.0210***	-0.0211***	-0.0210***	-0.0210***	-0.0210***	-0.0210***	-0.0208***	-0.0175***
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0001**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0027	0.0045	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0069*
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Uncertainty (Acquirer)	0.0337	0.0217	0.0227	0.0222	0.0237	0.0233	0.0223	0.0225	0.0236	0.0240	0.0395
	(0.021)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)
Hostile Deal	0.0308	0.0461	0.0463	0.0463	0.0455	0.0451	0.0460	0.0459	0.0460	0.0459	0.0485
	(0.069)	(0.074)	(0.073)	(0.073)	(0.072)	(0.072)	(0.074)	(0.073)	(0.073)	(0.072)	(0.077)
Constant	0.0615***	0.0846***	0.0704***	0.0719***	0.0703***	0.0698***	0.0839***	0.0830***	0.0699***	0.0705***	-0.0381*
	(0.013)	(0.024)	(0.023)	(0.023)	(0.023)	(0.023)	(0.024)	(0.025)	(0.023)	(0.023)	(0.020)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,039	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,176
R-squared	0.031	0.071	0.071	0.072	0.071	0.071	0.071	0.071	0.071	0.071	0.122

Robustness Check:

Table 68: Application of Heckman's Two-Stage Procedure – Robustness Check of Acquirer-Side Model on Advisor's Effect on CAR (-5 +5).

Table 68 presents the results stemming from the application of Heckman's two-stage procedure to address endogeneity concerns associated with selection bias that could lead to unreliable OLS estimates when evaluating the effect of the involvement of financial advisors on acquirers' short-term deal outcomes (CAR (-5 +5)). As a first stage, I estimate a Probit model explaining the choice of advisor by the acquiring firms, in order to derive an inverse Mills ratio for the observations. Then, this inverse Mills ratio is included in the second stage regression. The level of significance of this ratio can help determine if there is a self-selection bias or not (Greene, 2003). In the first stage, I include a variable that has an influence on the choice of advisor, but not on the on the outcome of the deal, which is "scope". This variable proxies for the extent to which the hiring firm uses the services of a top-tier advisor. Using data on different capital market transactions (equity issues, bond issues and M&As), "scope" is equal to: (a) 0, if no top-advisor has been employed, (b) 1 if the firm has relied on a top-advisor for one type of the capital market transactions; (c) 2 if the firm has relied on a top-advisor for 2 of the 3 types of transactions; and (d) 3 if the firm has used the services of a top-advisor for all 3 types of transactions. In the second stage, acquirer CAR (-5 +5) is the dependent variable; at this stage the "scope" variable is excluded, and the inverse Mills ratio is included.

	Public		Private		Subsidiary	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-5 +5)	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-5 +5)	Acquirer Advisor Ranking - Scheme #3	Acq CAR (-5 +5)
Big-4 Auditor (Acquirer)	0.2226	0.0006	0.4163*	-0.0055	0.2925	-0.0077
	(0.278)	(0.010)	(0.214)	(0.008)	(0.261)	(0.013)
Institutional Ownership (Acquirer)	0.8254**	0.0076	0.8497***	-0.0021	1.0061***	-0.0004
	(0.334)	(0.016)	(0.235)	(0.014)	(0.307)	(0.020)
Scope (Acquirer)	1.5469***		1.5559***		1.6639***	

	(0.167)		(0.120)		(0.168)	
Leverage (Acquirer)	0.0988	0.0306	-0.9686***	0.0200	-0.9288***	0.0193
	(0.356)	(0.022)	(0.272)	(0.016)	(0.334)	(0.021)
Target Relative Size	0.3143***	-0.0075**	0.3598***	0.0095***	0.3510***	0.0060*
	(0.062)	(0.003)	(0.047)	(0.003)	(0.060)	(0.004)
Firm Size (Acquirer)	0.2394***	-0.0111***	0.4256***	-0.0050	0.3892***	-0.0125***
	(0.059)	(0.003)	(0.050)	(0.003)	(0.068)	(0.004)
Sales Growth (Acquirer)	-0.1631	-0.0033	-0.0851	0.0016	-0.0436	0.0030
	(0.229)	(0.009)	(0.156)	(0.007)	(0.203)	(0.008)
Firm Age (Acquirer)	-0.0001	0.0001	0.0023	0.0002*	0.0042	0.0005**
	(0.004)	(0.000)	(0.003)	(0.000)	(0.004)	(0.000)
Cashflows (Acquirer)	1.9940**	0.0465	0.8868	0.0234	0.6953	-0.0101
	(0.890)	(0.037)	(0.541)	(0.040)	(0.921)	(0.072)
Percent Cash	0.0029*	0.0003***	0.0010	0.0000	-0.0002	-0.0000
	(0.002)	(0.000)	(0.001)	(0.000)	(0.002)	(0.000)
Related Deal	0.2772**	0.0126**	-0.0884	0.0090*	-0.2062	0.0125
	(0.118)	(0.006)	(0.096)	(0.005)	(0.138)	(0.008)
Uncertainty (Acquirer)	2.1245	-0.0009	2.2189***	0.0448	1.4123	0.1087
	(1.559)	(0.063)	(0.781)	(0.046)	(1.101)	(0.067)
Hostile Deal	-0.6638	0.0280				
	(0.780)	(0.042)				
Inverse Mills Ratio		-0.0072		-0.0062		-0.0101
		(0.007)		(0.005)		(0.007)
Constant	-4.1655***	0.0386	-5.2301***	0.0896***	-4.7471***	0.1649***
	(0.715)	(0.042)	(0.479)	(0.034)	(0.720)	(0.048)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES
Observations	965	922	1,539	1,476	737	697
R-squared		0.100		0.079		0.132

Table 69: OLS Regression Analyses of the Effect of the Acquirer's Advisor's Presence and Reputation on the Acquirer's CAR (-5 +5), Controlling for the Presence and Reputation of the Target's Advisor.

*Table 69 presents the results of the OLS regressions involving acquirer's CAR (-5 +5) as the dependent variable, and acquirer advisor's presence (model 1), reputation (9 proxies: models 2 to 10), and past performance (model 11) as the independent variables. These models specifically control for the presence (model 1) or quality of the target's advisor (reputation (model 2 to 10) or past performance (model 11)). The regression models also include various control variables. All variables are defined in Tables 1, 2, and 3. All models control for year- and industry-fixed effects whose coefficients have been omitted. Robust standard errors are in parentheses. The symbols ***, **, *, are statistical significance at 1%, 5%, and 10% levels, respectively. Observations denote the number of cases for which we have complete data, and which were used in the corresponding regression models.*

VARIABLES	(1) Acq CAR (-5 +5)	(2) Acq CAR (-5 +5)	(3) Acq CAR (-5 +5)	(4) Acq CAR (-5 +5)	(5) Acq CAR (-5 +5)	(6) Acq CAR (-5 +5)	(7) Acq CAR (-5 +5)	(8) Acq CAR (-5 +5)	(9) Acq CAR (-5 +5)	(10) Acq CAR (-5 +5)	(11) Acq CAR (-5 +5)
Acquirer Advisor Presence	0.0003										
	(0.003)										
Target Advisor Presence	-0.0026										
	(0.002)										
Acquirer Advisor Ranking - Scheme #1		-0.0002									
		(0.000)									
Target Advisor Ranking - Scheme #1		-0.0002									
		(0.000)									
Acquirer Advisor Ranking - Scheme #2			0.0003								
			(0.000)								
Target Advisor Ranking - Scheme #2			0.0001								
			(0.000)								
Acquirer Advisor Ranking - Scheme #3				0.0066							
				(0.005)							
Target Advisor Ranking - Scheme #3				0.0052							
				(0.005)							
Acquirer Advisor Ranking - Scheme #4					0.0031						

	(0.005)						
Target Advisor Ranking - Scheme #4	0.0035						
	(0.005)						
Acquirer Advisor Ranking - Scheme #5		0.0027					
		(0.005)					
Target Advisor Ranking - Scheme #5		0.0050					
		(0.005)					
Acquirer Advisor Ranking - Scheme #6			-0.0002				
			(0.000)				
Target Advisor Ranking - Scheme #6			-0.0002				
			(0.000)				
Acquirer Advisor Ranking - Scheme #7				-0.0002			
				(0.000)			
Target Advisor Ranking - Scheme #7				-0.0002			
				(0.000)			
Top-Tier Acquirer Advisor - Scheme #8					0.0039		
					(0.006)		
Second-Tier Acquirer Advisor - Scheme #8					0.0047		
					(0.006)		
Top-Tier Target Advisor - Scheme #8					0.0032		
					(0.005)		
Top-Tier Acquirer Advisor - Scheme #9						0.0057	
						(0.005)	
Second-Tier Acquirer Advisor - Scheme #9						0.0086*	
						(0.005)	
Top-Tier Target Advisor - Scheme #9						0.0043	
						(0.005)	
Acquirer Advisor Past Performance							0.1152***
							(0.013)
Target Advisor Past Performance							0.0057

											(0.012)
Leverage (Acquirer)	0.0159**	0.0287**	0.0286**	0.0283**	0.0289**	0.0289**	0.0288**	0.0287**	0.0288**	0.0276*	0.0194
	(0.006)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.016)
Target Relative Size	0.0040***	0.0009	0.0014	0.0008	0.0014	0.0012	0.0012	0.0010	0.0014	0.0009	0.0014
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Firm Size (Acquirer)	-0.0031***	-0.0075***	-0.0069***	-0.0077***	-0.0068***	-0.0070***	-0.0072***	-0.0074***	-0.0069***	-0.0075***	-0.0051***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Sales Growth (Acquirer)	-0.0066**	0.0003	0.0004	0.0004	0.0003	0.0004	0.0004	0.0003	0.0004	0.0003	0.0048
	(0.003)	(0.007)	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Firm Age (Acquirer)	0.0001*	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Cashflows (Acquirer)	0.0071	0.0271	0.0270	0.0269	0.0270	0.0272	0.0270	0.0271	0.0270	0.0278	0.0401
	(0.011)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.037)
Big-4 Auditor (Acquirer)	-0.0012	0.0020	0.0020	0.0020	0.0022	0.0021	0.0021	0.0020	0.0022	0.0018	-0.0028
	(0.003)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Institutional Ownership (Acquirer)	-0.0097*	0.0001	0.0003	-0.0001	0.0004	0.0004	0.0002	0.0002	0.0005	0.0007	0.0114
	(0.005)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)
Public Target Dummy	-0.0076***	-0.0153***	-0.0156***	-0.0151***	-0.0155***	-0.0153***	-0.0154***	-0.0153***	-0.0154***	-0.0152***	-0.0090**
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Percent Cash	0.0001***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***	0.0002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Related Deal	0.0050**	0.0084**	0.0085**	0.0085**	0.0085**	0.0086**	0.0085**	0.0085**	0.0085**	0.0086**	0.0109**
	(0.002)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Uncertainty (Target)	0.0278	0.0454	0.0462	0.0459	0.0472	0.0472	0.0461	0.0460	0.0468	0.0466	0.0497
	(0.021)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	(0.047)
Hostile Deal	-0.0082	0.0094	0.0096	0.0092	0.0100	0.0098	0.0096	0.0094	0.0096	0.0089	0.0595
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.077)
Constant	0.0635***	0.0788***	0.0645***	0.0681***	0.0644***	0.0649***	0.0758***	0.0773***	0.0646***	0.0668***	-0.0582**
	(0.012)	(0.025)	(0.022)	(0.022)	(0.022)	(0.022)	(0.026)	(0.026)	(0.022)	(0.022)	(0.027)
Year Fixed-Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry-Fixed Effect	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	8,511	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	1,635
R-squared	0.032	0.077	0.076	0.077	0.076	0.076	0.076	0.076	0.076	0.077	0.127