

DOES CORPORATE GOVERNANCE MATTER IN THE MARKET RESPONSE TO MERGER ANNOUNCEMENTS?

Evidence from the U.S. and Germany

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April 2004

German executives can make misleading statements regarding merger activities while U.S. executives must either state “no comment” or provide a truthful statement. Do these differences in corporate governance standards cause differences in the market response to merger announcements? A sample of German and U.S. firms that announced acquisition plans between 1995 and 1999 suggests that for smaller firms, merger news has no significant impact on cumulative abnormal returns for German firms but a significant positive impact for U.S. firms. Large German firms, however, have similar experiences to large U.S. firms, as do German firms listed on a U.S. stock exchange, which require greater disclosure requirements. Aside from the smaller-firm effect, the evidence is consistent with no price-relevant differences arising from the differences in corporate governance rules.

JEL Classification: G34

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I. INTRODUCTION

This paper addresses the following question: Does the market response to a merger announcement depend upon the regulations applying to corporate disclosure? Cross-country differences in securities laws and enforcement result in countries where firm executives must answer public questions about merger talks truthfully or else offer “no comment” while in other countries it is possible to make statements that the public may view as misleading. Laws and enforcement practices in the United States allow a response of “no comment,” but if an agent of a firm chooses to speak about a merger, no misleading statements are permitted. In other countries, securities laws and their interpretation allow for potentially misleading statements by firm executives. Germany offers an example in this regard. Under German practice, an agent may choose to make statements that may be viewed by investors as misleading. Because of the institutional differences, Germany and the United States form a useful cross-country pair to examine the market response to merger announcements in the context of their corporate governance differences.

These differences are illustrated in a recent case brought in the New York federal court. A group of investors sued Deutsche Bank and its CEO, Rolf-Ernst Breuer, claiming that he misled the public on Deutsche Bank intentions regarding the takeover of Bankers Trust Corp. Takeover speculation had led Bankers Trust’s stock price to rise about 30 percent in one week. In an interview that appeared in the German news

magazine *Der Spiegel* on October 26, 1998, Mr. Breuer commented that no merger was forthcoming. On that day, Bankers Trust's stock price fell 6 percent. After the takeover was publicly announced on November 29, the shareholders filed a class action lawsuit against Deutsche Bank, claiming that they had sold the stock in response to Mr. Breuer's comments. Under U.S. law, if Deutsche Bank was, indeed, involved in takeover negotiations, Mr. Breuer was obliged to either make no statements, or else no misleading statements. This is because of the U.S. Supreme Court ruling in 1988, which stated that a firm could be sued if it falsely denied engaging in merger negotiations. For this reason, U.S. executives routinely state "no comment" when asked if they are engaged in takeover negotiations.

The New York judge ruled that a key to the Deutsche Bank case was the meaning of the German word "Übernahmegespräche".¹ The plaintiffs' translator stated that Übernahmegespräche "encompasses a spectrum of talks about a takeover ranging from preliminary, exploratory talks up through and including the formal structured talks understood by ..[the defendants]." The defendants' translator stated that Übernahmegespräche "refers to a relatively advanced stage of discussions between the two business entities contemplating the purchase of one by the other." The emphasis of the translations reflects the fact that past U.S. cases have depended upon whether talks were in preliminary or advanced stages. This is a case where U.S. law is interpreted and enforced differently than German law. In Germany, Mr. Breuer's statements did not set off a controversy and legal challenge.

¹ A good description of the case is found in the *Wall Street Journal* article "Lawsuit Hinges on a Word—and What a Word!" February 12, 2002, p. C1.

The case of E.On AG, which as a former entity, Veba AG was sued for fraud by the U.S. Securities and Exchange Commission (SEC) for, allegedly, misleading investors by denying merger talks with Viag AG (only days before the merger was announced) represents another example of differences in German-U.S laws regarding merger statements. Following the SEC's inquiry into the Veba denial, German regulators announced that the SEC inquiry is of no concern in Germany as denying merger talks is not a violation of any German law.

Recently, U.S. attorneys filed a lawsuit against Deutsche Telekom alleging that the company misled investors who bought a new issue of American depositary receipts by not disclosing that it was in advanced talks to buy VoiceStream. The stock offering was on June 19, 2000, and then on July 24, 2000, Deutsche Telekom announced the takeover. The above cases illustrate the differences in how German and U.S. firms provide public information prior to a takeover.

As described above, the differences in corporate governance laws in these two markets make for an interesting case study of the impact of merger news. One would expect that takeover announcements by U.S. firms are more likely to be news and, therefore, embedded in price than in the case of German firms, where the closely-held nature of firms and greater likelihood of insider trading would provide a greater opportunity for trading ahead of the announcement.

To explore the issues raised above, the paper will proceed as follows. Section II provides a brief overview of important differences between U.S. and German securities market regulations and practices. Section III presents evidence related to the effect of

merger announcements in Germany and the United States. Finally, Section IV provides a summary and conclusions.

II. OVERVIEW OF DIFFERENCES BETWEEN GERMAN AND U.S. REGULATIONS AND PRACTICES

This paper does not attempt to provide a comprehensive view of differences in regulations and practices between German and U.S. securities markets. Such an undertaking goes well beyond the scope of this paper.² The goal in this section is to highlight the important differences that may affect the impact of merger announcements on share prices. This is accomplished by offering a brief overview of key areas.

Insider Trading

In 1994, German law established a definition of prohibited insider-trading activities.³ This was considered a major step, as it was the first time that a legal mandate was specifically established. Prior to the insider-trading law, Germany relied upon voluntary self-regulation as a deterrent to insiders profiting from their private information. In the United States, case law has been used to establish what is considered to be inappropriate behavior by insiders. The U.S. experience does not rely on a list of activities prohibited by government decree, but on the evolving history of case outcomes to establish culpability.

² A more detailed overview is given in Boehmer (1999) and Hopt (2003).

³ On July 26, 1994, Germany passed the Second Act on the Promotion of Financial Markets. This law implements the European Insider Dealing Directive of November 13, 1989 and created the Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*). In addition, the law established The Federal Securities Supervisory Office which was recently transformed into the German Financial Supervisory Authority. A detailed description of the law and its practical implementation can be found in Kleimeier-Ros and Whidbee (2001).

Major banks in Germany assume a key role in the oversight of insider trading.⁴ Because of the important role that universal banks play in block share holding and corporate control in Germany, they are in a key monitoring position. Major banks are required to have a compliance officer monitor material events that confer inside information, while at the same time, monitoring security transactions by bank employees. Any questionable activities are to be reported to the federal supervisory office in charge of enforcement. Because insider trades must become public information, executives of U.S. firms are required to report security trades to the SEC.⁵

The U.S. SEC requires anyone guilty of insider-trading to disgorge ill-gained profits. In addition, fines and/or prison sentences may be levied. German law does not require the guilty to return the profits from insider trading, but the guilty parties typically offer to return profits voluntarily as a sign of goodwill to the court to increase the chance of no significant punishment. The German court may order the guilty to make a charitable contribution and can also impose imprisonment. Injured parties suffering damages from insider trading may bring civil suits in both Germany and the United States.

In a recent article devoted to estimating the effect of insider trading laws on the cost of capital across countries, Bhattacharya *et al.* (2002) rated countries from 0 (worst) to 5 (best) in terms of shareholder rights. Countries with a ranking of 5 included Hong Kong and the United States. Countries with a ranking of 1 included Colombia, Jordan,

⁴ The German banking industry is dominated by the universal banks, which engage in all types of banking business. They may be grouped into three categories, according to their legal form: Private commercial banks, cooperative banks (*Volks- und Raiffeisenbanken*), and public-sector banks.

⁵ However, there is a lag between actual trades and the ultimate reporting of those trades on SEC Form 4. In order to improve transparency and fairness in U.S. stock markets, the SEC approved Regulation Fair Disclosure on August 10, 2000. At the same time, the SEC issued Rule 10b5-1 which permits insiders to sell their companies' shares under a pre-arranged, written trading plan.

Venezuela, Switzerland, and Germany. The fact that two of the wealthiest countries in the world, Germany and the United States, have such different investor protection systems makes for a particularly interesting sample for our purposes.

Role of Banks and Large Blockholders

Universal banks in Germany play a much larger role in corporate matters than in the United States. Major German banks act as lenders, underwrite share issues, hold major equity positions, serve as stock exchange market makers, hold corporate board positions, and exercise proxy votes for shares held by small shareholders. This allows the major banks to have a significant advantage in monitoring corporate management performance. Boehmer (2000) analyzed whether the presence of large blockholders and universal banks in Germany, are better situated to oversee management decisions and ensure the quality (and present value) of takeover decisions. This would be in contrast to the U.S. case of more diffused ownership and less oversight of management by shareholders (although with some offsetting benefit of more U.S. minority shareholder protection).⁶ Boehmer (2000) finds that majority owners are not associated with better takeover decisions, but large blockholders with less than 50 percent controlling interest do serve an important monitoring role. In particular, if a bank holds the second- or third-largest stake then takeover quality is improved by their oversight (in terms of shareholder wealth). The most value-reducing takeovers, however, are associated with cases where a bank holds the largest stake in an acquiring firm. In this sense, large bank blockholders do not guarantee better management decisions and may, in fact, be associated with worse decisions from the minority shareholders' perspective.

⁶ This contrast is well documented in the study by Becht and Boehmer (1999). For example, they show that 85 percent of all German stock corporations listed on the official market have a dominant shareholder who controls more than 25 percent of the voting rights.

Role of Labor and Corporate Control

German laws concerning “Mitbestimmung” or codetermination require that any corporation must reserve one third or one half of the seats on its supervisory board (board of directors) for employee representatives.⁷ Corporations (AGs, KGaAs, GmbHs) with more than 2000 employees are required by the Codetermination Act of 1976 to have a fifty-fifty representation of capital and labor on the board. As with large corporations in the United States, the board oversees and approves major management decisions. Unlike boards in the United States, the German board reduces shareholders’ rights to control board voting and oversight of the firm’s assets. There is strong evidence that the composition of the board affects shareholder value. Gorton *et al.* (2002) reports an equal representation discount of 26 percent. In the United States, it is generally thought that those who bear the risks of a firm’s performance in terms of equity should have control over outcomes. While there is always debate over the reality of U.S. separation of management and ownership, Germany has institutionalized separation via the worker influence on the board. In addition to the issue of ownership and control, the broader representation on the German board may permit greater leakage of important corporate decisions prior to public knowledge. However, this will assume that capital wants labor to be well informed. Roe (1998) makes a number of arguments that would suggest the opposite to be true. The merger of Daimler/Chrysler is a good example in this regard as shown by Neubauer *et al.* (2000). Due to the large size of the supervisory board (20 members), the board of management (*Vorstand*) kept total secrecy about the deal without informing the supervisory board about the progress of the merger deal. The supervisory

⁷ There are different laws governing German codetermination. See Gorton and Schmid (2002) for details. Besides the board level, there is the shop floor level where employees and unions may exercise their influence.

board was officially informed on May 6, 1998, i.e. one day before the joint press conference in London.⁸ The management board of Daimler agreed on the fact that the deal would be dead if the supervisory board had been informed in time.

Accounting Regulations

U.S. and German accounting regulations differ in terms of pension costs, goodwill, asset reserves, asset revaluation, foreign currency translation, and tax issues. Also, German firms were not required to provide a cash flow statement in their financial statements. Since at least 1998, German business combinations (*Konzerne*) are obligated to disclose a cash flow statement within the annex of notes if the firm is listed on an organized securities market according the definition of the Securities Trading Act (*WpHG*).⁹ Key differences between U.S. Generally Accepted Accounting Principles (GAAP) and German accounting regulations were highlighted when Daimler-Benz listed on the New York Stock Exchange in 1993.¹⁰ Such listings require filing financial statements with the SEC that fully conform to U.S. GAAP. Under German accounting standards, Daimler-Benz reported a 1993 profit of DM168 million. Under U.S. GAAP, the firm reported a loss of almost a billion marks for the same period. While it is known that such dramatic outcomes as in the Daimler Benz case are not generally found, it serves to underscore that the quality of public disclosure may differ considerably across countries when firms are held to different accounting standards.

⁸ On May 6, the first rumor about the deal appeared in the Wall Street Journal. In contrast to the Chrysler board, the Daimler supervisory board did not approve the deal before the announcement. This happened one week later, on May 14, 1998.

⁹ This is due to the German legislature enacting the Law on Control and Transparency of the Firm (*Gesetz zur Kontrolle und Transparenz im Unternehmensbereich, KonTraG*). In January 2003, the Law on Transparency and Disclosure (*Transparenz und Publizitätsgesetz, TransPuG*) extends the financial disclosure requirements to capital market oriented business combinations which are obliged to provide a cash flow statement as an independent part of the consolidated annual report, along with reports on equity and business segments.

¹⁰ See Daimler-Benz (1993).

Public Disclosure of Takeovers

Before January 1995, German acquirers were not required to publicly announce their interests in acquiring another company.¹¹ As discussed in Boehmer (2000), acquirers were required to notify the target management if they intended to acquire more than 25 percent of the target's voting rights. No public announcement or statement to target shareholders was required. This changed in January 1995, when firms listed on the German stock market faced a public notification requirement. As discussed in the introduction, while Germany has a regulation requiring public disclosure, this regulation has been interpreted quite liberally, so that public statements may not be made until the deal is arranged. Further, a German executive may deny takeover rumors even though negotiations are ongoing. This may allow for a long window of opportunity for insiders to exploit the knowledge that takeover talks are progressing. As stated in the introduction, U.S. firms must disclose truthfully if they make any public statements regarding takeover talks or else state "no comment".

¹¹ Until the end of 2001 Germany had no specific law governing takeovers. However, a Takeover Code was introduced in 1995 as a means of self-regulation. Unfortunately, most of the firms did not commit to the code. On January 1, 2002 the Takeover Act entered into force and replaced the Takeover Code.

III. EMPIRICAL ANALYSIS

In this section we examine the differences in the market response to takeover announcements in Germany and the United States. We will first discuss the methodology used for estimation and then discuss the data set before proceeding to the results.

Methodology

We use a standard event-study methodology to estimate abnormal returns around takeover announcements. Our event period is from 5 days prior to the news to 5 days after the news. Normal returns are established by estimating a standard market model for a pre-event sample of 150 business days prior to the event period. The model estimated is:

$$(1) R_{it} = a_i + b_i R_{mt} + e_{it} \text{ with } E(e_{it}) = 0 \text{ and } \text{Var}(e_{it}) = \sigma_{ei}^2$$

where R_{it} denotes the return on firm i 's stock at time t ; R_{mt} , the market return at time t ; a and b are coefficients to be estimated and e is the error term for security i . With the coefficient estimates \hat{a} and \hat{b} from equation (1), the abnormal return during the event period is given by:

$$(2) AR_{it} = R_{it} - \hat{a}_i - \hat{b}_i R_{mt}$$

A t-statistic for the abnormal returns is found by dividing AR_{it} by the estimated standard error of the regression σ_{ei}^2 .

Hypothesis tests on the abnormal returns for a cross-section of firms can be performed by averaging the abnormal returns across firms for each day in the event period:

$AR_t = \sum_i AR_{it} / N$, where N is the number of firms. Tests of the persistence of the

abnormal return can be performed on the cumulative abnormal return, which is the sum

of the daily abnormal returns between the period $t2-t1$: $CAR_{i,t2-t1} = \sum_{t=t1}^{t2} AR_{it}$.

Hypothesis testing is based upon the following Z score:

$$Z = \frac{\overline{CAR}(t1,t2)}{[\sigma_i^2(t1,t2)]^{1/2}} \sim N(0,1), \text{ where } \sigma_i^2 = (t2-t1+1)\sigma_{ei}^2$$

Data

We assembled a sample of German and U.S. firms that announced acquisition plans over the 1995-1999 period. 1995 was chosen as the starting year because the insider-trading law in Germany was instituted in 1994 and in force all of 1995. First, we compiled a list of all U.S. acquirer firms listed on the New York Stock Exchange (NYSE) in the United States and all German acquirer firms listed as public companies in Germany. The U.S. data source is the SDC Worldwide Mergers and Acquisitions database. The German data are from Thomson Financial.¹² Next, we identified the largest 50 U.S. acquirer firms in terms of market capitalization and the top 50 German acquirer firms in terms of trading volume. There were some problems with determining firm size correctly in Germany, but the stock volume data are not open to interpretation and indicate those German firms that command significant attention from investors.¹³ In the appendix, Table 1 lists the German acquirer firms along with the date of the announcement, and the target firm where Table 2 provides the same information for the U.S. firms.

¹² The data from Thomson Financial were checked against the announcement dates found in the Boersenzeitung, the Handelsblatt, and the filing database provided by the Bundeskartellamt (Federal Cartel Office) to ensure that we have the earliest date of announcement.

¹³ The fact books of the Deutsche Boerse AG suggest a strong relation between firm size and trading volume, hence we expect no bias from the use of volume as a size proxy for German firms.

Daily closing stock prices were gathered for each U.S. firm from the Center for Research in Security Prices (CRSP) and used to estimate the abnormal returns. For the German stock market, daily closing prices were taken from the capital market database at the University of Karlsruhe.¹⁴ The market return for the U.S. firms is taken as the S&P 500 index return, whereas for German firms the DAX 100 index return is used. The estimation for each firm uses only non-overlapping periods. The results may be biased if the “normal” return period for one firm event includes the day of another event for that firm.¹⁵ As can be seen in Tables 1 and 2, big acquirer firms are involved in multiple mergers during our sample period.

Estimation Results

In order to efficiently summarize a large number of estimation results, we first present the cross-firm average cumulative abnormal returns (CARs) for the merger news event day (day 0) and 5 days before and after the event day in Figures 1a and 1b.

FIGURE 1a ABOUT HERE

FIGURE 1b ABOUT HERE

Two standard error bounds are drawn around the CARs. Figure 1a illustrates that in the case of abnormal returns for German firms, the CARs are all positive and on days –3 and 0 one can reject the hypothesis that the CARs equal zero. For U.S. firms, Figure 1b shows that the CARs are statistically significantly negative for days –4 to 0 and then

¹⁴ The closing prices are from the floor of the Frankfurt Stock Exchange which is a specialist centered floor based auction market like the New York Stock Exchange.

¹⁵ However, we find that the results using all observations are qualitatively the same as those with only non-overlapping observations.

significantly positive on days 3 to 5. So a cross-firm average of CARs suggests that the market anticipates the merger news in both countries, although the effect of an anticipated merger is negative for U.S. firms and positive for German firms. Then on the day of the news, the CAR is positive for share prices in Germany, but stays negative for the U.S. prices. In the U.S. case, there is a follow-on effect in days after the news of a positive impact on share prices.

One interpretation of the results summarized in Figures 1a and 1b is that the abnormal returns in Germany before the merger announcement properly anticipate the effect of the news as there is a positive CAR on day -3 and then a positive CAR on the event day. So German trading prior to the event may reflect a proper discounting of the forthcoming event. In the U.S. case, the abnormal returns reflect trading prior to the news that appears to incorrectly anticipate the sign of the CAR associated with the merger news as the cumulative effect of the news by day 3, continuing through day 5 is positive. This suggests that U.S. trading in anticipation of the merger news effect on share prices appears to incorrectly anticipate the ultimate effect. Then a few days of “correction” appears to follow the news to offset the earlier negative abnormal returns.

To gain further insight into the implications of these findings, cross-section regressions are estimated across all individual firms with fixed-effects for country. Additionally, the country dummies are interacted with a size dummy to determine if large firms experience a different abnormal return pattern than small firms. We define a U.S. (German) firm as large by a market capitalization (yearly trading volume) that is in the top one-third of our sample. This includes German firms with a trading volume greater

than \$25 billion and U.S. firms with a market capitalization of \$75 billion and beyond.¹⁶

Table 3 contains the estimation results.

TABLE 3 ABOUT HERE

Table 3 is split into three parts. Table 3a reports results for the CARs over the five-day period prior to the news. Table 3b reports the abnormal return event day results. Table 3c contains CAR results for the five-day period following the merger news. Table 3a, shows that the negative CARs depicted in Figure 1b for the U.S. firms prior to the event day reflect a smaller-firm effect. For the largest U.S. firms, the CARs are positive. For these pre-announcement days, large U.S. firms have similar results to those of German firms. The interactive term, German*Big, indicates that the largest German firms have larger CARs than the smaller German firms, but all German firms experience CARs that are statistically significantly greater than zero.

Table 3b indicates that on the day of the merger news, German and U.S. firms have similar effects. Larger firms have significantly larger abnormal returns on the event day than smaller firms, but firms in both countries experience positive abnormal returns on average.

Table 3c indicates that on the five days following the merger news, smaller German firms experience negative CARs on average. The larger German firms have positive CARs so this difference in sign between large and small German firms is why

¹⁶ The non-overlapping event sample contains 391 observations which includes 52 German firms, of which 16 had a yearly trading volume greater than \$25 billion. There are 52 German firms since Daimler Benz and Daimler Chrysler and Hoechst and SGL Carbon are included as individual entities. There are 50 U.S. firms, with 16 having a market capitalization greater than \$75 billion.

Figure 1a presented CARs for all German firms that did not differ significantly from zero. Larger U.S. firms have larger CARs than smaller U.S. firms, but both classes of U.S. firms experience positive CARs on average.

The overall message of Table 3 seems clear; the largest firms in both countries experience similar patterns of abnormal returns around merger news. This is a pattern of a positive impact on share prices before the merger announcement, on the day of the announcement, and in days following the announcement. The differences occur among smaller firms. The results indicate that smaller firms in the US have negative CARs in the pre-announcement period while smaller German firms experience positive CARs. Then, in the post-announcement period, smaller German firms experience negative CARs while smaller U.S. firms experience positive CARs.

The positive announcement returns for acquiring firms in the U.S. are in contrast to previous merger studies for the U.S. Fuller *et al.* (2002) review the related literature and document a zero abnormal return on the announcement date of the acquisition.¹⁷ Our results for the German firms are consistent with Boehmer (2000) who found significantly positive CARs for event windows of different sizes. Also Atkar *et al.* (2002) obtain positive CARs for a sample of European business combinations, which are significant at the 10 percent level for acquiring firms.

Implications of Results

At first glance the empirical results suggest that there are no differences in corporate governance between Germany and the United States in the market response to merger news. The discussion in sections I and II might suggest that insider trading is

¹⁷ This study also shows that there is a very great variation in these returns. For example, results vary with respect to the target being public or private. Contrary to our study, Fuller *et al.* (2002) try to explain the variation in acquirer returns due to characteristics of the firms involved in the merger deal.

more likely in Germany or investors are more likely to be misled by German corporate officers around merger events. The empirical results in section III, however, indicate that for the largest firms, the behavior of share prices around merger news is the same for German and U.S. firms. So there is nothing in the results for the largest firms to indicate any difference across countries.

Smaller firms in each country do have some systematic differences in share price behavior around merger news. U.S. smaller firms have negative CARs, on average, prior to the news while German smaller firms have negative CARs after the news day, on average. In the pre-event window, the evidence is consistent with trading based on better information in Germany than in the U.S., as German price movements appear to correctly anticipate the abnormal return on the news day while U.S. trading results in CARs with the opposite sign from the news day effect. Then in the post-announcement window, the negative CAR for smaller German firms partially offsets the earlier positive CARs. Smaller U.S. firms have statistically significant positive CARs after the event that more than offset the earlier pre-event negative CARs. This is consistent with the U.S. news having a larger permanent effect on share prices than in Germany for smaller firms.

The fact that the only qualitative differences between German and U.S. acquirer firms is for smaller firms, may indicate that the larger firms have no price-relevant differences in corporate activities around mergers. One factor that might contribute to this similarity between large firms in each country would be for large German firms to have stock listings in the United States and, therefore, more closely follow U.S. disclosure standards. To determine if this is a factor, we examine which German firms were listed in the U.S. stock market. Since firms that list in the U.S. must disclose

information that differs from what is required domestically, it is possible that, rather than size, it is this greater disclosure that explains the similarities between large German and large U.S. firms. Twenty-three of the German acquirer firms used for estimation were also listed in the U.S. Of the 27, seven are listed on the New York Stock Exchange and must comply with the same rules and regulations as U.S. firms.¹⁸ Five of these seven firms are in the category of “big” German firms while two (Fresenius Medical Care and SGL Carbon) firms fall in the smaller firm category. To test for an independent effect of a U.S. listing, cross-section models are estimated with the incorporation of an additional explanatory variable, German*USlist. This variable interacts the dummy variable for German location with a dummy variable for listing on a U.S. stock exchange. Table 4 reports these results.

TABLE 4 ABOUT HERE

In Table 4, the evidence indicates that accounting for a U.S. listing does not reduce the significance of the size effect. So apart from German firms that must report financial statements conforming to U.S. GAAP, there is an independent effect of large firms having larger abnormal returns. The coefficient on the interactive term for U.S.-listed firms from Germany differs over the three sample periods. There is a negative effect prior to the news day, a positive effect on the news day, and a negative effect following the news day. All effects have p-values of 0.00. The most interesting finding is that abnormal returns for German firms that trade on the New York Stock Exchange have similar patterns to the U.S. firms. In the pre-announcement window, there is a

¹⁸ These include: BASF, Daimler Benz, Deutsche Telekom, Fresenius Medical Care, SAP, SGL Carbon, and Veba. The other U.S. listed firms are traded in the OTC market or are Rule 144a ADRs and therefore exempted from the full disclosure rules applied to exchange-listed firms.

negative effect for both the U.S. and German*USlist dummies and then both of these coefficients turn positive in the announcement and post-announcement windows. So besides large firms in each country having similar effects of a merger announcement, those German firms that are listed on a U.S. exchange also behave like U.S. firms. The only difference that exists between German and U.S. firms around merger announcements is for smaller firms, where German firms not listed on a U.S. exchange have positive CARs pre-news and negative CARs post-event while U.S. firms have negative and then positive CARs for the pre- and post-event periods respectively.

Given the statistically significant pre-announcement effects for both country samples, one cannot say that the merger news was unexpected. However, the fact that the pre-news-day U.S. effect for smaller firms was opposite in sign to the news-day and post-news-day effects is consistent with the market anticipating the merger news to adversely effect firm value. Yet, the actual effect of the announcement is seen to be associated with positive abnormal returns. Thus, information in the U.S. in the pre-news period does not seem to be as good as in the case of Germany where smaller firms have pre-news abnormal returns that accurately anticipate the news-day effect. However, in the German case, the post-event negative CAR is consistent with some reversion to the prior price level as if the market had overreacted to the expected announcement effect.

IV. CONCLUSIONS

It is well known that differences exist between German and U.S. corporate governance standards. This is particularly noteworthy in the area of disclosure around merger events. German executives can deliberately make misleading statements regarding merger activities while U.S. executives must either state “no comment” or else provide a truthful statement. The major focus of the research in this paper is to determine whether these differences in disclosure standards result in different share price behavior around merger news.

A sample of German and U.S. firms that announced acquisition plans in the 1995-1999 period was collected to determine if such a difference exists. The year 1995 was chosen as the starting period due to the insider-trading law passed in Germany in 1994. Measures of abnormal returns were created over the period from five days prior to five days after the merger news. Cumulative abnormal returns averaged across all firms indicate that the merger news event is associated with a positive impact for U.S. firms and no significant impact for German firms. So, the most aggregated evidence is consistent with the market having already discounted the merger news in Germany so that the announcement is really not price-relevant “news.” This is the sort of effect one might expect if insider trading occurred prior to the announcement event. The aggregated evidence for U.S. firms are consistent with the merger news causing significantly positive cumulative abnormal returns suggesting that the news impact was not already fully discounted by the market.

A finer breakdown of the sample provides some evidence that the differences between German and U.S. firms is not as simple as just suggested. The evidence indicates

that larger firms in Germany and the U.S. have similar experiences. The cumulative abnormal returns are positive both before and after the merger news and there is also a positive abnormal return on the news day. Controlling for this large firm effect, we also find that German firms that are traded on a U.S. stock exchange behave like smaller U.S. firms. There is a negative cumulative abnormal return prior to the merger news event and then a positive event day abnormal return followed by a positive post-event cumulative abnormal return. Only for smaller German firms not listed on a U.S. exchange do results differ. In this case, there is a positive cumulative abnormal return in the pre-event period and then a negative cumulative abnormal return in the post-event period. Smaller U.S. firms have just the opposite pattern.

The results for larger firms and those German firms that are traded on a U.S. stock exchange indicate that there is no generalized difference between the market response to merger news between German and U.S. firms, despite the distinct differences in rules relating to disclosure and public statements. While market participants are rightly concerned over investor protection and corporate governance rules, the bottom line on merger announcements is generally suggestive that no substantive differences exist despite sharp differences in the rules related to public statements around merger news in the U.S. and Germany.

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Table 1
German Acquirer Firms

Date	Acquirer	Target
19950125	Dresdner Bank AG	Kleinwort Benson Group PLC
19950125	VEBA AG	Cable & Wireless PLC
19950209	Bilfinger & Berger Bau AG	Entreprise Razel Freres
19950210	Hoechst AG	Caraplas Ltd-Production Rights
19950210	Bayerische Vereinsbank AG	Undisclosed Polish Banks(2)
19950227	BASF AG	DuPont-Idemitsu(EI du Pont)
19950227	Gehe AG(Franz Haniel & Cie)	AAH PLC
19950228	Hoechst AG	Marion Merrell Dow Inc
19950228	Siemens AG	Jeil Hitech
19950313	Bayer AG	Florasynt Inc
19950315	Deutsche Bank AG	Societe Generale Surveillance
19950316	Daimler-Benz AG	ABB Asea Brown Boveri-Worldwid
19950322	Bilfinger & Berger Bau AG	B & B Asia(Bilfinger & Berger)
19950413	Siemens AG	Simko Ticaret ve Sanayi(Sieme)
19950414	Daimler-Benz AG	Mercedes-Benz Italia SpA
19950421	Bremer Vulkan AG	Shanghai Edward Shipbuilding
19950428	Daimler-Benz AG	Swissmetro AG
19950428	Commerzbank AG	Capital Investment Trust Corp
19950512	VIAG AG	Suedgas
19950516	Commerzbank AG	Prima Property Trust Ltd
19950523	Linde AG	Technoplyn Prague AS(Linde AG)
19950531	Bayerische Motoren Werke AG	Designworks/USA(Bayerische)
19950531	Linde AG	Linde Technoplyn(Linde AG)
19950616	Allianz AG	Legal & General Group PLC
19950622	Allianz AG	Assurances Federales IARD
19950630	VIAG AG	SBI Systems Bio-Industries SA
19950630	Volkswagen AG	Dead Sea Works-Sodom Plant
19950704	Siemens AG	Amper Telematica,Amper Datos
19950707	Bayerische Vereinsbank AG	Bank Rozwoju Energetyki
19950710	Bayerische Hypotheken	Wielkopolski Bank Rolniczy
19950712	Bayer AG	Miles India Ltd
19950728	Bayer AG	Agritech Saigon

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19950728	Hochtief AG(RWE AG)	POZ Building Ltd
19950801	Muenchener Rueckversicherungs	Mercury Asset Management PLC
19950804	Siemens AG	Modern Engineering & Consultan
19950815	MAN AG	Simac Spa
19950829	Bilfinger & Berger Bau AG	Baulderstone Hornibrook(AW)
19950830	SGL Carbon AG(Hoechst AG)	Polgraph SA(Bank Handlowy SA)
19950831	Commerzbank AG	Hambros Bank Ltd(Hambros PLC)
19950901	Deutsche Lufthansa AG	Air Dolomiti
19950914	Bayerische Vereinsbank AG	MegaBank Financial
19950914	Allianz AG	Riunione Adriatica di Securita
19950915	Thyssen AG	PlusNET(MDS Hldg/Alcatel STR)
19950925	Siemens AG	Ornet Data Commun Technologies
19950927	Bayer AG	Myriad Genetics Inc
19950928	Deutsche Bank AG	Finanza & Futuro(Deutsche Bk)
19950928	Allianz AG	Lloyd Adriatico SpA
19951004	RWE AG	ENDESA (SEPI/Spain)
19951004	Allianz AG	Hungaria Biztosito(Allianz AG)
19951026	Bremer Vulkan AG	ECA SARL
19951026	Gehe AG (Franz Haniel & Cie)	Laboratoires Gallier SA
19951030	BHF Bank AG	TIR Holdings Ltd
19951102	Dresdner Bank AG	St Petersburg Govt-Grand Hotel
19951106	Siemens AG	ATM dd
19951107	Bayerische Vereinsbank AG	Oppenheimer(Oppenheimer Group)
19951109	Metallgesellschaft AG	Metallgesellschaft Ltd
19951114	Bayer AG	Monsanto Co-Styrenics Plastics
19951115	Daimler-Benz AG	Daimler-Benz Holding France
19951124	BASF AG	Undisclosed Bulgarian Chemical
19951129	Allianz AG	Manufacturers Mutual Insurance
19951201	Dresdner Bank AG	RCM Capital Mgmt(Travelers)
19951201	Siemens AG	Arche Communications
19951207	Daimler-Benz AG	AEG Oesterreich(AEG AG)
19951208	Hochtief AG(RWE AG)	KPIS-Cracovia SA
19951215	Buderus AG	Tiroler Roehren-und
19951222	Allianz AG	Duerrevita
19951229	Hoechst AG	Grafitos Electricos

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19951229	RWE AG	Emasz(Hungary)
19951229	Kaufhof AG	WestBTL Handel-Beteiligungs
19960102	Beiersdorf AG	Tyco Intl-Curad and Futuro
19960102	Allianz AG	Feder 01
19960119	Linde AG	Praxair Inc-Linde Trademark
19960131	Preussag AG	Elco Looser Holding AG
19960201	Siemens AG	Italtel Telematica
19960205	Daimler-Benz AG	Mercedes-Benz Mexico (Daimler)
19960213	RWE AG	Tlakova Plyarna Usti
19960227	Renk AG(MAN AG)	Renk Resita SA
19960315	Degussa AG	Muro Pharmaceuticals Inc
19960326	Allianz AG	Berner Holding AG
19960327	Merck AG	Seven Seas Ltd(Hanson PLC)
19960508	BASF AG	Zeneca Textile Color(ZENECA)
19960508	Hoechst AG	SGL Technic(SGL Carbon/Hoesch)
19960508	VEBA AG	Rhone-Poulenc-Division
19960515	Preussag AG	Albania-Chrome Industry
19960517	Hoechst AG	Plastics Materials Company Inc
19960517	Siemens AG	Amper Telematica,Amper Datos
19960524	Commerzbank AG	Security Capital Group Inc
19960611	Siemens AG	Geros-Kabel
19960614	Commerzbank AG	Wood & Co
19960618	Merck AG	Willi Fisher oHG
19960701	Hoechst AG	Polymer Color
19960704	Bayer AG	Sclavo SpA-Siena-Bellaria Unit
19960708	Siemens AG	Elcaro SA
19960712	Mannesmann AG	Italimpianti-Steel Engineering
19960716	Schering AG	Leiras(Huhtamaki Oy)
19960731	Hoechst AG	Hoechst Marion Roussel Ltd
19960809	SAP AG	IntelliCorp
19960814	Muenchener Rueckversicherungs	American Re Corp
19960905	Allianz AG	Allianz-Ultramar
19960917	Deutsche Bank AG	21 Investimenti(Edizione Hldg)
19960920	Siemens AG	Fuji Electric Components(Fuji)
19960926	Mannesmann AG	CEGETEL(Generale des Eaux)

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19960927	BASF AG	Sandoz AG-US and Canada Corn
19961002	Mannesmann AG	Omnitel Sistemi Radiocellulari
19961004	Commerzbank AG	Eurocorp International Finance
19961009	Siemens AG	Ingelsar Ingeneria Electrica
19961014	Deutsche Bank AG	Princess Resources Ltd
19961114	Bayerische Hypotheken	Foreign & Colonial Mgmt Ltd
19961121	Allianz AG	Manufacturers Mutual Insurance
19961210	Hoechst AG	Roussel-Uclaf SA(Hoechst AG)
19961219	Deutsche Bank AG	Irmaos Guimaraes(Banco Irmaos)
19961223	Siemens AG	Elektrowatt AG
19970108	Bayer AG	Central Polimeros da Bahia SA
19970120	Degussa AG	Carbochem(Poland)
19970124	Allianz AG	Fichet-Bauche SA
19970130	Hoechst AG	Plastocoat Srl
19970131	Dresdner Bank AG	SES ASTRA SA
19970131	Siemens AG	Broadband Networks Inc
19970217	Deutsche Bank AG	Xavier Corp
19970219	Commerzbank AG	Montgomery Asset Management
19970310	Commerzbank AG	Banque Marocaine du Commerce
19970314	Metro AG	Vobis Microcomputer(Metro AG)
19970317	Mannesmann AG	United Steel Mills(Koor Inds)
19970317	Siemens AG	Siemens South Africa(Siemens)
19970319	Merck AG	Merck Generics BV(Merck E)
19970324	Linde AG	Jihostroj Velesin-Cesky
19970324	Preussag AG	Chaffoteaux et Maury(Elfi SA)
19970326	Commerzbank AG	Montgomery Securities-Money
19970404	Degussa AG	Agrolinz Melamin Italia Srl-
19970409	Siemens AG	Parsons Power Generation Sys
19970414	Daimler-Benz AG	Ballard Power Systems Inc
19970430	BASF AG	Dow Benelux NV-Engine Coolant
19970430	Metallgesellschaft AG	Cerro Sales Corp
19970502	Deutsche Bank AG	Axiom Funds Management Corp
19970509	BASF AG	Kutnowskie Zaklady-Veterinary
19970509	Porsche AG	Porsche Italia SpA(Porsche AG)
19970526	Siemens AG	Hydraulik-Ring Beteiligungs
19970612	Thyssen AG	Giddings & Lewis Inc
19970612	Deutsche Lufthansa AG	Air Littoral

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19970624	Daimler-Benz AG	Meris & Cie SA
19970709	Linde AG	Radford Retail Systems(Wagon)
19970718	Metro AG	Makro Holdings-European
19970723	SGL Carbon AG(Hoechst AG)	Hitco Technologies
19970731	Degussa AG	EI du Pont-Worldwide Hydrogen
19970808	Siemens AG	Siemens Automotive Systems
19970814	VIAG AG	Finesca SA
19970814	Commerzbank AG	Bank Rozwoju Eksportu
19970820	Bayer AG	Bayer Premier Co Ltd(Bayer AG)
19970827	Deutsche Telekom AG	Ing C Olivetti & Co SpA
19970827	Mannesmann AG	Nuova Solmine SpA(Enirisorse)
19970901	Daimler-Benz AG	Micro Compact Car AG
19970905	Mannesmann AG	Olivetti Mobile Telephone
19970916	Adidas AG	Salomon SA
19970916	Degussa AG	Ney Dental International Inc
19970916	Muenchener Rueckversicherungs	Syndicate 457 Capital Ltd
19970922	Douglas Holding AG	Sephora(LVMH Moet Hennessy)
19970923	Muenchener Rueckversicherungs	Reale Riassicurazioni
19970930	Thyssen AG	Electrodinox
19971010	Hochtief AG(RWE AG)	Ballast Indonesia Construction
19971015	Siemens AG	Breed Technologies Inc
19971113	Siemens AG	Westinghouse-Conven Power Gen
19971117	Allianz AG	AGF
19971201	Merck AG	Kemifarma
19971209	BASF AG	Hanwha BASF Urethane
19971217	Bayerische Vereinsbank AG	FGH Hypotheekbank NV(Aegon)
19971231	Daimler-Benz AG	Micro Compact Car France
19980107	BASF AG	Schon Trykfarver A/S-Printing
19980108	Dresdner Bank AG	Sopockie Towarzystwo
19980112	Bayer AG	Canvet Ltd
19980113	Deutsche Bank AG	EL&C Baillieu Ltd
19980130	Preussag AG	Palette Rouge
19980204	Dresdner Bank AG	Kleinwort Benson Iberfomento
19980210	MAN AG	SEMT Pielstick(Daiml-Benz,Man)
19980213	Degussa AG	Qingdao Degussa Chemical Co
19980217	Allianz AG	National Ins Co of Brunei
19980226	Metro AG	Allkauf SB-Warenhaus GmbH and

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19980303	Mannesmann AG	Tele.Ring
19980318	BASF AG	Daesung Corp-Lysine Unit
19980318	MobilCom AG	Cellway(Martin Dawes)
19980323	Siemens AG	Cegielski SA(Poland)
19980326	Merck AG	Pharmaceutical Resources Inc
19980330	Bayerische Motoren Werke AG	Rolls-Royce Motor Cars Ltd
19980330	Bayerische Vereinsbank AG	Banco Popular Espanol SA
19980401	Fresenius Medical Care AG	Tek Systems Inc
19980402	Volkswagen AG	Rolls-Royce Motor Cars Ltd
19980403	BASF AG	Clariant AG-Superabsorber Bus
19980403	Bayer AG	W Hawley & Son-Pigment Bus
19980408	Daimler-Benz AG	Eurostar
19980421	Linde AG	Serai do Brasil SA
19980423	SAP AG	ILOG SA
19980423	Metro AG	Kaufhalle AG(Kaufhof AG)
19980428	Mannesmann AG	Citykom
19980504	Commerzbank AG	Security Capital Group Inc
19980506	Daimler-Benz AG	Chrysler Corp
19980518	Gehe AG(Franz Haniel & Cie)	Office Coml Pharmaceutique
19980520	Daimler-Benz AG	Nissan Diesel Motor Co Ltd
19980602	Volkswagen AG	Same Lamborghini-Hurlimann
19980604	Deutsche Telekom AG	Isla Communications(Asiacom)
19980618	Volkswagen AG	Bugatti Automobili
19980629	Degussa AG	Silquimica SA(Degussa/Genaral)
19980629	Thyssen AG	Comercial de Aceros Heva SA
19980630	Siemens AG	Elektro MAR
19980708	Deutsche Bank AG	Credit Lyonnais Belgium
19980709	Dresdner Bank AG	Credit Lyonnais-Swedish
19980720	Deutsche Telekom AG	France Telecom SA(France)
19980721	BASF AG	Ciba Speciality Chem-Chelates
19980722	Allianz AG	Adriatic Osiguranje
19980730	Siemens AG	Original Electromechanical Grp
19980731	Metro AG	Emil Kriegbaum GmbH und Co KG
19980806	Allianz AG	Towarzystwo Ubezpieczeniowe
19980811	Dresdner Bank AG	PaineWebber Group Inc
19980824	Hannover Rueckversicherungs	Clarendon America Insurance Co
19980904	Hoechst AG	Handok Pharmaceuticals

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19980911	Hoechst AG	Hoechst South Africa Ltd
19980916	Bayer AG	Chiron Diagnostics Corp
19980917	Metro AG	Importgesellschaft Gemex
19980918	Mannesmann AG	Olivetti Mobile Telephone
19980924	Deutsche Bank AG	Banca Commerciale Italiana SpA
19980924	Bayer AG	Millennium Pharmaceuticals Inc
19981001	Merck AG	Rohrbeck
19981001	Volkswagen AG	Autoeuropa Automoveis Lda
19981002	Siemens AG	Matra Transport International
19981007	Bayerische Vereinsbank AG	Bank Przemyslowo-Handlowy SA
19981007	Allianz AG	AGF Union-Fenix(Assurance Gen)
19981009	Daimler-Benz AG	Thomas Built Buses Inc
19981012	Degussa AG	Solquimica
19981012	Merck AG	Neuber GmbH-Laboratory
19981013	Deutsche Bank AG	Boullioun Aviation Services
19981016	Bayer AG	Haldia Petrochemicals
19981020	BASF AG	DSM NV-ABS Business
19981023	Degussa AG	Insilco Ltd
19981029	Hoechst AG	Rhone-Poulence Ltd.
19981029	Linde AG	Gephal SA
19981030	Degussa AG	Ceramic Materials(Philips)
19981030	Metro AG	Vorteilkauf V-Stores(14)
19981030	Allianz AG	MMI Ltd(Allianz AG)
19981105	Daimler-Benz AG	Micro Compact Car AG
19981109	Commerzbank AG	Assicurazioni Generali SpA
19981116	Linde AG	Millenium Petrochemicals-Int
19981117	VIAG AG	Alusuisse Lonza Group Ltd
19981117	Allianz AG	Bulgaria Holdings
19981120	Degussa AG	LG Chemical Co Ltd-Carbon
19981126	Siemens AG	Amper Elasa SA(Siemens AG)
19981127	BASF AG	Dongsong Chem-Plastic Plant
19981130	Deutsche Bank AG	Bankers Trust New York Corp
19981216	BASF AG	Quadrant Holding

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19981216	Merck AG	Lexigen Pharmaceuticals Corp
19981221	Allianz AG	AGF Irish Life Corp
19981223	BASF AG	Dong Seong-Polyurethane Op
19981223	Preussag AG	Thomas Cook Group Ltd
19981223	Siemens AG	Courbon SA
19990106	Deutsche Bank AG	Unicredito Italiano
19990106	Linde AG	Airgas Inc-Polish Ind Gas Bus
19990118	BASF AG	Svalof Weibull AB
19990128	Siemens AG	Itron
19990204	Deutsche Bank AG	Newcourt Credit Group USA Inc
19990205	Bayer AG	DSM NV-Transparent Sheet Bus
19990205	Commerzbank AG	KEB Investment Tr Mgmt Co Ltd
19990211	DaimlerChrysler AG	Thonburi Automobile Assembly
19990212	Commerzbank AG	Majan International Bank
19990219	Deutsche Telekom AG	max.mobil.Telekommunikation
19990219	Mannesmann AG	Ing C Olivetti-Telecom Int
19990222	Commerzbank AG	ADIG Investment Luxemburg SA
19990226	Degussa AG	Fermal Sro
19990303	Schering AG	Aventis Crop Science
19990304	EM.TV & Merchandising AG	Yoram Gross Film Studios Pty
19990305	DaimlerChrysler AG	Harry Karlsson Bilimport AB
19990305	Siemens AG	Castle Networks
19990309	Bayer AG	PBI Home & GardenLtd(Sumitomo)
19990315	Deutsche Telekom AG	Isla Communications(Asiacom)
19990318	Siemens AG	RedStone Communications Inc
19990319	Bayer AG	Bayer Sankyo Co
19990331	Deutsche Lufthansa AG	SH & E
19990401	Linde AG	Criosbanc SpA
19990406	BASF AG	BP Amoco-Global Polyethylene
19990517	Deutsche Telekom AG	Polska Telefonja Cyfrowa Sp
19990518	Siemens AG	Elsag Bailey-Gas Chromatograph
19990518	Commerzbank AG	Banco Santander Central Hispan
19990519	Hoechst AG	Celanese Canada Inc

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19990528	Deutsche Bank AG	Orbis SA
19990602	Allianz AG	Eagle Star President Life
19990608	Deutsche Bank AG	Ergobank SA
19990608	Merck AG	Apotec
19990614	Commerzbank AG	Credit Lyonnais SA(France)
19990625	Siemens AG	Phone.com Inc
19990709	DaimlerChrysler AG	Volvo AB
19990712	Merck AG	Silicon Valley Chemlabs Inc
19990716	Fresenius Medical Care AG	St John Dialysis Network
19990723	Allianz AG	Berner Versicherung
19990726	Fresenius Medical Care AG	Kolon Pharmaceutical Inc-Dialy
19990730	Kinowelt Medien AG	Alliance Atlantis Comm Inc
19990730	Linde AG	ABC Synergie SA
19990803	Siemens AG	Italtel-Mobile Network
19990804	Allianz AG	Shin Dong AH Fire & Marine
19990806	Deutsche Telekom AG	One-2-One
19990813	Linde AG	AGA AB
19990830	Continental AG	Moscow Tire Works
19990831	Siemens AG	Yaskawa System Engineering
19990913	Dresdner Bank AG	Ernst & Young Trust Co
19990915	Aixtron AG	Thomas Swan & Co-Scientific
19990917	Commerzbank AG	Bank Handlowy SA
19990922	Deutsche Lufthansa AG	Air Dolomiti
19991004	Deutsche Telekom AG	Hrvatske Telekomunikacije{HT}
19991005	Deutsche Bank AG	Bank Wspolpracy Regionalnej SA
19991005	EM.TV & Merchandising AG	Plus Licens AB
19991006	Allianz AG	PIMCO Advisors Holdings LP
19991008	Aixtron AG	Epigress AB
19991011	Siemens AG	NeoPoint Inc
19991015	DaimlerChrysler AG	Ssang Yong Motor-Van Division
19991019	Mannesmann AG	Orange PLC
19991021	Allianz AG	Zagrebacka Banka
19991022	Deutsche Telekom AG	Russian Telecommunications
19991025	Deutsche Bank AG	Chase-Dutch Auction Bus
19991028	RWE AG	Emasz(RWE AG)

Table 1 (cont.)
German Acquirer Firms

Date	Acquirer	Target
19991029	Allianz AG	PIMCO Advisors LP
19991103	Metro AG	Der Praktiker Bau und
19991105	Deutsche Bank AG	Alkaloid
19991109	Deutsche Lufthansa AG	British Midland Airways Ltd
19991116	Dresdner Bank AG	Ad Gestioni Sgr
19991116	Bayer AG	Lyondell Chemical-Polyils Bus
19991117	Deutsche Telekom AG	SIRIS SAS(Unisource,CGE)
19991118	BASF AG	BASF-Suemerbank Tuerk Sanayii
19991126	Volkswagen AG	Europcar International SA
19991201	BASF AG	Sunsmart Inc-Zinc Oxide Bus
19991203	Siemens AG	CKD Praha Holdings
19991207	Commerzbank AG	INA
19991214	ConSors Discount Broker AG	Siaga
19991215	Muenchener Rueckversicherungs	Orel
19991216	SAP AG	ID2(LM Ericsson Telefon AB)
19991217	Siemens AG	CKD Dopravni Systemy
19991221	BASF AG	Morton Industrial Coatings

Table 2
U.S. Acquirer Firms

Date	Acquirer	Target
19960118	Pfizer Inc	Corvita Corp
19960201	Walt Disney Co	Jumbo Pictures
19960205	Eastman Kodak Co Inc	Eckerd Corp-Photo-Processing
19960212	EMC Corp	MTI Tech-Patent Portfolio
19960222	Hewlett-Packard Co	SecureWare-Internet SystemSec
19960227	Hewlett-Packard Co	Business@Web Inc
19960227	BankAmerica Corp	FBS Mortgage Corp
19960326	Pfizer Inc	Microcide Pharmaceuticals
19960401	Automatic Data Processing Inc	Merrin Financial Inc
19960401	SBC Communications Inc	Pacific Telesis Group
19960415	Automatic Data Processing Inc	Information Catalysts Inc
19960418	Walt Disney Co	Dream Quest Images
19960418	Bristol-Myers Squibb Co	Somatix Therapy Corp
19960423	Walt Disney Co	Walt Disney Co
19960506	Procter & Gamble Co	Eagle Snacks Inc
19960506	Winn-Dixie Stores Inc	Xtra Super Food-Dade County(2)
19960508	Pfizer Inc	Catalytica Fine Chemicals
19960515	Tyco International Ltd	Carlisle Plastics Inc
19960523	Procter & Gamble Co	Kimberly-Clark-4 Businesses
19960610	Pfizer Inc	Vesta Medical Inc
19960612	Praxair Inc	Bakersfield Welding, Gerin
19960613	Berkshire Hathaway Inc	Sears Roebuck & Co
19960620	Tyco International Ltd	Henry Pratt Co, James Jones Co
19960725	Praxair Inc	Bob Smith, Jay-Ox, B&E Welding
19960726	BankAmerica Corp	Ford Motor Credit Co
19960801	GTE Corp	GTE Corp
19960801	Boeing Co	Rockwell Intl Corp-Aerospace
19960805	Bristol-Myers Squibb Co	Oncology Therapeutics Network
19960805	Hewlett-Packard Co	Trellis Software & Controls
19960812	SBC Communications Inc	AT&T Wireless-AR Cellular Ppty
19960814	General Mills Inc	Ralcorp Hldgs-Branded Cereal
19960815	Walt Disney Co	Cinergi Pictures Entertainment
19960816	Automatic Data Processing Inc	Staff Mgmt Systems of Florida
19960819	Bristol-Myers Squibb Co	Envision Medical Corp
19960924	Automatic Data Processing Inc	Global Proxy-Processing Bus
19960930	SBC Communications Inc	HighwayMaster Communications
19961003	Eastman Kodak Co Inc	Wang Labs-Imaging Software
19961008	Lucent Technologies Inc	Agile Networks
19961015	Berkshire Hathaway Inc	FlightSafety International
19961114	Tyco International Ltd	TJ Cope
19961121	Johnson & Johnson	Bausch & Lomb Inc

Table 2 (cont.)
U.S. Acquirer Firms

Date	Acquirer	Target
19961129	Tyco International Ltd	ElectroStar Inc
19961202	PepsiCo Inc	Quaker Oats Co-Gatorade
19961219	Automatic Data Processing Inc	HealthPlan Services Corp
19970110	Tyco International Ltd	American Standard Companies
19970116	Home Depot Inc	Maintenance Warehouse/America
19970120	Target Therapeutics Inc	Boston Scientific Corp
19970124	Tyco International Ltd	Sempell Valve Group
19970124	KPDX-TV, KFXO-TV, WHNS-TV	Meredith Corp
19970124	Community Care of America Inc	Integrated Health Services Inc
19970203	Eastman Kodak Co Inc	Nova Microsonics
19970205	Tyco International Ltd	American Tube & Pipe Co
19970214	Walt Disney Co	Starwave Corp
19970214	Oppenheimer Capital LP	Thomson Advisory Group LP
19970218	EI du Pont de Nemours and Co	Pfister Hybrid Corn Co
19970218	Invetech Co	Applied Industrial Tech
19970219	Hewlett-Packard Co	Symantec Corp-Networking Busn
19970224	Walt Disney Co	Pixar Animation Studio
19970310	General Electric Co	Greenwich Air Services Inc
19970401	General Electric Co	ICS Holdings Inc
19970409	Eli Lilly & Co	Seragen Inc(Boston University)
19970411	Tyco International Ltd	AT&T Submarine Systems Inc
19970418	Vitalink Pharmacy Services Inc	Manor Care Inc
19970423	Hewlett-Packard Co	VeriFone Inc
19970428	Abbott Laboratories	Sanofi Pharmaceuticals - Parente
19970429	Boeing Co	Teledesic LLC
19970506	GTE Corp	BBN Corp
19970509	Chase Manhattan Corp, NY	Compass Bk, AL-Corporate Tr Bus
19970512	Homestead Village Inc	Security Capital Group Inc
19970513	Tyco International Ltd	Inbrand Corp
19970520	Tyco International Ltd	Keystone International Inc
19970527	Coca-Cola Enter(Coca-Cola Co)	Coca-Cola Bottling Co of NY
19970527	Walt Disney Co	International Family Ent Inc
19970527	AT&T Corp	SBC Communications Inc
19970529	Eli Lilly & Co	Millennium BioTherapeutics Inc
19970604	Hewlett-Packard Co	Iomega Corp
19970609	BankAmerica Corp	Robertson Stephens & Co
19970612	Eastman Kodak Co Inc	Applied Network Solutions Inc
19970612	First of Michigan Capital Corp	Fahnestock Viner Holdings Inc
19970617	Berkshire Hathaway Inc	Natl Health Laboratories Inc
19970624	Berkshire Hathaway Inc	Star Furniture Co
19970627	Northwest Bancshares, Louisiana	Hibernia Corp, New Orleans, LA

19970717 Lucent Technologies Inc Octel Communications Corp

**Table 2 (cont.)
U.S. Acquirer Firms**

**Table 2 (cont.)
U.S. Acquirer Firms**

Date	Acquirer	Target	Date	Acquirer	Target
19970718	Sprint Corp	Paranet Inc	19980406	Coca-Cola Enter(Coca-Cola Co)	Coca-Cola Bottling,TexasBottl
19970721	Walt Disney Co	Mammoth Records	19980417	Tyco International Ltd	Borg-Wells Fargo Alarm Bus
19970723	Eastman Kodak Co Inc	Picture Network Intl Inc	19980424	General Motors Corp	Millender Center,Detroit,MI
19970723	Eastman Kodak Co Inc	Picture Network Intl Inc	19980427	Lucent Technologies Inc	Yurie Systems Inc
19970725	General Electric Co	Liberty Tech-Nondestructive	19980428	American International Group	American Express Co
19970807	EI du Pont de Nemours and Co	Pioneer Hi-Bred International	19980430	Chase Manhattan Corp, NY	Marine Midland Bk-Continental
19970819	Ford Motor Co	Toledo Molding & Die Inc	19980505	GTE Corp	Virginia Cellular LP
19970821	EI du Pont de Nemours and Co	Protein Technologies Intl	19980507	Chase Manhattan Corp, NY	Morgan Stanley Trust Co
19970916	Praxair Inc	Gas Tech Inc	19980511	SBC Communications Inc	Ameritech Corp
19970918	Stokely USA Inc	Chiquita Brands International	19980525	Tyco InternationalLtd	US Surgical Corp
19970919	CBS Corp	American Radio Systems Corp	19980527	GTE Corp	Puerto Rico Telephone Co
19970923	AT&T Corp	E-Stamp Corp	19980528	CBS Corp	KMJZ-FM,KSGS-AM,Minneapolis
19971008	BankAmerica Corp	Home Properties of New York	19980528	CBS Corp	WHOK-FM,WLVQ-FM,WAZU-FM
19971015	Lucent Technologies Inc	Livingston Enterprises	19980602	Tyco International Ltd	Sigma Circuits Inc
19971015	GTE Corp	MCI Communications Corp	19980608	Tyco InternationalLtd	Crosby Valve(FMC Corp)
19971021	Chase Manhattan Corp,NY	Bank of New York-Credit Card	19980617	AT&T Corp	America Online Inc
19971021	Berkshire Hathaway Inc	International Dairy Queen Inc	19980618	Walt Disney Co	Infoseek Corp
19971031	EI du Pont de Nemours and Co	Westrade USA Inc	19980619	Berkshire Hathaway Inc	General Re Corp
19971107	Tyco International Ltd	Jason Marketing Corp	19980624	Johnson & Johnson	Amgen Inc
19971124	Home Depot Inc	Deekay Enterprises Inc	19980624	AT&T Corp	Tele-Communications Inc
19971201	EMC Corp	Sutmyn Storage Corp	19980630	Sprint Corp	Cox Communications PCS LP
19971208	General Motors Corp	Republic Industries-Saturn(6)	19980719	American International Group	Transatlantic Holdings Inc
19971210	Lucent Technologies Inc	Prominet Corp	19980720	PepsiCo Inc	Tropicana Products Inc
19971215	General Electric Co	Cal Tech Controls	19980721	Coca-Cola Enter(Coca-Cola Co)	Great Plains Bottler & Canners
19971219	Chevron Corp	Chevron Corp	19980721	General Electric Co	Raytheon Systems Ltd Flight
19971222	American International Group	American Bankers Ins Group Inc	19980723	AT&T Corp	AT&T Corp
19971222	Tyco International Ltd	Sherwood-Davis & Geck	19980723	Berkshire Hathaway Inc	Executive Jet Inc
19971229	Tyco International Ltd	Holmes Protection Group Inc	19980803	Eastman Kodak Co Inc	Imation-Medical ImagingBus
19971229	Holmes Protection Group Inc	Tyco International Ltd	19980804	Abbott Laboratories	I-Stat Corp
19980105	General Electric Co	Marketing Services Group Inc	19980804	Chase Manhattan Corp, NY	PNC-Corp Trust and Escrow Bus
19980105	SBC Communications Inc	Southern New England Telecomm	19980810	EMC Corp	Conley Corp
19980108	AT&T Corp	Teleport Communications Group	19980812	Boeing Co	Ellipso Inc
19980121	General Electric Co	Lockheed Martin-Bus Units(2)	19980813	CBS Corp	WYUU-FM,WLLD-FM,Tampa,Florida
19980123	General Electric Co	GE Capital IT Solutions	19980817	PepsiCo Inc	Pepsi-Cola Bottling Co
19980126	Automatic Data Processing Inc	MICA Accounting Software	19980820	American International Group	SunAmerica Inc
19980127	Bristol-Myers Squibb Co	Redmond Products Inc	19980831	IBP Inc	Diversified Food Corp-Appetize
19980204	Walt Disney Co	Starwave Corp	19980922	Tyco International Ltd	Sigma Circuits Inc
19980211	IBM Corp	Commquest Technologies Inc	19981005	AT&T Corp	Vanguard Cellular Systems Inc
19980211	Sprint Corp	EarthLink Network Inc	19981014	Sprint Corp	PrimeCo-Hawaii PCS License
19980212	Eastman Kodak Co Inc	PictureVision	19981014	PepsiCo Inc	Whitman Corp
19980217	Hewlett-Packard Co	MTI Analytical Instruments	19981020	SBC Communications Inc	Concentric Network Corp

19980313 IBM Corp Chem Systems Group Inc
 19980318 Chase Manhattan Corp,NY Merrill Lynch & Co Inc

19981020 Hewlett-Packard Co Scope Communications Inc
 19981021 Coca-Cola Enter(Coca-Cola Co) Independent Bottling Cos-6

Table 2 (cont.)

Table 2 (cont.)

U.S. Acquirer Firms

U.S. Acquirer Firms

Date	Acquirer	Target
19981026	Coca-Cola Enter(Coca-Cola Co)	Coca-Cola,Dr Pepper Bottling
19981027	EI du Pont de Nemours and Co	Qualicon LLC
19981027	IBM Corp	Wallop Software Inc-BUILD-IT
19981028	AT&T Corp	Arris Interactive-Cable System
19981123	Tyco International Ltd	AMP Inc
19981203	Automatic Data Processing Inc	Vincam Group Inc
19981208	AT&T Corp	IBM Corp-Global Network Op
19990108	AT&T Corp	AT&T Corp
19990111	Lucent Technologies Inc	Kenan Systems Corp
19990113	Walt Disney Co	Golden Books Family Ent
19990118	General Mills Inc	Lloyd's Barbeque(Main Street)
19990119	General Mills Inc	Farmhouse Foods Co
19990119	AT&T Corp	SmarTalk TeleServices Inc
19990119	Ford Motor Co	Troy Design and Manufacturing
19990125	Praxair Inc	GP Industries-Health Care Bus
19990125	PepsiCo Inc	Whitman-WV,VA,Russia Ops
19990212	Citigroup Inc	Oregon Steel Mills Inc
19990212	Citigroup Inc	Reynolds Metals Co
19990310	IBP Inc	H&M Food Systems Co (Beledia)
19990317	General Electric Co	Advanced Lighting Technologies
19990318	Ford Motor Co	Zebra Imaging
19990326	Citigroup Inc	Source One Mtg-Op Assets
19990401	CBS Corp	King World Productions Inc
19990405	GTE Corp	Ameritech Corp-Midwest Prop
19990405	Lucent Technologies Inc	Mosaix Inc
19990407	IBP Inc	Thorn Apple Valley Inc
19990409	AT&T Corp	Honolulu Cellular Telephone Co
19990409	IBP Inc	Russer Foods
19990409	Hewlett-Packard Co	Telegra Corp
19990412	Tyco International Ltd	Batts Inc(Batts Group Ltd Inc)
19990412	CBS Corp	Hollywood Online (Times Mirror)
19990412	Sprint Corp	People's Choice TV Corp
19990414	AT&T Corp	Dobson Communications Corp
19990416	General Electric Co	ValueVision International Inc
19990420	American International Group	John McStay Investment Counsel
19990422	AT&T Corp	MediaOne Group Inc
19990422	CBS Corp	Office.com
19990423	Sprint Corp	Cox Communications PCS LP
19990427	Sprint Corp	American Telecasting
19990429	CBS Corp	KEYE-TV, Austin, Texas

Date	Acquirer	Target
19990504	AT&T Corp	Lenfest Communications Inc
19990508	Chevron Corp	Texaco Inc
19990511	Automatic Data Processing Inc	Dealer Solutions Inc
19990519	Tyco InternationalLtd	Raychem Corp
19990601	Automatic Data Processing Inc	OMR Systems Corp
19990602	CBS Corp	Switchboard Inc
19990603	Home Depot Inc	Georgia Lighting
19990603	Abbott Laboratories	Triangle Pharmaceuticals Inc
19990609	Ford Motor Co	Automobile Protection Corp
19990616	Tyco International Ltd	Central Sprinkler Corp
19990616	CBS Corp	ThirdAge Media Inc
19990621	Abbott Laboratories	ALZA Corp
19990625	Lucent Technologies Inc	Nexabit Networks Inc
19990625	IBP Inc	Thorn Apple Valley Inc
19990701	Lucent Technologies Inc	CCOM Information Systems
19990708	CBS Corp	Medscape Inc
19990708	Abbott Laboratories	Perclose Inc
19990712	Walt Disney Co	Infoseek Corp
19990714	EI du Pont de Nemours and Co	EI du Pont de Nemours and Co
19990714	General Electric Co	Energy,Environmental Research
19990715	Hewlett-Packard Co	Diametrics Medical Inc
19990720	Sprint Corp	GST Telecommunications Inc
19990721	Johnson & Johnson	Centocor Inc
19990722	CBS Corp	Rx.com
19990727	IBM Corp	Mylex Corp
19990727	Sprint Corp	WBS America LLC-Operating
19990804	Chase Manhattan Corp,NY	Mellon Financial Corp
19990804	Hewlett-Packard Co	Security Force Software Inc
19990809	EMC Corp	Data General Corp
19990810	Abbott Laboratories	SangStat Medical Corp
19990811	Procter & Gamble Co	IAMs Co
19990812	General Mills Inc	Gardetto's Bakery Inc
19990816	CBS Corp	Wrenchhead.com Inc
19990818	CBS Corp	Jobs.com
19990823	Tyco InternationalLtd	General Surgical Innovations
19990826	Procter & Gamble Co	Recovery Engineering Inc
19990831	Sprint Corp	Hybrid Networks Inc
19990901	CBS Corp	Big Entertainment Inc
19990909	Hewlett-Packard Co	Digimarc Corp
19990920	Hewlett-Packard Co	Qosnetics

19990503 Hewlett-Packard Co
 19990503 Sprint Corp
 19990504 AT&T Corp

Transoft Networks Inc
 Transworld Telecommunications
 Lenfest Communications Inc

19990927 CBS Corp
 19990928 Chase Manhattan Corp,NY
 19991004 CBS Corp

Women's Consumer Network
 Hambrecht & Quist Group Inc
 CTC Bulldog Inc

Table 2 (cont.)
U.S. Acquirer Firms

Table 2 (cont.)
U.S. Acquirer Firms

Date	Acquirer	Target
19991005	EI du Pont de Nemours and Co	CombiChem
19991006	CBS Corp	iWon Inc
19991008	EI du Pont de Nemours and Co	ImaRx Pharmaceutical Corp
19991011	Berkshire Hathaway Inc	Jordan Furniture Co Inc
19991013	Chase Manhattan Corp,NY	Hungtington-Credit Card Rec
19991019	Citigroup Inc	Citigroup Inc
19991019	Sprint Corp	Videotron USA(Le Group Video)
19991021	America Online Inc	Gateway Inc
19991022	Sprint Corp	Videotron Bay Area (Sprint)
19991026	Tyco InternationalLtd	Praegitzer Industries Inc
19991101	AT&T Corp	Firstcom Corp
19991101	EMC Corp	Siros Technologies
19991101	Praxair Inc	Materials Research Corp
19991103	SBC Communications Inc	Radiofone Inc
19991104	Pfizer Inc	Warner-Lambert Co
19991109	Johnson & Johnson	Innovasive Devices Inc
19991122	Abbott Laboratories	Glaxo-Crt Anesthesia Bus Asset
19991201	EI du Pont de Nemours and Co	Chematch.com
19991201	Abbott Laboratories	SpectRx Inc
19991210	Boeing Co	SkyBridge LP (Alcatel Alsthom)
19991215	General Mills Inc	Small Planet Foods
19991221	IBP Inc	Corporate Brand Foods America
19991221	EMC Corp	Softworks Inc
19991222	America Online Inc	MapQuest.com Inc
19991229	CBS Corp	SportsLine USA Inc
19950104	Johnson and Johnson	Mitek Surgical Products
19950426	Johnson and Johnson	Joint Medical Products Corp
19950605	International Business Machines	Lotus Development Corp
19950706	F Hoffman-La Roche (Roche Hldg)	American Home Products
19950816	Bristol Myers Squibb	Somatix Therapy Corp
19950829	Johnson and Johnson	GynoPharma Inc
19950911	International Business Machines	Early, Cloud & Co
19950918	Abbott Laboratories	Ligand Pharmaceuticals, Inc.
19950921	Hewlett Packard Co	Convex Computer Corp
19950929	SBC Communications, Inc.	Kacol Cellular-Rochester, NY MS

Date	Acquirer	Target
19960315	Winn-Dixie Stores, Inc	AW Computer Systems Inc
19960329	Abbott Laboratories	MediSense Inc
19960401	International Business Machines	Wilkerson Group
19960513	General Electric Co	Electric Insurance Co
19960620	Hewett Packard Co	Division Inc
19960708	Johnson and Johnson	Pharmacy Fund
19960709	Hewett Packard Co	DP-TEK Development Co-Certain
19960711	Ford Motor Co.	Budget Rent-A-Car Corp
19960808	Eastman Kodak Co Inc	Fox Photo Inc (CPI Corp)
19960813	International Business Machines	CPM Corp-Target Software Sys
19960912	Gillette Company	Duracell International Inc
19960930	Eastman Kodak Co Inc	American Stores-Photo Labs (3)
19960930	International Business Machines	Professional Data Mgmt Assoc
19961007	Johnson and Johnson	Indigo Medical Inc
19961017	Phillip Morriss Companies	PepsiCo Inc
19961101	Exxon/Mobil Corp	Southwest Petro-Chem-Grease
19961113	International Business Machines	Edmark Corp
19961212	The Proctor and Gamble Company	Regeneron Pharmaceuticals Inc
19961217	Boeing Corp	McDonnell Douglas Corp
19961223	American International Group	Alcohol Sensors International
19970211	Johnson and Johnson	Innotech Inc
19970218	E. I. DuPont de Nemours and Company (DuPont)	Pfister Hybrid Corn Co
19970310	General Electric Co	Greenwich Air Services Inc
19970319	International Business Machines	NetObjects Inc
19970401	General Electric Co	ICS Holdings Inc
19970408	American International Group	Golden Eagle Insurance Co
19970409	The Proctor and Gamble Company	Tambrands Inc
19970508	International Business Machines	Advantis (IBM, Sears Roebuck)
19970522	Johnson and Johnson	Biopsys Medical Inc
19970725	General Electric Co	Liberty Tech-Nondestructive
19970804	Johnson and Johnson	Gynecare Inc
19970807	E. I. DuPont de Nemours and Company (DuPont)	Pioneer Hi-Bred International
19970821	E. I. DuPont de Nemours and Company (DuPont)	Protein Technologies Intl
19970923	Hewlett Packard Co	ForeFront Grp-Internet Tech
19971111	Hewlett Packard Co	Nuview Inc-Nuview Managex

19951019	Johnson and Johnson	Cordis Corp	19971112	International Business Machines	Technology Svc Solutions (IBM)
19951030	AT&T Corp	IVI Publishing Inc	19971215	General Electric Co	Cal Tech Controls
19951102	American Home Products	Immunex Corp	19971222	American International Group	American Bankers Ins Group Inc
19951117	AT&T Corp	Time Warner Cable Corp	19971229	Hewett Packard Co	Heartstream Inc
19951220	International Business Machines	Taligent Inc (IBM, Apple)	19980105	General Electric Co	Marketing Services Group Inc
19951221	Hewett Packard Co	ElseWare Corp	19980121	General Electric Co	Lockheed Martin-Bus Units(2)
19960122	AT&T Corp	DirecTV			
19960131	International Business Machines	Tivoli Systems Inc			

**Table 2 (cont.)
U.S. Acquirer Firms**

Date	Acquirer	Target
19980311	International Business Machines	General Elec Capital Svcs-Coml
19980406	Lucent Technologies Inc	Chip Express Corp
19980518	Coca-Cola Enter(Coca-Cola Co)	Inforum Office Building, GA
19980519	International Business Machines	Databeam Corp
19980601	American Home Products	Monsanto Co
19980720	PepsiCo, Inc	Tropicana Products Inc
19980721	Johnson and Johnson	Depuy Inc (Corange Ltd)
19980721	General Electric Co	Raytheon Systems Ltd Flight
19980728	Lucent Technologies Inc	MassMedia Commun (Lucent)
19980730	American International Group	Blackstone Group
19980803	General Electric Co	Power Factor Correction
19980820	American International Group	SunAmerica Inc
19981005	Johnson and Johnson	FemRx Inc
19981006	Lucent Technologies Inc	Quadritek Systems Inc
19981120	Phillip Morriss Companies	Liggett Group-Cigarette Lines
19981124	Lucent Technologies Inc	Pario Software Inc
19981201	Exxon/Mobil Corp	Mobil Corp
19981203	Automatic Data Processing Inc	Vincam Group Inc
19981217	Johnson and Johnson	SC Johnson & Sons Inc-Skin
19981223	Chevron Corp	Rutherford-Moran Oil Corp
19990113	Lucent Technologies Inc	Ascend Communications Inc
19990208	SBC Communications, Inc.	Williams Communications Group
19990309	International Business Machines	Red Hat Inc
19990317	General Electric Co	Advanced Lighting Technologies
19990414	AT&T Corp	Dobson Communications Corp
19990416	General Electric Co	ValueVision International Inc
19990422	AT&T Corp	MediaOne Group Inc
19990609	International Business Machines	Whistle Communications Corp
19990615	America Online	Digital Marketing Services Inc
19990629	Lucent Technologies Inc	Cirent Semiconductor
19990630	Wal-Mart Stores Inc	Federal Bank Center, OK
19990712	International Business Machines	Sequent Computer Systems Inc

**Table 2 (cont.)
U.S. Acquirer Firms**

Date	Acquirer	Target
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Table 3
Country and Size Effects on Abnormal Returns for German and U.S. Acquirer Firms

The tables report cross-section regressions for 391 observations where the dependent variables are firm-level abnormal returns. Independent variables include dummy variables for whether the firm is German or U.S. Interactive terms with dummy variables for big firms having a market capitalization of over \$25 billion in Germany or \$75 billion in the U.S. are included to test whether the abnormal returns are different for big firms versus smaller firms.

a) Cumulative Abnormal Returns Before Merger News Day (day -5 to -1)

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	0.132	0.00
German*Big	0.158	0.00
US	-0.050	0.00
US*Big	0.197	0.05
R-squared	0.687	

b) Abnormal Returns on Merger News Day

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	0.092	0.00
German*Big	0.158	0.00
US	0.005	0.06
US*Big	0.202	0.00
R-squared	0.678	

c) Cumulative Abnormal Returns After Merger News Day (day +1 to +5)

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	-0.059	0.00
German*Big	0.132	0.00
US	0.174	0.00
US*Big	0.162	0.00
R-squared	0.623	

Table 4
Country, Size, and U.S.-Listing Effects on Abnormal Returns for German and U.S. Acquirer Firms

The tables report cross-section regressions for 391 observations where the dependent variables are firm-level abnormal returns. Independent variables include dummy variables for whether the firm is German or U.S. Interactive terms with dummy variables for big firms and dummy variables for German firms that report financial statements conforming to U.S. GAAP are included to test whether the abnormal returns are different for big firms versus smaller firms or for German firms that must meet U.S. disclosure standards to be traded on a U.S. exchange.

a) Cumulative Abnormal Returns Before Merger News Day (day -5 to -1)

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	0.132	0.00
German*USlist	-0.057	0.00
German*Big	0.146	0.00
US	-0.042	0.00
US*Big	0.210	0.00
R-squared	0.690	

b) Abnormal Returns on Merger News Day

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	0.098	0.00
German*USlist	0.002	0.00
German*Big	0.165	0.00
US	0.021	0.00
US*Big	0.202	0.00
R-squared	0.748	

c) Cumulative Abnormal Returns After Merger News Day (day +1 to +5)

<i>Variable</i>	<i>Coefficient</i>	<i>P-value</i>
German	-0.054	0.00
German*USlist	0.101	0.00
German*Big	0.166	0.00
US	0.135	0.00
US*Big	0.202	0.00
R-squared	0.755	

Figure 1a Cumulative Abnormal Returns for German Acquiring Firms

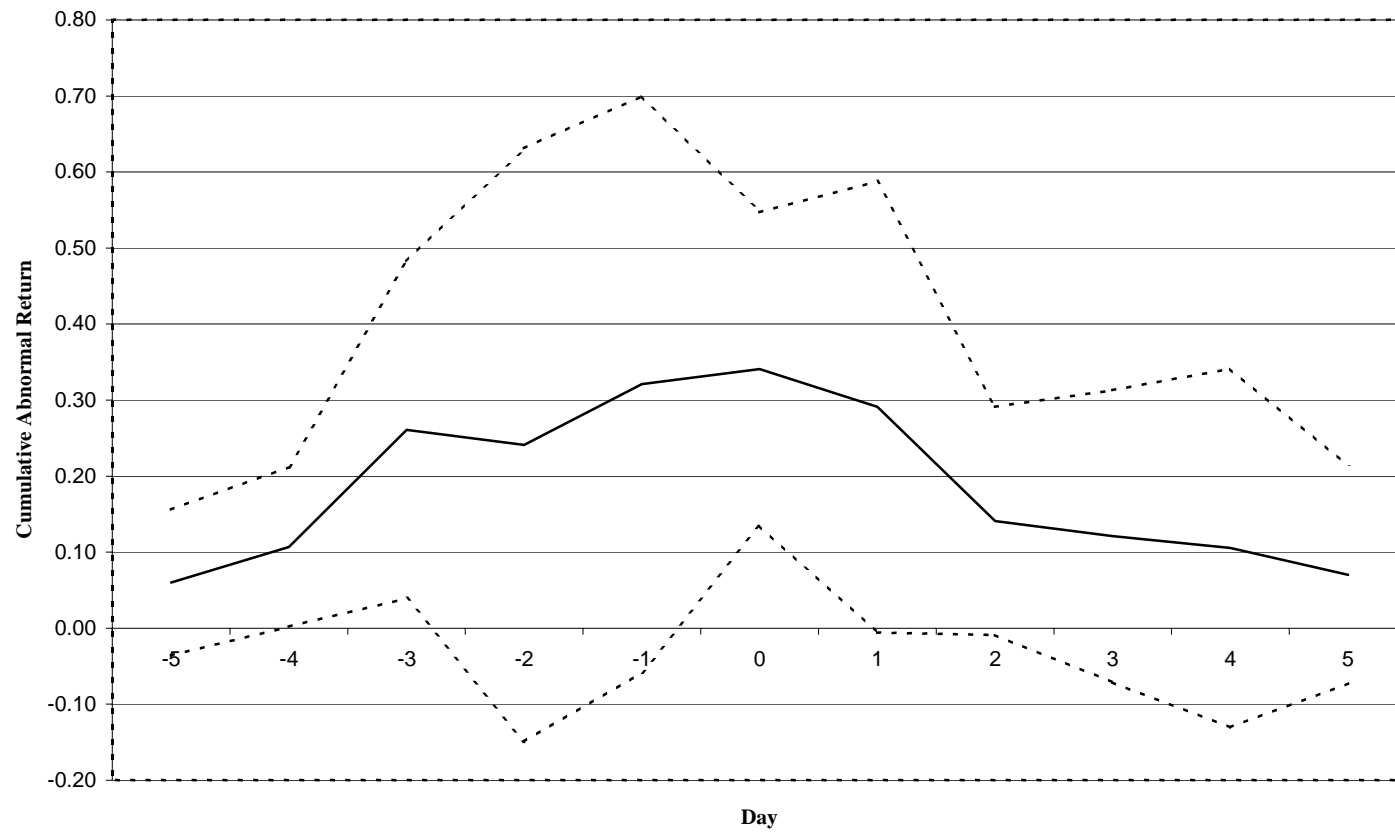


Figure 1b Cumulative Abnormal Returns for U.S. Acquiring Firms

