

Online Appendix: Additional robustness checks

In online appendix Tables 1 and 2, we present additional robustness checks for our main results. In Table 3 we provide information about the correlation between the control variables. In Table 4 we provide additional information about how the data requirements for the control variables affect our final sample.

In Columns 1-4 of Table 1, we show that the effect of cumulative acquisition performance, captured by SumCARs, is not impacted by the interaction of performance with either number of acquisitions or dollars spent on acquisitions using the full sample (Columns 1-2) or using only the CEOs' last years (Columns 3-4); specifically, the odds ratio on the interaction between SumCARs and Number of Acquisitions and the odds ratio on the interaction between SumCARs and dollars are insignificant.

In Columns 5-8, we restrict the analysis to the post-SOX period for two reasons: (1) given the changes to the director labor market after 2002 we want to verify that our results still hold post-SOX. And (2) we can determine whether our conclusions are affected by any potential survival bias given the way we backfilled the pre-1996 data in forming the sample. By estimating our ordered logit models using post 2002 data we address both of these concerns. Our qualitative conclusions still hold for the post SOX period using the full sample (Columns 5 and 7) and using only the CEOs' last years (Columns 6 and 8).

In Columns 9-10, in addition to controlling for the firm performance over the prior two years we also include a control for the firm performance over the entire tenure of the CEO. Given that we are measuring acquisition experience and performance over the CEO's entire tenure we also can measure firm performance over this time. We obtain the same qualitative conclusions.

In Table 2 Column 1, we ask whether our results still hold for value-destroying acquisitions where the announcement return is not near zero. This question applies to two concerns: (1) for acquisitions where the method of payment is stock, the announcement return might be slightly negative and yet not imply value destruction, and (2) given that the announcement return is affected by what the market expected prior to the acquisition announcement it might not be a perfect measure of wealth creation or destruction specific to the deal. To address this we estimate an ordered logit model with a wealth creating flag [Acq(+)] as well as two wealth destroying flags with Acq(small -) in this specification indicating the top half of negative announcement return deals and Acq(large -) indicating the bottom half of announcement returns. The odds ratios for Acq(small -) and Acq(large -) are 1.43 and 1.46, respectively, and are both significant. Note that these ratios are very similar to each other and to the one in Column 5 of Table 4 in the paper. In general, as long as announcement returns are correlated with the actual wealth creation or destruction in the deals, our inferences are valid.

In Columns 2-4 of appendix Table 2 we repeat the analysis from Table 4 Column 7 in the paper but with the addition of control variables for CEOs that withdraw bad and good acquisitions. Bad and good acquisitions are identified using the three day announcement return around the acquisition announcement.

In Columns 5 and 6 we repeat the analysis from Table 4 Columns 1 and 7 in the paper but instead of controlling for the sum of all prior deals' announcement returns, we create separate variables for a CEO's first large acquisitions versus the sum of announcement returns for subsequent deals. We find that the announcement return for the first acquisition does not relate to subsequent deals differently than the announcement returns for subsequent deals.

In Columns 7-10 we repeat the analysis from Table 4 Columns 1 and 7 using combined measures of acquirer and target announcement returns rather than just the acquirer returns. In Columns 7 and 8 the combined measure of announcement returns only includes those deals where both the acquirer and target are public. In Columns 9 and 10, the SumCAR measure uses the combined acquirer-target returns when dealing with public targets and just the acquirer returns if the target is not public. When combining the acquirer and target returns we use Bradley, Desai, and Kim's (1988) approach which calculates the overall CAR to a portfolio of acquirer and target shares weighted by their respective market value of equity. Our conclusions are not affected by using announcement returns based on a portfolio of acquirer and target firm market reactions to the acquisition.

We also conduct several untabulated tests.

- Various papers have used both board size and firm size proxies when explaining board seats. We did not include both controls together because of their high correlation. We re-estimate our specifications, including both. Our inferences remain unchanged.
- While an ordered logit is a sensible approach to estimation of the number of board seats, we check whether our results are sensitive to the specific estimation method we use. We re-estimate the specifications from Table 4 using a negative binomial and obtain similar results.
- Some of the control variables were winsorized at the .05% level to deal with extreme values. To ensure that our results are not dependent on this (small) winsorization we re-estimate some of the key specifications using non-winsorized data and obtain the same results.

Online Appendix Table 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Acquisition					1.52 ^{***}	1.88 ^{**}			1.72 ^{***}	
					(0.008)	(0.014)			(0.001)	
Recent Acquisition										
Number of Acquisitions	1.20 ^{***}		1.38 ^{***}							
	(0.002)		(<0.001)							
Dollars		1.22 ^{***}		1.30 ^{***}						
		(0.001)		(0.005)						
SumCARs	1.05	1.08	0.86	1.07	0.98	0.96			1.02	
	(0.447)	(0.436)	(0.198)	(0.633)	(0.655)	(0.595)			(0.716)	
SumCARs * Number of Acqs	0.98		1.08							
	(0.584)		(0.163)							
SumCARs * Dollars		0.97		0.97						
		(0.615)		(0.717)						
Acq(-)							1.53 ^{**}	2.30 ^{***}		1.79 ^{***}
							(0.015)	(0.003)		(0.002)
Acq(+)							1.50 ^{**}	1.57		1.64 ^{***}
							(0.014)	(0.108)		(0.008)
Praise	1.03	1.04 [*]	1.07 [*]	1.08 [*]	1.09 ^{**}	1.11 [*]	1.09 ^{**}	1.10	1.08 ^{**}	1.08 ^{**}
	(0.147)	(0.075)	(0.095)	(0.069)	(0.027)	(0.081)	(0.029)	(0.111)	(0.041)	(0.045)
Blame	1.01	1.01	0.98	0.98	1.03	0.92	1.03	0.92	0.98	0.98
	(0.750)	(0.855)	(0.590)	(0.501)	(0.536)	(0.268)	(0.528)	(0.253)	(0.473)	(0.457)
Tenure-long BHAR									0.99	0.99
									(0.181)	(0.189)
Target					1.15	1.32	1.15	1.31	1.35 ^{***}	1.35 ^{***}
					(0.464)	(0.163)	(0.459)	(0.173)	(0.010)	(0.010)

Press	0.91 ^{**} (0.028)	0.89 ^{**} (0.013)	0.85 ^{**} (0.015)	0.87 [*] (0.058)	0.97 (0.573)	0.94 (0.500)	0.97 (0.585)	0.93 (0.445)	0.90 [*] (0.095)	0.90 [*] (0.091)
Diversifying	1.05 (0.656)	1.07 (0.509)	0.92 (0.607)	0.98 (0.915)	0.82 (0.147)	0.80 (0.323)	0.82 (0.140)	0.81 (0.344)	0.99 (0.924)	1.00 (0.981)
Past Directorships	6.87 ^{***} (<0.001)	6.88 ^{***} (<0.001)	4.76 ^{***} (<0.001)	4.74 ^{***} (<0.001)	6.37 ^{***} (<0.001)	3.95 ^{***} (<0.001)	6.37 ^{***} (<0.001)	3.96 ^{***} (<0.001)	4.74 ^{***} (<0.001)	4.74 ^{***} (<0.001)
Prior Δ Ind Adj ROA	1.06 ^{**} (0.041)	1.06 ^{**} (0.032)	1.13 [*] (0.093)	1.13 [*] (0.093)	1.09 (0.110)	1.23 (0.180)	1.09 (0.108)	1.23 (0.181)	1.12 (0.109)	1.12 (0.110)
Prior BHARs	1.10 ^{***} (0.001)	1.10 ^{***} (0.001)	1.17 ^{**} (0.012)	1.17 ^{***} (0.009)	1.10 [*] (0.064)	1.23 (0.108)	1.09 [*] (0.066)	1.23 (0.102)	1.16 ^{**} (0.016)	1.16 ^{**} (0.016)
Firm Size	1.19 ^{***} (<0.001)	1.17 ^{***} (<0.001)	1.26 ^{***} (<0.001)	1.24 ^{***} (<0.001)	1.18 ^{***} (<0.001)	1.34 ^{***} (<0.001)	1.18 ^{***} (<0.001)	1.34 ^{***} (<0.001)	1.28 ^{***} (<0.001)	1.28 ^{***} (<0.001)
Tenure	0.98 ^{***} (<0.001)	0.98 ^{***} (<0.001)	0.98 ^{**} (0.020)	0.98 ^{**} (0.034)	0.98 ^{***} (0.009)	0.98 [*] (0.080)	0.98 ^{***} (0.008)	0.98 [*] (0.078)	0.99 [*] (0.091)	0.99 [*] (0.096)
Age	1.00 (0.666)	1.00 (0.558)	0.99 (0.340)	0.99 (0.344)	0.99 (0.292)	1.01 (0.651)	0.99 (0.287)	1.01 (0.568)	1.00 (0.522)	1.00 (0.538)
% Insider	0.21 ^{***} (<0.001)	0.21 ^{***} (<0.001)	0.35 ^{**} (0.029)	0.36 ^{**} (0.033)	0.11 ^{***} (<0.001)	0.56 (0.533)	0.11 ^{***} (<0.001)	0.60 (0.586)	0.42 [*] (0.069)	0.43 [*] (0.077)
% Ownership	1.00 (0.927)	1.00 (0.942)	0.98 (0.388)	0.98 (0.410)	1.00 (0.430)	0.98 (0.541)	1.00 (0.436)	0.98 (0.582)	0.98 (0.352)	0.98 (0.372)
Chairman	1.10 (0.100)	1.10 (0.104)	1.04 (0.749)	1.04 (0.739)	1.13 (0.167)	1.06 (0.740)	1.13 (0.166)	1.06 (0.750)	1.04 (0.740)	1.04 (0.758)
SOX	0.65 ^{***} (<0.001)	0.65 ^{***} (<0.001)	0.61 ^{**} (0.045)	0.63 [*] (0.057)					0.63 [*] (0.056)	0.63 [*] (0.054)
Year Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	16,318	16,318	2,449	2,449	7,030	1,082	7,030	1,082	2,449	2,449
Pseudo R-Square	0.29	0.29	0.26	0.26	0.26	0.22	0.26	0.22	0.26	0.26

Online Appendix Table 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Acquisition		1.72 ^{***} (0.001)	1.71 ^{***} (0.001)	1.71 ^{***} (0.001)	1.52 ^{***} (<0.001)	1.73 ^{***} (0.001)	1.54 ^{***} (<0.001)	1.71 ^{***} (0.001)	1.54 ^{***} (<0.001)	1.71 ^{***} (0.001)
SumCARs		1.01 (0.852)	1.02 (0.735)	1.01 (0.825)						
SumCAR 1st deal					1.04 (0.282)	0.98 (0.753)				
SumCAR subsequent deals					1.00 (0.951)	1.03 (0.549)				
Acq(+)	1.62 ^{***} (<0.001)									
Acq(small -)	1.43 ^{***} (0.008)									
Acq(large -)	1.46 ^{**} (0.016)									
SumCARs combined							1.01 (0.785)	1.00 (0.906)		
SumCARs combined2									1.02 (0.426)	1.02 (0.724)
Withdrew bad acquisition		1.34 [*] (0.061)		1.36 ^{**} (0.048)						
Withdrew good acquisition			0.79 (0.206)	0.78 (0.170)						
Praise	1.05 ^{**} (0.045)	1.08 ^{**} (0.049)	1.08 ^{**} (0.047)	1.08 ^{**} (0.044)	1.04 [*] (0.051)	1.08 ^{**} (0.042)	1.04 [*] (0.051)	1.08 ^{**} (0.044)	1.04 [*] (0.054)	1.08 ^{**} (0.044)
Blame	1.01 (0.827)	0.98 (0.455)	0.98 (0.505)	0.98 (0.435)	1.01 (0.849)	0.98 (0.484)	1.01 (0.858)	0.98 (0.482)	1.01 (0.849)	0.98 (0.479)
Target						1.35 ^{***} (0.009)		1.35 ^{***} (0.009)		1.35 ^{***} (0.009)
Press	0.90 ^{**} (0.013)	0.89 [*] (0.069)	0.90 (0.100)	0.90 [*] (0.090)	0.90 ^{**} (0.011)	0.90 [*] (0.090)	0.90 ^{***} (0.007)	0.90 [*] (0.098)	0.89 ^{***} (0.007)	0.90 [*] (0.090)
Diversifying	1.04	0.96	0.96	0.96	1.03	0.97	1.03	0.98	1.03	0.97

Past Directorships	(0.717) 6.90 ^{***}	(0.780) 4.76 ^{***}	(0.796) 4.76 ^{***}	(0.780) 4.77 ^{***}	(0.732) 6.90 ^{***}	(0.866) 4.78 ^{***}	(0.725) 6.90 ^{***}	(0.874) 4.77 ^{***}	(0.753) 6.90 ^{***}	(0.846) 4.77 ^{***}
Prior Δ Ind Adj ROA	(<0.001) 1.06 ^{**}	(<0.001) 1.13 [*]	(<0.001) 1.12	(<0.001) 1.13 [*]	(<0.001) 1.06 ^{**}	(<0.001) 1.13 [*]	(<0.001) 1.06 ^{**}	(<0.001) 1.13 [*]	(<0.001) 1.06 ^{**}	(<0.001) 1.13 [*]
Prior BHARs	(0.031) 1.09 ^{***}	(0.094) 1.18 ^{***}	(0.103) 1.17 ^{**}	(0.099) 1.18 ^{***}	(0.033) 1.09 ^{***}	(0.099) 1.15 ^{**}	(0.032) 1.10 ^{***}	(0.095) 1.15 ^{**}	(0.032) 1.09 ^{***}	(0.094) 1.15 ^{**}
Firm Size	(0.001) 1.19 ^{***}	(0.009) 1.25 ^{***}	(0.010) 1.27 ^{***}	(0.008) 1.26 ^{***}	(0.001) 1.19 ^{***}	(0.029) 1.27 ^{***}	(0.001) 1.19 ^{***}	(0.029) 1.27 ^{***}	(0.001) 1.19 ^{***}	(0.028) 1.27 ^{***}
Tenure	(<0.001) 0.98 ^{***}	(<0.001) 0.98 ^{**}	(<0.001) 0.98 ^{**}	(<0.001) 0.98 ^{**}	(<0.001) 0.98 ^{***}	(<0.001) 0.98 ^{**}	(<0.001) 0.98 ^{***}	(<0.001) 0.98 ^{**}	(<0.001) 0.98 ^{***}	(<0.001) 0.98 ^{**}
Age	(<0.001) 1.00	(0.027) 0.99	(0.042) 0.99	(0.033) 0.99	(<0.001) 1.00	(0.049) 1.00	(<0.001) 1.00	(0.044) 1.00	(<0.001) 1.00	(0.042) 1.00
% Insider	(0.595) 0.21 ^{***}	(0.345) 0.37 ^{**}	(0.314) 0.35 ^{**}	(0.329) 0.37 ^{**}	(0.632) 0.21 ^{***}	(0.596) 0.40 [*]	(0.598) 0.21 ^{***}	(0.619) 0.40 [*]	(0.599) 0.21 ^{***}	(0.616) 0.39 [*]
% Ownership	(<0.001) 1.00	(0.036) 0.98	(0.030) 0.98	(0.035) 0.98	(<0.001) 1.00	(0.054) 0.98	(<0.001) 1.00	(0.053) 0.98	(<0.001) 1.00	(0.051) 0.98
Chairman	(0.943) 1.10 [*]	(0.436) 1.03	(0.407) 1.04	(0.439) 1.03	(0.951) 1.10	(0.332) 1.04	(0.961) 1.10	(0.342) 1.04	(0.953) 1.10 [*]	(0.337) 1.04
SOX	(0.099) 0.64 ^{***}	(0.791) 0.61 ^{**}	(0.720) 0.60 ^{**}	(0.776) 0.60 ^{**}	(0.101) 0.64 ^{***}	(0.720) 0.63 [*]	(0.102) 0.64 ^{***}	(0.725) 0.63 [*]	(0.099) 0.64 ^{***}	(0.716) 0.63 [*]
Year Controls	(<0.001) Yes	(0.042) Yes	(0.037) Yes	(0.037) Yes	(<0.001) Yes	(0.058) Yes	(<0.001) Yes	(0.057) Yes	(<0.001) Yes	(0.059) Yes
Industry Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	16,318	2,449	2,449	2,449	16,318	2,449	16,318	2,449	16,318	2,449
Pseudo R-Square	0.29	0.26	0.26	0.26	0.29	0.26	0.29	0.26	0.29	0.26

Online Appendix Table 3: Correlation among control variables.

	1	2	3	4	5	6	7	8	9	10	11	12
1 Prior Δ Ind Adj ROA	1											
2 Prior BHARs	0.21	1										
3 Future BHARs	0.06	0.26	1									
4 Future Δ Ind Adj ROA	0.29	0.13	0.30	1								
5 Firm Size	-0.02	0.17	-0.06	0.06	1							
6 Board Size	0.08	0.10	-0.01	0.10	0.52	1						
7 % Insider	-0.03	-0.02	0.02	0.02	-0.19	-0.26	1					
8 % Ownership	0.00	-0.03	-0.03	-0.05	-0.03	-0.02	0.05	1				
9 Chairman	0.09	0.04	0.02	0.06	0.21	0.13	-0.01	0.02	1			
10 Past Directorships	0.03	0.05	0.03	0.04	0.28	0.25	-0.11	-0.04	0.22	1		
11 Tenure	0.02	0.06	0.01	0.03	0.04	0.01	0.19	0.15	0.26	0.06	1	
12 Age	0.10	0.08	0.03	0.09	0.09	0.18	0.05	0.05	0.30	0.16	0.40	1

Online Appendix Table 4: Data requirements and sample creation

Using information from ExecuComp (IRRC/Riskmetrics) we identify the CEO (directors) at each firm in each year in our sample period from 1996–2007. Using firm-level information in these databases we then identify each of these firms in ExecuComp, IRRC/Riskmetrics, CRSP, and Compustat. Using information in ExecuComp (IRRC/Riskmetrics) about when each CEO (director) started at each firm we backfill, as necessary, prior years in our sample period if the firm in question had not yet been included in the databases. This approach results in 24,434 CEO-firm-years and 221,894 director-firm-year observations as shown in the total observations columns below. We then impose data requirements for the control variables we use in the analysis. The control variables are described in detail in Appendix A. We show only the subset of control variables below that result in the loss of observations due to missing data. Panel A (Panel B) reports the number of observations with missing data in the CEO-firm-year (director-firm-year) samples. After imposing all data requirements we end up with 16,318 CEO-firm-years and 195,048 director-firm-year observations.

Panel A: Variables in the CEO-firm-year sample with missing data

Variable	Observations		Percent of sample with missing data
	with missing data	Total observations	
Fama-French industry	1,180	24,434	4.83
Past Directorships	1,165	24,434	4.77
Δ Ind Adj ROA	2,422	24,434	9.91
BHARs	1,217	24,434	4.98
Firm Size	925	24,434	3.79
Age	51	24,434	0.21
% Insider	5,785	24,434	23.68

Panel B: Variables in the director-firm-year sample with missing data

Variable	Observations		Percent of sample with missing data
	with missing data	Total observations	
Fama-French industry	9,718	221,894	4.38
Δ Ind Adj ROA	19,168	221,894	8.64
BHARs	14,065	221,894	6.34
Firm size	6,619	221,894	2.98
Age	17	221,894	0.01

Reference for Online Appendix

Bradley, M., Desai, A., Kim, E. H., 1988. Synergistic gains from corporate acquisitions and their division between the stockholders of target and acquiring firms. *Journal of Financial Economics* 21, 3-40.