

Internet Appendix:
Costs and Benefits of “Friendly” Boards during
Mergers and Acquisitions

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A Social Ties Data

To facilitate the exposition, I begin with a brief description of what is contained in the BoardEx files. Each director profile is divided into sections containing information on past and current employment, education and “other activities.” These other activities include current and past associations to various types of nonprofit organizations, along with the role played by the director in each of them (e.g., “Trustee” or “Director”). Unfortunately, BoardEx does not provide a key to uniquely identify each organization. In addition, there are many cases in which the same organization has different spellings. For instance, *The Bryan Rotary Club of Texas* is also identified as *The Rotary Club of Texas* and *The Bryan Rotary Club, Texas USA*. To facilitate the matching, a string comparison algorithm was applied to all institutions to identify very similar names. Each resulting tuple was then inspected by hand and a unique key was created to uniquely identify each institution,

Some of these organizations (such as clubs and fraternities) clearly foster social interactions. Others, such as membership to professional associations like the American Bar Association, probably do not. To better capture potential social interactions, I focus on the following types of institutions:

- *Clubs*: These include clubs and fraternities. In most cases, these are easily defined (e.g., Augusta National Golf Club, Sigma Xi).
- *Not-For-Profit (NFP)*: Includes organizations such as the Salvation Army, the Metropolitan Museum of Art (47 members), the Aspen Institute, and the Chicago Symphony Orchestra. An effort was made to detect and exclude those NFPs related to businesses or professions (e.g., Ford Foundation).
- *Network*: Includes network-type organizations such as the World Presidents Organization, Young Presidents Organization, and the Junior Achievement.
- *Background*: Includes religious organizations, armed forces and “scouts” groups.

The profiles contain associations to many other organizations that I do not include in the social ties indexes. For the sake of completeness, these are described below. It is important to emphasize that these are *not* included in my social ties measures because they would probably only introduce noise in the indexes:

- *Professional*: Includes affiliations to professional organizations such as the American Bar Association, the American Institute of Certified Public Accountants and the Financial Executives Institute. These professional organizations are *not* included in the social ties indexes constructed below, since affiliation is either too common or compulsory.

- *Business*: Includes “roundtables” and “councils” such as “council for economic development.” As with professional organizations, these are *not* included in the social ties measures.
- *Other*: Includes other organizations that do not fit in the above categories.

When no information on other activities was found for a director, I supplemented these data by manually collecting biographical information for most of the remaining acquirers (from proxy statements, company websites, and Marquis Who’s Who database).

To create a measure of the random ties that are expected to occur given the size of the organizations the CEO belongs to. The net proportion of the directors tied to the CEO (actual ties minus expected ties) is then used as a better proxy for social connections that are not related to the size of the organizations.

Specifically, for each firm-year in the sample, I simulate 10,000 random boards by sampling from a population of potential directors. To construct this population, I start with the universe of all directors in the BoardEx database, including directors of companies that are not in the merger sample. Since membership to a particular organization is correlated with the state in which the company maintains its headquarters, I include in the simulations only directors from companies located in the same state as the bidder.

For each one of these simulated boards, I then check the proportion of directors that share a common nonprofessional membership with the CEO. This procedure creates a distribution of the proportion of the board tied to the CEO, conditional on CEO membership. For each firm-year, the average of this distribution is then subtracted from the actual proportion of the board connected to the CEO.

For example, if company f announced an acquisition in January 2000, I first look for all directors who, during the fiscal year ending in 1999, served on the board of *any* company whose headquarters is in the same state as that of company f . If firm f reported a board size of 10, I draw 10 directors (without replacement) from this universe. For this simulated board, I then check how many of these directors have social ties with f ’s CEO. This procedure is repeated 10,000 times and the average proportion of the board socially connected to the CEO is taken to be the “expected” proportion of social ties, conditional on the memberships of the CEO of company f . This “residual” is my measure of the proportion of the board connected to the CEO.

B Other Data

Compensation Data: Compensation data for the CEOs of S&P 1500 companies in the sample were obtained from ExecuComp. I supplement these data by manually collecting detailed

information on salary, bonus, options and stock awards, non-equity incentive plans, pensions and other compensation directly from SEC filings (DEF14A).

Acquirer-Target social ties : For public companies, social/employment connections were obtained by matching the target's PERMCO to BoardEx's company identifier. For non-public targets, I use the target's name to manually match these firms to non-public companies listed in the employment history of directors obtained from BoardEx. This allowed me to study connections between acquirers and both public and non-public targets.

Media Coverage: I manually collected press releases for all acquirers in the sample from Factiva using the methods described in Tetlock et al. (2008). I focused on the Wall Street Journal as my main source of media coverage. I also impose the same relevancy requirements as in Tetlock et al. (2008).

C Measuring Performance with Market-Model Adjusted CAR[0,1]

This section presents results using market model adjusted stock returns around merger announcements. Market model estimates are obtained using the daily CRSP value-weighted index as a proxy for returns on the market portfolio. The estimation period is from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and two-day cumulative abnormal returns (CAR) are computed from that date to the end of the following trading day.

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Table C.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.442*** (0.146)	-0.419*** (0.148)		-0.395*** (0.132)	
<i>Social Tie</i> × <i>Advice</i>		0.685*** (0.148)		0.676*** (0.148)		0.638*** (0.142)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-0.742 (0.864)	-0.563 (0.823)	
<i>% of Outside Dirs</i> × <i>Advice</i>					0.949 (0.760)	0.361 (0.763)	
<i>Social Tie</i>	0.008 (0.151)			-0.051 (0.150)		-0.056 (0.152)	
<i>Monitor Factor</i>	-0.035 (0.090)	-0.023 (0.090)	0.143 (0.132)	0.145 (0.131)	0.472 (0.654)	0.521 (0.631)	-0.0067 (0.0069)
<i>Advice Factor</i>	-0.122 (0.101)	-0.400*** (0.137)	-0.123 (0.100)	-0.395*** (0.137)	-0.823 (0.617)	-0.646 (0.603)	0.0048 (0.0089)
<i>CEO Age</i>							0.0025*** (0.0009)
<i>CEO Centrality</i>							0.0450* (0.0241)
<i>CEO Degree</i>							0.0052*** (0.0013)
<i>% of Outside Dirs</i>	-0.332 (0.706)	-0.189 (0.714)	-0.400 (0.712)	-0.246 (0.718)	-0.176 (0.765)	-0.230 (0.758)	0.2093*** (0.0530)
<i>Log Total Assets</i>	-0.180** (0.069)	-0.197*** (0.071)	-0.186*** (0.070)	-0.200*** (0.071)	-0.181*** (0.069)		0.0363*** (0.0046)
<i>Industry Leverage</i>	-0.014** (0.006)	-0.014** (0.006)	-0.014** (0.006)	-0.014** (0.006)	-0.014** (0.006)		0.0010** (0.0005)
<i>Industry Tobin's Q</i> (×100)	-0.077 (0.061)	-0.086 (0.060)	-0.071 (0.064)	-0.080 (0.063)	-0.079 (0.062)		0.0055 (0.0095)
<i>Price Run-up</i>	-0.271 (0.177)	-0.282 (0.175)	-0.267 (0.175)	-0.278 (0.173)	-0.270 (0.175)		0.0072 (0.0060)
<i>Board Size</i>	-0.015 (0.029)	-0.016 (0.028)	-0.015 (0.028)	-0.015 (0.029)	-0.013 (0.028)		0.0234*** (0.0025)
<i>Relative Deal Size</i>	0.165*** (0.061)	0.160*** (0.060)	0.164*** (0.061)	0.160*** (0.060)	0.163*** (0.060)		-0.0190 (0.0122)
Δ <i>Income</i> (×100)	0.280 (0.185)	0.282 (0.173)	0.281 (0.178)	0.282* (0.167)	0.289 (0.183)		-0.0007 (0.0129)
<i>Connections to Target</i>	-2.824*** (0.585)	-2.840*** (0.581)	-2.837*** (0.584)	-2.851*** (0.581)	-2.844*** (0.581)		0.0032 (0.0351)
<i>Public Tgt</i> × <i>Stock Deal</i>	-3.211*** (0.647)	-3.190*** (0.641)	-3.223*** (0.647)	-3.203*** (0.641)	-3.180*** (0.650)		-0.0318 (0.0324)
<i>Public Tgt</i> × <i>Cash Only</i>	0.139 (0.246)	0.132 (0.242)	0.137 (0.248)	0.129 (0.244)	0.119 (0.248)		-0.0319 (0.0213)
<i>Private Tgt</i> × <i>Stock Deal</i>	0.558 (0.638)	0.595 (0.637)	0.587 (0.645)	0.622 (0.643)	0.573 (0.646)		0.0242 (0.0329)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.416* (0.219)	-0.400* (0.220)	-0.427* (0.219)	-0.411* (0.220)	-0.421* (0.218)		-0.0194 (0.0162)
<i>Subsidiary</i> × <i>Cash Only</i>	0.746*** (0.234)	0.724*** (0.231)	0.734*** (0.235)	0.713*** (0.232)	0.739*** (0.233)		-0.0045 (0.0174)
<i>R-squared</i>	0.032	0.034	0.033	0.035	0.033	0.035	0.1780
<i>Observations</i>	6,773	6,773	6,773	6,773	6,773	6,773	6,773

Table C.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board* (*Fesid*) and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	4.707*** (1.583)	7.738*** (2.225)	6.873*** (1.527)	3.088 (2.562)	1.686 (1.572)	0.039 (0.483)	5.875*** (1.396)	4.644*** (1.104)
% <i>Friendly Board</i>	-1.405 (0.896)	-3.553** (1.605)	-4.438*** (1.353)	-1.978 (2.336)	-0.635 (1.264)	0.124 (0.761)	-3.640*** (1.234)	-1.344* (0.794)
<i>Proxy</i>	-0.538** (0.267)	-0.712** (0.359)	-0.320 (0.258)	1.274*** (0.283)	0.276 (0.208)	0.252 (0.157)	-0.127 (0.241)	-0.121 (0.202)
<i>Lambda</i>	-0.717 (0.582)	-0.781 (0.575)	-0.621 (0.606)	-1.003* (0.551)	-0.696 (0.581)	-0.497 (0.592)	-0.525 (0.614)	-0.668 (0.571)
<i>R-squared</i>	0.033	0.033	0.034	0.039	0.033	0.032	0.033	0.033
<i>Observations</i>	6,773	6,773	6,773	6,773	6,773	6,773	6,773	6,773

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.133*** (0.048)	-1.793 (1.226)	0.136 (0.113)	-3.429*** (1.123)	0.962 (0.582)	-1.069 (2.125)	-2.283* (1.176)	-5.769** (2.305)
% <i>Friendly Board</i>	0.348 (0.709)	0.797 (0.865)	0.021 (0.798)	1.502* (0.863)	-0.353 (0.819)	0.417 (0.731)	1.432 (0.962)	0.960 (0.723)
<i>Proxy</i>	-0.006 (0.009)	-0.253 (0.189)	-0.003 (0.016)	0.232 (0.193)	-0.115 (0.129)	-0.029 (0.383)	-0.088 (0.186)	0.168 (0.271)
<i>Lambda</i>	-0.683 (0.583)	-0.786 (0.590)	-0.725 (0.575)	-0.754 (0.584)	-0.727 (0.572)	-0.711 (0.579)	-0.773 (0.582)	-0.661 (0.579)
<i>R-squared</i>	0.033	0.033	0.032	0.033	0.033	0.032	0.032	0.033
<i>Observations</i>	6,773	6,773	6,773	6,773	6,773	6,773	6,773	6,773

Table C.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.311*** (0.379)	1.765*** (0.524)	1.515*** (0.310)	0.647 (0.576)	0.703* (0.366)	0.145 (0.254)	1.346*** (0.291)	1.507*** (0.270)
<i>Social Tie</i>	-0.473** (0.188)	-0.758** (0.323)	-0.915*** (0.249)	-0.447 (0.514)	-0.422 (0.281)	-0.069 (0.160)	-0.773*** (0.223)	-0.450*** (0.153)
<i>Proxy</i>	-0.682** (0.286)	-0.846** (0.378)	-0.362 (0.256)	1.234*** (0.299)	0.181 (0.224)	0.193 (0.252)	-0.177 (0.239)	-0.268 (0.213)
<i>R-squared</i>	0.033	0.033	0.034	0.039	0.033	0.032	0.034	0.034
<i>Observations</i>	6,773	6,773	6,773	6,773	6,773	6,773	6,773	6,773

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.029*** (0.011)	-0.286 (0.276)	0.059*** (0.022)	-1.064*** (0.280)	0.414** (0.158)	-0.544 (0.466)	-0.793*** (0.276)	-1.152*** (0.412)
<i>Social Tie</i>	-0.019 (0.154)	0.097 (0.203)	-0.142 (0.172)	0.383* (0.196)	-0.224 (0.178)	0.058 (0.162)	0.435* (0.227)	0.199 (0.168)
<i>Proxy</i>	-0.006 (0.009)	-0.245 (0.205)	-0.011 (0.017)	0.376* (0.207)	-0.250 (0.152)	0.038 (0.407)	0.014 (0.200)	0.209 (0.288)
<i>R-squared</i>	0.033	0.032	0.032	0.033	0.034	0.032	0.033	0.033
<i>Observations</i>	6,773	6,773	6,773	6,773	6,773	6,773	6,773	6,773

Table C.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.772*** (0.293)	-2.163*** (0.632)	-2.104** (0.887)	0.074 (0.532)	-0.550*** (0.135)
<i>Social Tie</i> \times <i>Advice</i>	1.065** (0.421)	1.875** (0.784)	1.906** (0.812)	0.544 (0.654)	0.760*** (0.135)
<i>Social Tie</i>	-0.283 (0.440)	-1.333* (0.795)	-0.285 (0.738)	0.250 (0.762)	-0.058 (0.183)
<i>R-squared</i>	0.064	0.086	0.099	0.095	0.037
<i>Observations</i>	2,135	681	449	980	6,697

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	-0.022 (0.025)	0.059 (0.062)	-0.066 (0.057)	-0.062 (0.048)	-0.030** (0.015)
<i>Social Tie</i> \times <i>High E-index</i>	-0.635 (0.620)	-3.132** (1.252)	-1.532 (1.499)	-0.860 (1.210)	-0.629* (0.326)
<i>Social Tie</i> \times <i>Merger Wave</i>	-0.266 (0.958)	1.543 (1.361)	-1.035 (1.806)	-4.103** (2.069)	-1.346** (0.569)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-1.560** (0.730)	-3.178** (1.588)	-4.048*** (1.368)	0.297 (1.259)	-1.461*** (0.331)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.633** (0.263)	0.772** (0.313)	0.564 (1.139)	0.507 (0.475)	0.362** (0.148)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.116** (0.053)	0.214* (0.124)	0.140 (0.118)	-0.174 (0.122)	0.100*** (0.029)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.582 (0.776)	0.757 (1.614)	2.751* (1.581)	-1.751 (1.391)	0.788* (0.407)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	2.388*** (0.890)	2.291 (1.916)	5.230*** (1.954)	1.283 (1.756)	1.690*** (0.451)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.286* (1.349)	3.331 (2.636)	6.185** (2.743)	2.825 (2.162)	2.848*** (0.472)
<i>Social Tie</i> \times <i>Low R&D</i>	1.544 (1.290)	1.144 (1.922)	3.852* (2.245)	-0.013 (1.813)	0.792 (0.700)
<i>Social Tie</i> \times <i>Well Connected Board</i>	2.218*** (0.794)	4.959*** (1.421)	3.848** (1.602)	0.747 (1.505)	2.137*** (0.315)
<i>Social Tie</i> \times <i>Centrality</i>	0.518 (0.686)	0.424 (1.178)	1.307 (1.089)	-0.416 (1.070)	0.332 (0.216)

Table C.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.625*** (0.057)	0.203** (0.080)	0.758*** (0.070)	-0.556*** (0.133)
More Monitoring				
<i>High Excess Cash</i>	0.329*** (0.042)	0.096 (0.056)	0.401*** (0.052)	-0.305*** (0.098)
<i>High E-index</i>	0.109*** (0.026)	-0.004 (0.047)	0.143*** (0.031)	-0.147** (0.062)
<i>Merger Wave</i>	0.036 (0.023)	-0.023 (0.027)	0.053 (0.029)	-0.076 (0.055)
<i>Diversifying × Low Δ Inc</i>	0.203*** (0.029)	-0.024 (0.046)	0.272*** (0.036)	-0.295*** (0.070)
<i>Low PPS</i>	0.360*** (0.052)	0.071 (0.058)	0.486*** (0.070)	-0.415*** (0.112)
<i>Low Inst Ownership</i>	0.308*** (0.042)	0.063 (0.054)	0.389*** (0.053)	-0.326*** (0.097)
<i>High Monitor</i>	0.284*** (0.038)	0.036 (0.061)	0.360*** (0.046)	-0.324*** (0.091)
<i>High Mon, Low Adv</i>	0.084*** (0.023)	-0.067** (0.031)	0.130*** (0.028)	-0.197*** (0.054)
More Advice				
<i>Market Timers</i>	0.395*** (0.042)	0.309*** (0.056)	0.422*** (0.052)	-0.113 (0.099)
<i>Informed Board</i>	0.252*** (0.042)	0.160** (0.063)	0.281*** (0.052)	-0.121 (0.100)
<i>Expert Board</i>	0.194*** (0.038)	0.074 (0.064)	0.231*** (0.046)	-0.157 (0.090)
<i>Low R&D</i>	0.588*** (0.046)	0.354*** (0.064)	0.660*** (0.057)	-0.306*** (0.108)
<i>Well Connected Board</i>	0.353*** (0.040)	0.334*** (0.065)	0.358*** (0.048)	-0.024 (0.094)
<i>High Centrality</i>	0.340*** (0.041)	0.281*** (0.065)	0.358*** (0.050)	-0.078 (0.097)
<i>High Advice</i>	0.327*** (0.038)	0.330*** (0.063)	0.326*** (0.046)	0.004 (0.090)
<i>Low Mon, High Adv</i>	0.170*** (0.030)	0.205*** (0.046)	0.160*** (0.037)	0.045 (0.071)
N Obs	6,857	1,705	5,152	

Table C.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDG. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.593*** (0.181)	-0.413*** (0.158)	-0.426*** (0.147)	-0.217* (0.123)	-0.507*** (0.161)	-0.844*** (0.259)	-0.196 (0.154)	-0.249 (0.306)	-1.111** (0.484)	-0.4205*** (0.1485)
<i>Social Tie × Advice</i>	1.084*** (0.236)	0.690*** (0.143)	0.667*** (0.148)	0.597*** (0.143)	0.764*** (0.172)	0.683** (0.264)	0.472*** (0.164)	0.444*** (0.146)	0.932 (0.655)	0.7173*** (0.1465)
<i>Social Tie</i>	-0.022 (0.201)	-0.038 (0.152)	-0.031 (0.146)	-0.141 (0.146)	-0.100 (0.191)	0.489 (0.306)	-0.299* (0.166)	-0.222 (0.253)	-0.077 (0.714)	-0.1408 (0.1459)
<i>R-squared</i>	0.045	0.036	0.037	0.032	0.039	0.069	0.019	0.027	0.103	0.0368
<i>Observations</i>	4,629	6,662	6,773	6,086	5,522	1,549	5,224	2,895	637	7,018

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.495** (0.205)	-0.273** (0.137)	-0.292** (0.133)	-0.273* (0.140)	-0.237 (0.161)	-0.818*** (0.243)	-0.185 (0.177)	-0.090 (0.182)	-1.285** (0.556)	-0.3541*** (0.1326)
<i>Social Tie × Advice</i>	0.345 (0.237)	0.492*** (0.143)	0.259* (0.140)	0.433*** (0.135)	0.298* (0.180)	0.413 (0.288)	0.152 (0.175)	0.155 (0.173)	1.516 (0.944)	0.2619* (0.1368)
<i>Social Tie</i>	-0.378 (0.242)	-0.062 (0.173)	-0.361** (0.168)	-0.064 (0.166)	-0.023 (0.218)	0.519 (0.370)	-0.497** (0.202)	-0.241 (0.223)	0.602 (0.947)	-0.0610 (0.1673)
<i>R-squared</i>	0.017	0.010	0.010	0.012	0.014	0.030	0.004	0.005	0.039	0.0102
<i>Observations</i>	4,629	6,662	6,773	6,086	5,522	1,549	5,224	2,895	637	7,018

Continued on next page

Table C.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.557*** (0.192)	-0.361** (0.174)	-0.373*** (0.160)	-0.152 (0.122)	-0.476*** (0.176)	-0.797*** (0.295)	-0.137 (0.160)	-0.240 (0.337)	-1.002*** (0.499)	-0.3652** (0.1598)
<i>Social Tie × Advice</i>	0.953*** (0.245)	0.637*** (0.147)	0.613*** (0.150)	0.512*** (0.144)	0.723*** (0.167)	0.623** (0.303)	0.417*** (0.156)	0.377*** (0.137)	1.031 (0.760)	0.6674*** (0.1502)
<i>Social Tie</i>	-0.004 (0.201)	-0.024 (0.156)	0.033 (0.148)	-0.125 (0.146)	-0.084 (0.184)	0.423 (0.301)	-0.279 (0.171)	-0.164 (0.260)	0.421 (0.762)	-0.1335 (0.1455)
<i>Competing Bids</i>	-1.230 (1.268)	-0.732 (1.053)	-0.642 (1.015)	0.222 (1.016)	-1.048 (1.233)	0.189 (1.008)	1.464 (3.342)	0.265 (1.155)	2.225 (4.227)	-1.0058 (0.8529)
<i>Hostile</i>	1.045 (0.953)	0.805 (0.799)	0.879 (0.719)	1.025 (0.757)	1.114 (0.801)	0.872 (0.945)	2.185 (1.330)	-0.168 (0.605)	0.831 (2.679)	0.4028 (0.6040)
<i>R-squared</i>	0.064	0.047	0.052	0.048	0.055	0.106	0.036	0.060	0.173	0.0499
<i>Observations</i>	4,629	6,662	6,773	6,086	5,522	1,549	5,224	2,895	637	7,018

Table C.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.410** (0.161)	-0.394** (0.168)	-0.445*** (0.147)	-0.3949*** (0.1322)
<i>Social Tie</i> × <i>Advice</i>	0.693*** (0.147)	0.643*** (0.138)	0.660*** (0.143)	0.6380*** (0.1420)
<i>Social Tie</i>	-0.070 (0.152)	-0.083 (0.148)	-0.037 (0.150)	-0.0560 (0.1516)
<i>Proxy</i> × <i>Monitor</i>	-0.050 (0.210)	-0.027 (0.115)	0.365 (0.287)	-0.5633 (0.8229)
<i>Proxy</i> × <i>Advice</i>	-0.140 (0.165)	0.047 (0.108)	0.276 (0.296)	0.3608 (0.7630)
<i>Proxy</i>	0.203 (0.174)	0.141 (0.101)	-0.275 (0.358)	-0.2301 (0.7580)
<i>R-squared</i>	0.035	0.035	0.035	0.0353
<i>Observations</i>	6,773	6,755	6,773	6,773
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.191 (0.135)	-0.319** (0.139)	-0.309** (0.138)	-0.2313* (0.1368)
<i>Social Tie</i> × <i>Advice</i>	0.470*** (0.144)	0.363** (0.148)	0.346** (0.145)	0.5174*** (0.1488)
<i>Social Tie</i>	-0.131 (0.170)	-0.166 (0.173)	-0.087 (0.173)	-0.0992 (0.1722)
<i>Proxy</i> × <i>Monitor</i>	-0.086 (0.142)	0.045 (0.082)	-0.046 (0.283)	-0.1355 (0.3717)
<i>Proxy</i> × <i>Advice</i>	-0.142 (0.143)	-0.051 (0.085)	0.241 (0.266)	-0.2189 (0.4783)
<i>Proxy</i>	0.329** (0.133)	0.174** (0.081)	0.145 (0.278)	0.4487 (0.5253)
<i>R-squared</i>	0.012	0.010	0.009	0.0094
<i>Observations</i>	6,773	6,755	6,773	6,773

Continued on next page

Table C.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.368** (0.176)	-0.356* (0.184)	-0.403** (0.158)	-0.3426** (0.1402)
<i>Social Tie</i> × <i>Advice</i>	0.638*** (0.152)	0.596*** (0.141)	0.599*** (0.147)	0.5783*** (0.1443)
<i>Social Tie</i>	-0.036 (0.155)	-0.048 (0.153)	-0.005 (0.152)	-0.0281 (0.1528)
<i>Proxy</i> × <i>Monitor</i>	-0.017 (0.217)	-0.006 (0.127)	0.475 (0.296)	-0.5880 (0.8473)
<i>Proxy</i> × <i>Advice</i>	-0.122 (0.169)	0.040 (0.107)	0.369 (0.307)	0.3991 (0.7414)
<i>Proxy</i>	0.136 (0.178)	0.081 (0.108)	-0.274 (0.375)	-0.1820 (0.7946)
<i>R-squared</i>	0.049	0.049	0.050	0.0493
<i>Observations</i>	6,773	6,755	6,773	6,773

D Measuring Performance with Market-Model Adjusted CAR[1,0]

This section presents results using market model adjusted stock returns around merger announcements. Market model estimates are obtained using the daily CRSP value-weighted index as a proxy for returns on the market portfolio. The estimation period is from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and two-day cumulative abnormal returns (CAR) are computed from the day before that date to the close of the announcement day.

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Table D.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.345** (0.140)	-0.338** (0.141)		-0.257** (0.104)	
<i>Social Tie</i> × <i>Advice</i>		0.574*** (0.126)		0.545*** (0.124)		0.489*** (0.125)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.466* (0.796)	-1.305* (0.777)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.012* (0.584)	0.554 (0.616)	
<i>Social Tie</i>	0.239* (0.142)			0.192 (0.137)		0.173 (0.138)	
<i>Monitor Factor</i>	-0.018 (0.086)	-0.010 (0.084)	0.115 (0.127)	0.123 (0.124)	0.994* (0.595)	0.995* (0.586)	-0.0062 (0.0069)
<i>Advice Factor</i>	0.057 (0.080)	-0.169 (0.109)	0.064 (0.080)	-0.164 (0.109)	-0.681 (0.470)	-0.547 (0.474)	0.0044 (0.0087)
<i>CEO Age</i>							0.0023** (0.0009)
<i>CEO Centrality</i>							0.0484* (0.0253)
<i>CEO Degree</i>							0.0049*** (0.0014)
<i>% of Outside Dirs</i>	-0.770 (0.582)	-0.596 (0.581)	-0.778 (0.586)	-0.701 (0.582)	-0.650 (0.624)	-0.728 (0.619)	0.2246*** (0.0514)
<i>Log Total Assets</i>	-0.302*** (0.070)	-0.306*** (0.070)	-0.296*** (0.069)	-0.318*** (0.071)	-0.290*** (0.068)		0.0363*** (0.0045)
<i>Industry Leverage</i>	0.002 (0.008)	0.002 (0.008)	0.002 (0.008)	0.002 (0.008)	0.002 (0.008)		0.0011*** (0.0004)
<i>Industry Tobin's Q</i> (×100)	0.072** (0.036)	0.065* (0.034)	0.078** (0.031)	0.068** (0.031)	0.071** (0.034)		0.0058 (0.0096)
<i>Price Run-up</i>	-0.599*** (0.138)	-0.605*** (0.136)	-0.596*** (0.136)	-0.602*** (0.134)	-0.594*** (0.135)		0.0059 (0.0057)
<i>Board Size</i>	-0.005 (0.025)	0.000 (0.026)	0.001 (0.026)	-0.005 (0.025)	0.004 (0.026)		0.0232*** (0.0025)
<i>Relative Deal Size</i>	0.127* (0.065)	0.123* (0.064)	0.127* (0.065)	0.124* (0.065)	0.124* (0.065)		-0.0210* (0.0123)
Δ <i>Income</i> (×100)	-0.006 (0.103)	-0.006 (0.097)	-0.007 (0.100)	-0.005 (0.089)	0.006 (0.107)		-0.0003 (0.0129)
<i>Connections to Target</i>	-2.021*** (0.466)	-2.027*** (0.463)	-2.036*** (0.465)	-2.054*** (0.462)	-2.050*** (0.460)		0.0131 (0.0359)
<i>Public Tgt</i> × <i>Stock Deal</i>	-1.525*** (0.531)	-1.520*** (0.524)	-1.533*** (0.526)	-1.511*** (0.524)	-1.496*** (0.529)		-0.0315 (0.0321)
<i>Public Tgt</i> × <i>Cash Only</i>	0.371 (0.228)	0.358 (0.228)	0.367 (0.228)	0.366 (0.226)	0.342 (0.227)		-0.0287 (0.0222)
<i>Private Tgt</i> × <i>Stock Deal</i>	1.182* (0.686)	1.214* (0.688)	1.204* (0.690)	1.231* (0.690)	1.214* (0.694)		0.0088 (0.0319)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.227 (0.184)	-0.219 (0.184)	-0.241 (0.184)	-0.224 (0.184)	-0.242 (0.182)		-0.0207 (0.0167)
<i>Subsidiary</i> × <i>Cash Only</i>	0.478** (0.183)	0.459** (0.182)	0.466** (0.183)	0.450** (0.183)	0.466** (0.182)		-0.0039 (0.0171)
<i>R-squared</i>	0.031	0.033	0.031	0.033	0.033	0.035	0.1770
<i>Observations</i>	6,776	6,776	6,776	6,776	6,776	6,776	6,776

Table D.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board (Fesid)* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	2.694* (1.618)	5.504*** (1.720)	4.995*** (1.068)	1.269 (2.187)	1.135 (1.200)	0.283 (0.454)	4.428*** (1.064)	4.083*** (1.008)
% <i>Friendly Board</i>	0.162 (0.950)	-1.738 (1.066)	-2.260** (0.908)	0.272 (2.032)	0.527 (1.056)	0.888 (0.700)	-1.798** (0.837)	-0.270 (0.673)
<i>Proxy</i>	0.046 (0.224)	0.130 (0.252)	-0.093 (0.198)	0.729*** (0.186)	0.175 (0.160)	0.184 (0.149)	0.074 (0.192)	0.064 (0.188)
<i>Lambda</i>	-0.562 (0.391)	-0.733* (0.388)	-0.322 (0.414)	-0.641* (0.372)	-0.480 (0.386)	-0.295 (0.388)	-0.227 (0.414)	-0.417 (0.388)
<i>R-squared</i>	0.031	0.032	0.032	0.034	0.031	0.031	0.032	0.032
<i>Observations</i>	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.044 (0.042)	-1.794* (1.066)	0.227** (0.095)	-2.561*** (0.965)	1.037** (0.518)	-4.195*** (1.435)	-1.763 (1.106)	-3.494** (1.595)
% <i>Friendly Board</i>	1.204* (0.628)	1.705*** (0.756)	0.729 (0.643)	2.034** (0.782)	0.514 (0.682)	1.756** (0.736)	2.027** (0.898)	1.538** (0.665)
<i>Proxy</i>	-0.011 (0.007)	-0.217 (0.160)	-0.010 (0.013)	-0.032 (0.166)	-0.169 (0.120)	0.468* (0.281)	-0.121 (0.175)	-0.154 (0.219)
<i>Lambda</i>	-0.460 (0.394)	-0.552 (0.397)	-0.501 (0.385)	-0.583 (0.394)	-0.512 (0.386)	-0.504 (0.384)	-0.546 (0.394)	-0.388 (0.385)
<i>R-squared</i>	0.032	0.031	0.031	0.031	0.032	0.031	0.031	0.031
<i>Observations</i>	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776

Table D.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	0.902** (0.364)	1.322*** (0.375)	1.183*** (0.246)	0.287 (0.435)	0.460* (0.258)	0.446** (0.212)	1.063*** (0.254)	1.210*** (0.246)
<i>Social Tie</i>	-0.074 (0.185)	-0.343 (0.220)	-0.459** (0.183)	0.065 (0.390)	-0.021 (0.222)	0.127 (0.148)	-0.358** (0.166)	-0.107 (0.139)
<i>Proxy</i>	-0.084 (0.242)	0.007 (0.264)	-0.148 (0.200)	0.707*** (0.192)	0.112 (0.173)	-0.059 (0.223)	0.017 (0.195)	-0.041 (0.200)
<i>R-squared</i>	0.031	0.032	0.032	0.034	0.031	0.031	0.032	0.033
<i>Observations</i>	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.014 (0.010)	-0.557** (0.226)	0.073*** (0.021)	-0.803*** (0.231)	0.335** (0.147)	-1.070*** (0.384)	-0.628*** (0.236)	-0.794*** (0.339)
<i>Social Tie</i>	0.251* (0.144)	0.448** (0.177)	0.086 (0.152)	0.546*** (0.183)	0.090 (0.162)	0.387** (0.162)	0.601*** (0.208)	0.394*** (0.165)
<i>Proxy</i>	-0.010 (0.007)	-0.140 (0.164)	-0.018 (0.014)	0.076 (0.179)	-0.248* (0.145)	0.536* (0.312)	-0.043 (0.185)	-0.111 (0.238)
<i>R-squared</i>	0.032	0.031	0.032	0.032	0.032	0.031	0.031	0.031
<i>Observations</i>	6,776	6,776	6,776	6,776	6,776	6,776	6,776	6,776

Table D.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.688*** (0.261)	-1.976*** (0.717)	-1.973** (0.854)	0.238 (0.371)	-0.540*** (0.150)
<i>Social Tie</i> \times <i>Advice</i>	0.619** (0.302)	1.058* (0.617)	0.975 (0.646)	1.254** (0.524)	0.668*** (0.133)
<i>Social Tie</i>	0.349 (0.392)	-0.114 (0.688)	0.779 (0.807)	-0.239 (0.523)	0.085 (0.178)
<i>R-squared</i>	0.053	0.074	0.108	0.116	0.035
<i>Observations</i>	2,129	678	450	980	6,701

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	-0.001 (0.023)	-0.069 (0.065)	-0.069* (0.036)	0.017 (0.043)	-0.022* (0.012)
<i>Social Tie</i> \times <i>High E-index</i>	-1.742*** (0.632)	-3.715*** (1.308)	-1.247 (1.406)	-1.129 (0.968)	-0.863*** (0.299)
<i>Social Tie</i> \times <i>Merger Wave</i>	-1.236 (0.888)	-2.436 (1.672)	0.219 (1.529)	-3.307*** (1.235)	-1.171*** (0.352)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-1.633*** (0.598)	-2.782** (1.282)	-4.013*** (0.824)	0.240 (0.953)	-0.814** (0.321)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.532** (0.222)	0.776*** (0.286)	-0.210 (1.025)	0.172 (0.399)	0.305*** (0.114)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.077 (0.049)	0.158* (0.091)	0.225** (0.111)	-0.222** (0.098)	0.106*** (0.026)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.248 (0.662)	2.297* (1.343)	1.632 (1.408)	-1.163 (0.874)	1.015*** (0.340)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	1.684* (0.850)	-0.128 (1.490)	2.047 (1.994)	0.745 (1.363)	1.055** (0.460)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.484** (1.086)	0.092 (2.232)	4.811** (2.363)	1.375 (1.511)	1.944*** (0.528)
<i>Social Tie</i> \times <i>Low R&D</i>	1.420 (0.962)	1.859 (1.478)	3.664** (1.828)	-0.559 (1.190)	0.907 (0.628)
<i>Social Tie</i> \times <i>Well Connected Board</i>	2.001*** (0.636)	3.186*** (1.133)	2.431* (1.232)	1.915* (1.050)	1.963*** (0.302)
<i>Social Tie</i> \times <i>Centrality</i>	1.002 (0.662)	1.554* (0.892)	0.158 (1.039)	0.397 (1.048)	0.483*** (0.162)

Table D.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.349*** (0.048)	0.022 (0.068)	0.453*** (0.059)	-0.430*** (0.111)
More Monitoring				
<i>High Excess Cash</i>	0.203*** (0.034)	-0.070 (0.046)	0.287*** (0.042)	-0.358*** (0.081)
<i>High E-index</i>	0.029 (0.022)	-0.097** (0.040)	0.067*** (0.025)	-0.164*** (0.051)
<i>Merger Wave</i>	0.016 (0.019)	-0.066*** (0.022)	0.041 (0.024)	-0.106** (0.045)
<i>Diversifying × Low Δ Inc</i>	0.098*** (0.025)	-0.109*** (0.039)	0.161*** (0.030)	-0.270*** (0.059)
<i>Low PPS</i>	0.098** (0.042)	-0.039 (0.049)	0.158*** (0.057)	-0.197** (0.092)
<i>Low Inst Ownership</i>	0.221*** (0.036)	0.017 (0.050)	0.288*** (0.045)	-0.271*** (0.083)
<i>High Monitor</i>	0.186*** (0.033)	-0.017 (0.053)	0.248*** (0.039)	-0.265*** (0.077)
<i>High Mon, Low Adv</i>	0.041** (0.019)	-0.084*** (0.030)	0.078*** (0.023)	-0.162*** (0.046)
More Advice				
<i>Market Timers</i>	0.239*** (0.035)	0.161*** (0.047)	0.263*** (0.043)	-0.102 (0.082)
<i>Informed Board</i>	0.171*** (0.035)	0.034 (0.053)	0.214*** (0.043)	-0.180** (0.083)
<i>Expert Board</i>	0.114*** (0.032)	0.052 (0.052)	0.132*** (0.039)	-0.080 (0.076)
<i>Low R&D</i>	0.318*** (0.039)	0.168*** (0.055)	0.364*** (0.048)	-0.196** (0.091)
<i>Well Connected Board</i>	0.178*** (0.033)	0.138** (0.055)	0.190*** (0.040)	-0.052 (0.078)
<i>High Centrality</i>	0.186*** (0.035)	0.058 (0.058)	0.225*** (0.042)	-0.167** (0.082)
<i>High Advice</i>	0.176*** (0.031)	0.147*** (0.053)	0.185*** (0.038)	-0.038 (0.074)
<i>Low Mon, High Adv</i>	0.098*** (0.024)	0.083** (0.038)	0.103*** (0.029)	-0.020 (0.057)
N Obs	6,857	1,705	5,152	

Table D.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDC. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.373** (0.178)	-0.352** (0.154)	-0.330** (0.140)	-0.172 (0.110)	-0.426*** (0.150)	-0.592** (0.232)	-0.258 (0.165)	-0.268 (0.260)	-0.915** (0.405)	-0.3208** (0.1396)
<i>Social Tie × Advice</i>	0.875*** (0.196)	0.553*** (0.121)	0.518*** (0.128)	0.471*** (0.119)	0.737*** (0.128)	0.332 (0.231)	0.524*** (0.137)	0.416*** (0.126)	0.723 (0.728)	0.5995*** (0.1200)
<i>Social Tie</i>	0.271 (0.203)	0.227 (0.141)	0.150 (0.127)	0.082 (0.138)	0.013 (0.154)	0.342 (0.240)	0.119 (0.148)	-0.034 (0.209)	1.026 (0.715)	0.1439 (0.1341)
<i>R-squared</i>	0.042	0.034	0.034	0.026	0.038	0.051	0.028	0.025	0.105	0.0359
<i>Observations</i>	4,636	6,666	6,776	6,095	5,525	1,553	5,223	2,899	635	7,021

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.539*** (0.162)	-0.383*** (0.102)	-0.251** (0.105)	-0.231** (0.107)	-0.331** (0.129)	-0.213 (0.193)	-0.131 (0.143)	-0.078 (0.142)	-0.535 (0.440)	-0.2811*** (0.1014)
<i>Social Tie × Advice</i>	0.391** (0.185)	0.210** (0.105)	0.512*** (0.108)	0.310*** (0.102)	0.136 (0.141)	-0.013 (0.222)	0.268* (0.142)	0.037 (0.134)	0.489 (0.719)	0.3683*** (0.1029)
<i>Social Tie</i>	0.109 (0.188)	0.091 (0.127)	0.040 (0.130)	0.073 (0.126)	0.100 (0.170)	0.223 (0.284)	0.131 (0.164)	0.006 (0.173)	0.426 (0.706)	0.0640 (0.1259)
<i>R-squared</i>	0.007	0.005	0.002	0.003	0.006	0.018	0.000	0.005	0.036	0.0033
<i>Observations</i>	4,636	6,666	6,776	6,095	5,525	1,553	5,223	2,899	635	7,021

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Table D.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Threshold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.371** (0.183)	-0.340** (0.160)	-0.322** (0.144)	-0.157 (0.111)	-0.407** (0.155)	-0.560** (0.244)	-0.245 (0.169)	-0.284 (0.268)	-0.899** (0.431)	-0.3006** (0.1437)
<i>Social Tie × Advice</i>	0.824*** (0.204)	0.538*** (0.129)	0.511*** (0.133)	0.425*** (0.123)	0.726*** (0.132)	0.384 (0.243)	0.510*** (0.143)	0.401*** (0.139)	0.627 (0.795)	0.5855*** (0.1279)
<i>Social Tie</i>	0.290 (0.203)	0.224 (0.143)	0.214 (0.134)	0.096 (0.143)	0.021 (0.159)	0.446* (0.238)	0.095 (0.154)	0.036 (0.223)	1.260 (0.838)	0.1368 (0.1361)
<i>Competing Bids</i>	-1.305 (1.263)	-0.483 (1.067)	-0.545 (1.005)	0.522 (0.868)	-0.778 (1.193)	0.055 (1.198)	-0.176 (1.040)	-1.209 (1.207)	0.509 (3.882)	-0.8312 (0.8257)
<i>Hostile</i>	1.730** (0.846)	1.124 (0.753)	1.508** (0.655)	1.506** (0.667)	1.746** (0.748)	2.055** (0.906)	1.598 (1.388)	0.163 (0.714)	1.326 (2.066)	0.3533 (0.5301)
<i>R-squared</i>	0.051	0.040	0.041	0.034	0.046	0.082	0.037	0.048	0.170	0.0423
<i>Observations</i>	4,636	6,666	6,776	6,095	5,525	1,553	5,223	2,899	635	7,021

Table D.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.332** (0.151)	-0.381** (0.163)	-0.361** (0.138)	-0.2566** (0.1045)
<i>Social Tie</i> × <i>Advice</i>	0.540*** (0.127)	0.535*** (0.125)	0.561*** (0.123)	0.4887*** (0.1246)
<i>Social Tie</i>	0.154 (0.141)	0.192 (0.141)	0.196 (0.138)	0.1726 (0.1378)
<i>Proxy</i> × <i>Monitor</i>	-0.024 (0.208)	0.144 (0.128)	0.192 (0.299)	-1.3052* (0.7766)
<i>Proxy</i> × <i>Advice</i>	-0.087 (0.146)	0.035 (0.085)	-0.144 (0.266)	0.5536 (0.6159)
<i>Proxy</i>	0.338** (0.164)	0.058 (0.090)	0.011 (0.319)	-0.7277 (0.6194)
<i>R-squared</i>	0.034	0.034	0.033	0.0350
<i>Observations</i>	6,776	6,759	6,776	6,776
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.270*** (0.104)	-0.202* (0.104)	-0.410*** (0.105)	-0.3797*** (0.1056)
<i>Social Tie</i> × <i>Advice</i>	0.194* (0.109)	0.091 (0.108)	0.326*** (0.108)	0.2244** (0.1119)
<i>Social Tie</i>	-0.031 (0.129)	-0.053 (0.128)	-0.028 (0.129)	0.1173 (0.1298)
<i>Proxy</i> × <i>Monitor</i>	-0.229** (0.108)	-0.015 (0.061)	-0.103 (0.211)	-0.8504*** (0.2897)
<i>Proxy</i> × <i>Advice</i>	-0.107 (0.108)	0.098 (0.062)	-0.500** (0.199)	0.1146 (0.3598)
<i>Proxy</i>	0.356*** (0.101)	0.191*** (0.059)	0.281 (0.207)	-0.5979 (0.3959)
<i>R-squared</i>	0.004	0.004	0.003	0.0011
<i>Observations</i>	6,776	6,759	6,776	6,776

Continued on next page

Table D.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.321** (0.155)	-0.369** (0.166)	-0.349** (0.140)	-0.2416** (0.1035)
<i>Social Tie</i> × <i>Advice</i>	0.526*** (0.134)	0.520*** (0.130)	0.545*** (0.130)	0.4674*** (0.1310)
<i>Social Tie</i>	0.166 (0.143)	0.203 (0.144)	0.208 (0.141)	0.1863 (0.1408)
<i>Proxy</i> × <i>Monitor</i>	-0.028 (0.208)	0.141 (0.131)	0.189 (0.297)	-1.2800 (0.7842)
<i>Proxy</i> × <i>Advice</i>	-0.075 (0.147)	0.039 (0.084)	-0.143 (0.268)	0.6129 (0.6169)
<i>Proxy</i>	0.305* (0.165)	0.051 (0.091)	0.039 (0.322)	-0.6034 (0.6088)
<i>R-squared</i>	0.041	0.041	0.041	0.0420
<i>Observations</i>	6,776	6,759	6,776	6,776

E Measuring Performance with Market-Model Adjusted CAR[1,1]

This section presents results using market model adjusted stock returns around merger announcements. Market model estimates are obtained using the daily CRSP value-weighted index as a proxy for returns on the market portfolio. The estimation period is from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and three-day cumulative abnormal returns (CAR) are computed around these dates.

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Table E.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.501*** (0.176)	-0.493*** (0.178)		-0.438*** (0.156)	
<i>Social Tie</i> × <i>Advice</i>		0.779*** (0.165)		0.752*** (0.161)		0.675*** (0.158)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.405 (0.921)	-1.194 (0.877)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.381* (0.768)	0.652 (0.820)	
<i>Social Tie</i>	0.245 (0.174)			0.187 (0.169)		0.177 (0.169)	
<i>Monitor Factor</i>	-0.029 (0.099)	-0.020 (0.098)	0.172 (0.150)	0.180 (0.148)	0.932 (0.699)	0.977 (0.672)	-0.0059 (0.0069)
<i>Advice Factor</i>	-0.154 (0.096)	-0.492*** (0.137)	-0.145 (0.095)	-0.484*** (0.135)	-1.180* (0.623)	-0.937 (0.630)	0.0044 (0.0089)
<i>CEO Age</i>							0.0025*** (0.0009)
<i>CEO Centrality</i>							0.0477* (0.0244)
<i>CEO Degree</i>							0.0052*** (0.0013)
<i>% of Outside Dirs</i>	-0.186 (0.769)	0.078 (0.772)	-0.221 (0.774)	-0.051 (0.781)	0.063 (0.820)	-0.042 (0.817)	0.2119*** (0.0529)
<i>Log Total Assets</i>	-0.313*** (0.080)	-0.317*** (0.083)	-0.310*** (0.080)	-0.332*** (0.084)	-0.299*** (0.080)		0.0351*** (0.0047)
<i>Industry Leverage</i>	-0.013 (0.009)	-0.014 (0.009)	-0.013 (0.009)	-0.014 (0.009)	-0.014 (0.009)		0.0010** (0.0004)
<i>Industry Tobin's Q</i> (×100)	-0.148*** (0.055)	-0.157*** (0.052)	-0.141** (0.055)	-0.152*** (0.052)	-0.150*** (0.056)		0.0055 (0.0096)
<i>Price Run-up</i>	-0.480** (0.210)	-0.491** (0.208)	-0.474** (0.207)	-0.485** (0.204)	-0.475** (0.208)		0.0038 (0.0067)
<i>Board Size</i>	-0.017 (0.030)	-0.013 (0.031)	-0.010 (0.030)	-0.019 (0.031)	-0.009 (0.031)		0.0240*** (0.0025)
<i>Relative Deal Size</i>	0.196*** (0.074)	0.190** (0.073)	0.195*** (0.074)	0.190** (0.073)	0.192** (0.074)		-0.0184 (0.0120)
Δ <i>Income</i> (×100)	0.360* (0.203)	0.360* (0.192)	0.359* (0.198)	0.361** (0.182)	0.373* (0.206)		0.0000 (0.0129)
<i>Connections to Target</i>	-2.619*** (0.591)	-2.617*** (0.584)	-2.634*** (0.591)	-2.646*** (0.586)	-2.644*** (0.584)		0.0079 (0.0336)
<i>Public Tgt</i> × <i>Stock Deal</i>	-2.890*** (0.708)	-2.871*** (0.699)	-2.911*** (0.703)	-2.876*** (0.699)	-2.845*** (0.707)		-0.0266 (0.0328)
<i>Public Tgt</i> × <i>Cash Only</i>	0.263 (0.251)	0.256 (0.248)	0.259 (0.254)	0.264 (0.250)	0.229 (0.256)		-0.0299 (0.0211)
<i>Private Tgt</i> × <i>Stock Deal</i>	0.834 (0.857)	0.885 (0.858)	0.871 (0.867)	0.911 (0.865)	0.864 (0.868)		0.0277 (0.0337)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.399 (0.240)	-0.378 (0.243)	-0.415* (0.240)	-0.387 (0.243)	-0.409* (0.239)		-0.0191 (0.0165)
<i>Subsidiary</i> × <i>Cash Only</i>	0.920*** (0.256)	0.900*** (0.255)	0.907*** (0.257)	0.889*** (0.255)	0.911*** (0.256)		-0.0047 (0.0174)
<i>R-squared</i>	0.033	0.036	0.034	0.037	0.035	0.038	0.1790
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Table E.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board* (*Fesid*) and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	4.284** (1.853)	8.450*** (2.354)	7.265*** (1.537)	1.142 (2.776)	1.760 (1.726)	0.161 (0.507)	6.225*** (1.418)	5.142*** (1.299)
% <i>Friendly Board</i>	-0.673 (1.000)	-3.430** (1.526)	-4.101*** (1.349)	0.163 (2.578)	-0.068 (1.350)	0.666 (0.789)	-3.263*** (1.214)	-0.883 (0.797)
<i>Proxy</i>	-0.332 (0.301)	-0.384 (0.369)	-0.436* (0.245)	1.547*** (0.276)	0.316 (0.207)	0.222 (0.156)	-0.197 (0.236)	-0.078 (0.207)
<i>Lambda</i>	-0.800 (0.592)	-0.965* (0.577)	-0.735 (0.627)	-1.046* (0.560)	-0.744 (0.592)	-0.557 (0.590)	-0.609 (0.632)	-0.708 (0.583)
<i>R-squared</i>	0.034	0.034	0.035	0.041	0.034	0.034	0.034	0.034
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.112** (0.049)	-1.845 (1.379)	0.226* (0.135)	-3.166*** (1.208)	1.441** (0.670)	-1.951 (2.137)	-2.367* (1.427)	-5.147** (2.460)
% <i>Friendly Board</i>	1.013 (0.719)	1.428 (0.901)	0.497 (0.757)	1.997** (0.944)	-0.010 (0.777)	1.153 (0.734)	2.111* (1.083)	1.497** (0.746)
<i>Proxy</i>	-0.008 (0.009)	-0.311 (0.201)	-0.007 (0.020)	0.124 (0.209)	-0.191 (0.143)	0.190 (0.388)	-0.204 (0.218)	0.195 (0.296)
<i>Lambda</i>	-0.734 (0.599)	-0.861 (0.602)	-0.777 (0.585)	-0.834 (0.594)	-0.783 (0.583)	-0.781 (0.587)	-0.848 (0.593)	-0.733 (0.592)
<i>R-squared</i>	0.034	0.034	0.033	0.034	0.034	0.033	0.034	0.034
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Table E.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.446*** (0.448)	1.974*** (0.551)	1.760*** (0.328)	0.259 (0.551)	0.711* (0.405)	0.256 (0.273)	1.579*** (0.321)	1.849*** (0.341)
<i>Social Tie</i>	-0.292 (0.205)	-0.633* (0.322)	-0.826*** (0.251)	0.085 (0.498)	-0.195 (0.299)	0.138 (0.184)	-0.670*** (0.226)	-0.314* (0.167)
<i>Proxy</i>	-0.537* (0.323)	-0.554 (0.388)	-0.510** (0.243)	1.522*** (0.284)	0.221 (0.224)	0.107 (0.264)	-0.282 (0.234)	-0.284 (0.219)
<i>R-squared</i>	0.034	0.034	0.035	0.041	0.034	0.034	0.035	0.035
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.023* (0.012)	-0.610* (0.308)	0.071** (0.028)	-1.223*** (0.312)	0.474** (0.182)	-0.961* (0.534)	-0.897** (0.345)	-1.156*** (0.466)
<i>Social Tie</i>	0.222 (0.175)	0.444* (0.234)	0.066 (0.194)	0.675*** (0.224)	-0.013 (0.201)	0.344* (0.190)	0.731*** (0.275)	0.434** (0.199)
<i>Proxy</i>	-0.008 (0.009)	-0.213 (0.215)	-0.014 (0.020)	0.322 (0.223)	-0.319* (0.173)	0.325 (0.424)	-0.083 (0.235)	0.255 (0.316)
<i>R-squared</i>	0.034	0.034	0.034	0.034	0.035	0.033	0.034	0.034
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Table E.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.850** (0.331)	-2.290*** (0.646)	-2.206** (0.968)	0.246 (0.563)	-0.679*** (0.205)
<i>Social Tie</i> \times <i>Advice</i>	1.192*** (0.379)	1.949** (0.752)	2.025** (0.818)	0.864 (0.674)	1.022*** (0.182)
<i>Social Tie</i>	-0.189 (0.474)	-0.679 (0.803)	0.126 (0.850)	0.102 (0.712)	0.123 (0.269)
<i>R-squared</i>	0.061	0.078	0.102	0.106	0.038
<i>Observations</i>	2,134	683	451	980	6,706

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	0.015 (0.027)	0.028 (0.054)	-0.077 (0.058)	-0.019 (0.054)	-0.025 (0.018)
<i>Social Tie</i> \times <i>High E-index</i>	-0.540 (0.674)	-2.804* (1.489)	-2.451 (1.605)	-0.698 (1.314)	-1.336*** (0.447)
<i>Social Tie</i> \times <i>Merger Wave</i>	-1.327 (1.172)	1.510 (1.548)	-0.279 (1.815)	-4.407** (2.085)	-1.665*** (0.626)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-1.769** (0.765)	-3.127** (1.372)	-4.399*** (1.407)	0.408 (1.305)	-1.627*** (0.413)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.688** (0.275)	0.878** (0.338)	0.289 (1.147)	0.533 (0.497)	0.343** (0.154)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.119* (0.063)	0.245** (0.122)	0.192 (0.135)	-0.164 (0.122)	0.094** (0.037)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.439 (0.895)	1.727 (1.505)	3.369* (1.870)	-2.290* (1.348)	1.361** (0.521)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	2.776*** (1.036)	1.876 (1.810)	4.824** (2.042)	1.485 (1.803)	1.962*** (0.668)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.828** (1.415)	1.971 (2.602)	7.763*** (2.940)	3.407 (2.087)	3.384*** (0.732)
<i>Social Tie</i> \times <i>Low R&D</i>	1.403 (1.236)	0.912 (1.974)	4.716* (2.642)	0.112 (1.750)	0.619 (0.833)
<i>Social Tie</i> \times <i>Well Connected Board</i>	3.362*** (0.784)	5.017*** (1.240)	4.684*** (1.736)	1.163 (1.459)	2.900*** (0.414)
<i>Social Tie</i> \times <i>Centrality</i>	0.044 (0.649)	0.697 (1.305)	0.707 (0.988)	-0.033 (1.210)	0.491** (0.236)

Table E.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.693*** (0.064)	0.165 (0.088)	0.859*** (0.079)	-0.694*** (0.149)
More Monitoring				
<i>High Excess Cash</i>	0.394*** (0.046)	0.066 (0.061)	0.496*** (0.058)	-0.430*** (0.109)
<i>High E-index</i>	0.106*** (0.029)	-0.034 (0.052)	0.148*** (0.035)	-0.181*** (0.070)
<i>Merger Wave</i>	0.033 (0.026)	-0.038 (0.030)	0.054 (0.033)	-0.092 (0.062)
<i>Diversifying × Low Δ Inc</i>	0.207*** (0.033)	-0.064 (0.050)	0.288*** (0.040)	-0.352*** (0.077)
<i>Low PPS</i>	0.337*** (0.058)	0.046 (0.064)	0.463*** (0.077)	-0.417*** (0.125)
<i>Low Inst Ownership</i>	0.346*** (0.047)	0.043 (0.060)	0.447*** (0.059)	-0.404*** (0.108)
<i>High Monitor</i>	0.310*** (0.043)	0.029 (0.067)	0.395*** (0.052)	-0.367*** (0.101)
<i>High Mon, Low Adv</i>	0.112*** (0.025)	-0.073** (0.036)	0.167*** (0.031)	-0.240*** (0.060)
More Advice				
<i>Market Timers</i>	0.440*** (0.047)	0.276*** (0.061)	0.491*** (0.059)	-0.215 (0.111)
<i>Informed Board</i>	0.278*** (0.048)	0.132 (0.070)	0.323*** (0.059)	-0.191 (0.113)
<i>Expert Board</i>	0.203*** (0.043)	0.040 (0.069)	0.253*** (0.051)	-0.213** (0.101)
<i>Low R&D</i>	0.639*** (0.051)	0.331*** (0.071)	0.734*** (0.063)	-0.403*** (0.120)
<i>Well Connected Board</i>	0.330*** (0.044)	0.311*** (0.071)	0.336*** (0.054)	-0.026 (0.104)
<i>High Centrality</i>	0.351*** (0.046)	0.257*** (0.072)	0.379*** (0.056)	-0.122 (0.109)
<i>High Advice</i>	0.313*** (0.042)	0.310*** (0.070)	0.313*** (0.051)	-0.004 (0.100)
<i>Low Mon, High Adv</i>	0.179*** (0.033)	0.188*** (0.051)	0.177*** (0.040)	0.011 (0.078)
N Obs	6,857	1,705	5,152	

Table E.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDC. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.611** (0.236)	-0.509*** (0.191)	-0.499*** (0.174)	-0.250* (0.147)	-0.596*** (0.190)	-0.795*** (0.289)	-0.350* (0.196)	-0.385 (0.328)	-0.912 (0.562)	-0.4862*** (0.1773)
<i>Social Tie × Advice</i>	1.107*** (0.264)	0.755*** (0.156)	0.721*** (0.165)	0.649*** (0.156)	0.842*** (0.182)	0.664** (0.266)	0.686*** (0.176)	0.608*** (0.159)	1.641** (0.799)	0.8025*** (0.1560)
<i>Social Tie</i>	0.212 (0.240)	0.227 (0.171)	0.191 (0.163)	0.102 (0.171)	0.063 (0.199)	0.665* (0.344)	-0.055 (0.185)	-0.044 (0.261)	1.099 (0.861)	0.0980 (0.1623)
<i>R-squared</i>	0.045	0.037	0.040	0.032	0.043	0.060	0.024	0.032	0.099	0.0384
<i>Observations</i>	4,635	6,668	6,778	6,094	5,521	1,558	5,220	2,895	640	7,023

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.367* (0.215)	-0.329** (0.149)	-0.413*** (0.146)	-0.095 (0.150)	-0.627*** (0.179)	-0.579** (0.274)	-0.317* (0.192)	-0.137 (0.200)	-0.675 (0.625)	-0.3859*** (0.1424)
<i>Social Tie × Advice</i>	0.256 (0.226)	0.544*** (0.150)	0.304** (0.148)	0.147 (0.139)	0.591*** (0.187)	0.457 (0.308)	0.413** (0.189)	0.338* (0.188)	1.809* (1.058)	0.3730*** (0.1419)
<i>Social Tie</i>	-0.054 (0.256)	0.030 (0.188)	0.039 (0.184)	0.185 (0.177)	0.073 (0.240)	0.605 (0.418)	-0.455** (0.219)	-0.116 (0.243)	1.223 (1.058)	0.0416 (0.1797)
<i>R-squared</i>	0.014	0.011	0.009	0.013	0.014	0.028	0.008	0.009	0.043	0.0122
<i>Observations</i>	4,635	6,668	6,778	6,094	5,521	1,558	5,220	2,895	640	7,023

Continued on next page

Table E.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.570** (0.246)	-0.468** (0.204)	-0.450** (0.185)	-0.187 (0.148)	-0.564*** (0.202)	-0.712** (0.330)	-0.327 (0.199)	-0.384 (0.352)	-0.946* (0.526)	-0.4346** (0.1861)
<i>Social Tie × Advice</i>	0.995*** (0.251)	0.720*** (0.156)	0.685*** (0.162)	0.573*** (0.154)	0.806*** (0.181)	0.638** (0.293)	0.647*** (0.171)	0.590*** (0.161)	1.835* (0.955)	0.7615*** (0.1570)
<i>Social Tie</i>	0.196 (0.242)	0.208 (0.176)	0.242 (0.168)	0.085 (0.172)	0.042 (0.201)	0.573 (0.352)	-0.074 (0.194)	-0.018 (0.275)	1.699* (0.932)	0.0674 (0.1651)
<i>Competing Bids</i>	-1.432 (1.409)	-0.618 (1.197)	-0.701 (1.119)	0.442 (1.133)	-0.944 (1.363)	-0.162 (1.145)	3.369 (4.213)	-0.032 (1.627)	2.719 (4.901)	-0.9621 (0.9277)
<i>Hostile</i>	1.419 (0.963)	0.860 (0.838)	1.169 (0.755)	1.110 (0.810)	1.437* (0.839)	1.658 (1.071)	1.350 (1.407)	-0.410 (0.798)	1.330 (2.728)	0.5173 (0.6312)
<i>R-squared</i>	0.061	0.046	0.052	0.046	0.056	0.095	0.039	0.064	0.160	0.0497
<i>Observations</i>	4,635	6,668	6,778	6,094	5,521	1,558	5,220	2,895	640	7,023

Table E.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.492*** (0.185)	-0.493** (0.194)	-0.504*** (0.172)	-0.4379*** (0.1564)
<i>Social Tie</i> × <i>Advice</i>	0.751*** (0.169)	0.764*** (0.163)	0.736*** (0.161)	0.6747*** (0.1581)
<i>Social Tie</i>	0.158 (0.175)	0.169 (0.170)	0.193 (0.171)	0.1774 (0.1691)
<i>Proxy</i> × <i>Monitor</i>	0.001 (0.256)	0.039 (0.142)	0.203 (0.348)	-1.1939 (0.8774)
<i>Proxy</i> × <i>Advice</i>	-0.146 (0.155)	-0.054 (0.108)	0.291 (0.334)	0.6522 (0.8196)
<i>Proxy</i>	0.311 (0.194)	0.104 (0.112)	-0.151 (0.446)	-0.0424 (0.8167)
<i>R-squared</i>	0.037	0.037	0.037	0.0376
<i>Observations</i>	6,778	6,760	6,778	6,778
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.084 (0.147)	-0.501*** (0.146)	-0.193 (0.143)	-0.3771** (0.1468)
<i>Social Tie</i> × <i>Advice</i>	0.568*** (0.148)	0.449*** (0.151)	0.437*** (0.144)	0.3327** (0.1561)
<i>Social Tie</i>	-0.258 (0.185)	0.013 (0.183)	-0.084 (0.178)	0.3045* (0.1848)
<i>Proxy</i> × <i>Monitor</i>	-0.173 (0.155)	0.038 (0.087)	0.361 (0.293)	-0.4927 (0.3994)
<i>Proxy</i> × <i>Advice</i>	-0.035 (0.146)	-0.165* (0.089)	0.196 (0.274)	0.7866 (0.5006)
<i>Proxy</i>	0.601*** (0.144)	0.228*** (0.085)	0.168 (0.288)	0.0795 (0.5637)
<i>R-squared</i>	0.012	0.012	0.011	0.0096
<i>Observations</i>	6,778	6,760	6,778	6,778

Continued on next page

Table E.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.452** (0.197)	-0.457** (0.206)	-0.464** (0.181)	-0.3902** (0.1610)
<i>Social Tie</i> × <i>Advice</i>	0.709*** (0.168)	0.727*** (0.161)	0.686*** (0.162)	0.6218*** (0.1573)
<i>Social Tie</i>	0.159 (0.179)	0.170 (0.177)	0.188 (0.175)	0.1732 (0.1727)
<i>Proxy</i> × <i>Monitor</i>	0.019 (0.262)	0.055 (0.152)	0.289 (0.359)	-1.1562 (0.9098)
<i>Proxy</i> × <i>Advice</i>	-0.121 (0.156)	-0.061 (0.107)	0.373 (0.339)	0.7302 (0.8119)
<i>Proxy</i>	0.234 (0.193)	0.035 (0.118)	-0.125 (0.459)	0.0115 (0.8381)
<i>R-squared</i>	0.049	0.049	0.049	0.0497
<i>Observations</i>	6,778	6,760	6,778	6,778

F Measuring Performance with Market Adjusted CAR[1,1]

This section presents results using market adjusted stock returns around merger announcements. The daily CRSP value-weighted index is used as a proxy for returns on the market portfolio. Announcement dates are obtained from SDC, and three-day cumulative abnormal returns (CAR) are computed around these dates.

Tables

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Table F.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.526*** (0.172)	-0.517*** (0.174)		-0.458*** (0.149)	
<i>Social Tie</i> × <i>Advice</i>		0.806*** (0.168)		0.780*** (0.165)		0.713*** (0.160)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.485 (0.950)	-1.266 (0.906)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.314* (0.759)	0.541 (0.805)	
<i>Social Tie</i>	0.234 (0.168)			0.177 (0.162)		0.165 (0.162)	
<i>Monitor Factor</i>	-0.049 (0.102)	-0.039 (0.100)	0.162 (0.151)	0.170 (0.149)	0.968 (0.721)	1.016 (0.697)	-0.0057 (0.0069)
<i>Advice Factor</i>	-0.124 (0.099)	-0.473*** (0.141)	-0.116 (0.098)	-0.464*** (0.140)	-1.101* (0.620)	-0.839 (0.622)	0.0027 (0.0089)
<i>CEO Age</i>							0.0026*** (0.0009)
<i>CEO Centrality</i>							0.0466* (0.0243)
<i>CEO Degree</i>							0.0051*** (0.0013)
<i>% of Outside Dirs</i>	-0.115 (0.799)	0.151 (0.807)	-0.158 (0.806)	0.020 (0.814)	0.105 (0.849)	-0.007 (0.843)	0.2081*** (0.0530)
<i>Log Total Assets</i>	-0.288*** (0.076)	-0.293*** (0.080)	-0.285*** (0.077)	-0.308*** (0.080)	-0.273*** (0.077)		0.0362*** (0.0046)
<i>Industry Leverage</i>	-0.014 (0.010)	-0.015 (0.010)	-0.014 (0.010)	-0.015 (0.010)	-0.015 (0.010)		0.0010** (0.0004)
<i>Industry Tobin's Q</i> (×100)	-0.203*** (0.054)	-0.212*** (0.051)	-0.195*** (0.055)	-0.206*** (0.052)	-0.204*** (0.055)		0.0056 (0.0095)
<i>Price Run-up</i>	-0.969*** (0.171)	-0.980*** (0.169)	-0.964*** (0.169)	-0.973*** (0.166)	-0.966*** (0.169)		-0.0012 (0.0076)
<i>Board Size</i>	-0.014 (0.032)	-0.011 (0.032)	-0.007 (0.031)	-0.016 (0.032)	-0.006 (0.032)		0.0237*** (0.0025)
<i>Relative Deal Size</i>	0.194*** (0.070)	0.188*** (0.069)	0.193*** (0.070)	0.188*** (0.069)	0.190*** (0.069)		-0.0170 (0.0117)
Δ <i>Income</i> (×100)	0.320* (0.176)	0.321* (0.165)	0.319* (0.172)	0.322** (0.156)	0.333* (0.179)		-0.0002 (0.0128)
<i>Connections to Target</i>	-2.744*** (0.606)	-2.740*** (0.600)	-2.761*** (0.607)	-2.769*** (0.603)	-2.771*** (0.600)		0.0066 (0.0337)
<i>Public Tgt</i> × <i>Stock Deal</i>	-2.850*** (0.683)	-2.830*** (0.674)	-2.873*** (0.678)	-2.837*** (0.674)	-2.806*** (0.683)		-0.0317 (0.0316)
<i>Public Tgt</i> × <i>Cash Only</i>	0.236 (0.251)	0.227 (0.248)	0.232 (0.254)	0.234 (0.250)	0.203 (0.256)		-0.0288 (0.0210)
<i>Private Tgt</i> × <i>Stock Deal</i>	0.701 (0.860)	0.752 (0.860)	0.741 (0.871)	0.782 (0.869)	0.734 (0.874)		0.0302 (0.0344)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.499** (0.235)	-0.478** (0.237)	-0.516** (0.235)	-0.488** (0.237)	-0.510** (0.234)		-0.0174 (0.0166)
<i>Subsidiary</i> × <i>Cash Only</i>	0.836*** (0.251)	0.815*** (0.250)	0.821*** (0.253)	0.803*** (0.250)	0.825*** (0.251)		-0.0043 (0.0176)
<i>R-squared</i>	0.039	0.042	0.040	0.043	0.041	0.044	0.1810
<i>Observations</i>	6,765	6,765	6,765	6,765	6,765	6,765	6,765

Table F.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board (Fesid)* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	4.656** (1.934)	7.719*** (2.415)	8.311*** (1.488)	-0.262 (2.661)	1.129 (1.708)	0.016 (0.522)	7.265*** (1.353)	6.311*** (1.213)
% <i>Friendly Board</i>	-0.702 (0.961)	-2.955* (1.561)	-4.669*** (1.309)	1.309 (2.431)	0.354 (1.289)	0.836 (0.745)	-3.808*** (1.163)	-1.137 (0.787)
<i>Proxy</i>	-0.350 (0.305)	-0.348 (0.371)	-0.395 (0.249)	1.560*** (0.278)	0.338 (0.212)	0.235 (0.157)	-0.162 (0.239)	-0.058 (0.210)
<i>Lambda</i>	-0.809 (0.590)	-0.957* (0.576)	-0.661 (0.620)	-1.036* (0.558)	-0.764 (0.589)	-0.569 (0.597)	-0.537 (0.630)	-0.683 (0.577)
<i>R-squared</i>	0.040	0.040	0.041	0.047	0.040	0.040	0.041	0.041
<i>Observations</i>	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.091* (0.052)	-2.262* (1.285)	0.152 (0.137)	-4.058*** (1.153)	1.360* (0.692)	-2.102 (2.028)	-2.407* (1.313)	-6.122** (2.378)
% <i>Friendly Board</i>	1.032 (0.686)	1.667** (0.818)	0.696 (0.749)	2.438*** (0.866)	0.116 (0.758)	1.276* (0.711)	2.208** (0.966)	1.727** (0.699)
<i>Proxy</i>	-0.004 (0.009)	-0.335 (0.204)	-0.006 (0.019)	0.131 (0.208)	-0.170 (0.150)	0.262 (0.377)	-0.208 (0.212)	0.187 (0.300)
<i>Lambda</i>	-0.760 (0.595)	-0.870 (0.596)	-0.788 (0.582)	-0.864 (0.590)	-0.786 (0.578)	-0.797 (0.583)	-0.856 (0.586)	-0.717 (0.590)
<i>R-squared</i>	0.040	0.040	0.039	0.040	0.040	0.039	0.040	0.040
<i>Observations</i>	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765

Table F.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.552*** (0.452)	1.899*** (0.554)	1.929*** (0.325)	0.098 (0.540)	0.635 (0.402)	0.213 (0.263)	1.743*** (0.315)	2.118*** (0.342)
<i>Social Tie</i>	-0.335* (0.200)	-0.609* (0.315)	-0.929*** (0.250)	0.197 (0.485)	-0.157 (0.295)	0.144 (0.179)	-0.764*** (0.221)	-0.392*** (0.162)
<i>Proxy</i>	-0.566* (0.325)	-0.529 (0.389)	-0.472* (0.249)	1.519*** (0.286)	0.236 (0.229)	0.130 (0.254)	-0.248 (0.237)	-0.278 (0.220)
<i>R-squared</i>	0.040	0.040	0.042	0.046	0.040	0.040	0.041	0.042
<i>Observations</i>	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.021* (0.013)	-0.716** (0.295)	0.060** (0.029)	-1.396*** (0.313)	0.461** (0.190)	-0.930* (0.505)	-1.019*** (0.338)	-1.339*** (0.468)
<i>Social Tie</i>	0.212 (0.169)	0.478** (0.225)	0.084 (0.189)	0.739*** (0.218)	-0.015 (0.195)	0.336* (0.183)	0.793*** (0.268)	0.464** (0.194)
<i>Proxy</i>	-0.003 (0.009)	-0.228 (0.219)	-0.013 (0.020)	0.335 (0.221)	-0.298 (0.183)	0.381 (0.410)	-0.061 (0.231)	0.255 (0.320)
<i>R-squared</i>	0.039	0.040	0.039	0.041	0.041	0.039	0.040	0.040
<i>Observations</i>	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765

Table F.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-1.049*** (0.336)	-2.316*** (0.602)	-2.855*** (1.003)	0.238 (0.591)	-0.691*** (0.213)
<i>Social Tie</i> \times <i>Advice</i>	1.062*** (0.387)	1.764** (0.746)	1.803** (0.789)	0.790 (0.679)	1.010*** (0.181)
<i>Social Tie</i>	-0.119 (0.471)	-1.074 (0.796)	0.054 (0.944)	0.040 (0.688)	0.139 (0.269)
<i>R-squared</i>	0.061	0.080	0.106	0.113	0.045
<i>Observations</i>	2,131	684	450	980	6,704

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	0.011 (0.028)	0.038 (0.051)	-0.023 (0.059)	-0.011 (0.053)	-0.027 (0.017)
<i>Social Tie</i> \times <i>High E-index</i>	-1.083 (0.670)	-2.699* (1.568)	-3.356* (1.693)	-0.559 (1.257)	-1.310*** (0.435)
<i>Social Tie</i> \times <i>Merger Wave</i>	-1.132 (1.175)	1.735 (1.586)	-0.152 (1.928)	-4.435** (1.965)	-1.831*** (0.652)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-2.127*** (0.795)	-2.691* (1.415)	-5.063*** (1.418)	0.409 (1.270)	-1.820*** (0.453)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.778*** (0.284)	0.912*** (0.326)	0.345 (1.156)	0.656 (0.450)	0.344** (0.147)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.092 (0.062)	0.237* (0.125)	0.131 (0.130)	-0.183 (0.120)	0.080** (0.039)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.328 (0.903)	0.907 (1.521)	2.303 (1.770)	-1.907 (1.335)	1.352*** (0.495)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	3.001*** (1.066)	2.501 (1.834)	4.838** (2.100)	1.356 (1.775)	2.324*** (0.684)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.702* (1.393)	2.273 (2.460)	6.022** (2.972)	3.234 (2.068)	3.660*** (0.713)
<i>Social Tie</i> \times <i>Low R&D</i>	1.303 (1.273)	1.021 (1.825)	4.666* (2.631)	0.212 (1.651)	0.536 (0.806)
<i>Social Tie</i> \times <i>Well Connected Board</i>	2.912*** (0.831)	4.602*** (1.241)	4.016** (1.679)	1.090 (1.441)	2.970*** (0.405)
<i>Social Tie</i> \times <i>Centrality</i>	0.055 (0.627)	0.691 (1.223)	0.600 (0.993)	0.074 (1.201)	0.451* (0.230)

Table F.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.443*** (0.063)	0.008 (0.087)	0.579*** (0.078)	-0.572*** (0.147)
More Monitoring				
<i>High Excess Cash</i>	0.265*** (0.046)	-0.010 (0.060)	0.349*** (0.057)	-0.359*** (0.108)
<i>High E-index</i>	0.027 (0.029)	-0.120** (0.051)	0.070** (0.034)	-0.191*** (0.068)
<i>Merger Wave</i>	-0.009 (0.026)	-0.054 (0.029)	0.005 (0.032)	-0.059 (0.061)
<i>Diversifying × Low Δ Inc</i>	0.132*** (0.032)	-0.157*** (0.050)	0.218*** (0.039)	-0.375*** (0.076)
<i>Low PPS</i>	0.226*** (0.057)	-0.002 (0.066)	0.324*** (0.076)	-0.326*** (0.124)
<i>Low Inst Ownership</i>	0.262*** (0.046)	0.001 (0.061)	0.348*** (0.057)	-0.347*** (0.106)
<i>High Monitor</i>	0.185*** (0.042)	-0.068 (0.066)	0.261*** (0.051)	-0.329*** (0.099)
<i>High Mon, Low Adv</i>	0.061** (0.025)	-0.121*** (0.036)	0.114*** (0.030)	-0.235*** (0.059)
More Advice				
<i>Market Timers</i>	0.293*** (0.047)	0.170*** (0.061)	0.331*** (0.058)	-0.161 (0.110)
<i>Informed Board</i>	0.148*** (0.047)	0.063 (0.070)	0.174*** (0.058)	-0.112 (0.112)
<i>Expert Board</i>	0.074 (0.042)	-0.064 (0.069)	0.116** (0.050)	-0.180 (0.099)
<i>Low R&D</i>	0.471*** (0.050)	0.168** (0.071)	0.563*** (0.062)	-0.395*** (0.119)
<i>Well Connected Board</i>	0.225*** (0.044)	0.250*** (0.070)	0.218*** (0.053)	0.032 (0.104)
<i>High Centrality</i>	0.233*** (0.045)	0.188*** (0.072)	0.246*** (0.055)	-0.058 (0.107)
<i>High Advice</i>	0.221*** (0.042)	0.258*** (0.069)	0.210*** (0.051)	0.048 (0.099)
<i>Low Mon, High Adv</i>	0.135*** (0.033)	0.189*** (0.049)	0.119*** (0.040)	0.070 (0.078)
N Obs	6,857	1,705	5,152	

Table F.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDC. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.640*** (0.226)	-0.542*** (0.187)	-0.525*** (0.170)	-0.277* (0.145)	-0.608*** (0.184)	-0.861*** (0.302)	-0.359* (0.182)	-0.442 (0.334)	-0.919 (0.586)	-0.5042*** (0.1729)
<i>Social Tie × Advice</i>	1.185*** (0.279)	0.778*** (0.160)	0.751*** (0.169)	0.706*** (0.164)	0.893*** (0.186)	0.663** (0.257)	0.740*** (0.182)	0.611*** (0.165)	1.602*** (0.744)	0.8264*** (0.1584)
<i>Social Tie</i>	0.204 (0.232)	0.218 (0.164)	0.188 (0.156)	0.093 (0.166)	0.041 (0.188)	0.668* (0.345)	-0.065 (0.181)	-0.065 (0.261)	1.311 (0.812)	0.0823 (0.1554)
<i>R-squared</i>	0.052	0.043	0.046	0.034	0.050	0.066	0.031	0.033	0.107	0.0445
<i>Observations</i>	4,625	6,655	6,765	6,083	5,508	1,555	5,210	2,893	637	7,010

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.215 (0.220)	-0.279* (0.144)	-0.473*** (0.143)	-0.307** (0.148)	-0.490*** (0.177)	-0.443* (0.237)	-0.300 (0.189)	-0.137 (0.202)	-0.664 (0.543)	-0.5270*** (0.1400)
<i>Social Tie × Advice</i>	0.739*** (0.232)	0.572*** (0.144)	0.428*** (0.145)	0.337** (0.138)	0.484*** (0.185)	0.517* (0.266)	0.241 (0.186)	0.067 (0.190)	1.419 (0.921)	0.4120*** (0.1396)
<i>Social Tie</i>	0.194 (0.263)	0.080 (0.181)	0.012 (0.181)	0.139 (0.176)	-0.061 (0.237)	0.774** (0.362)	0.038 (0.216)	-0.055 (0.245)	0.321 (0.929)	0.2539 (0.1771)
<i>R-squared</i>	0.019	0.014	0.012	0.012	0.018	0.032	0.009	0.011	0.053	0.0139
<i>Observations</i>	4,625	6,655	6,765	6,083	5,508	1,555	5,210	2,893	637	7,010

Continued on next page

Table F.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.591** (0.238)	-0.493** (0.201)	-0.468** (0.182)	-0.210 (0.147)	-0.570*** (0.198)	-0.792** (0.343)	-0.319* (0.184)	-0.440 (0.360)	-0.986* (0.565)	-0.4445** (0.1827)
<i>Social Tie × Advice</i>	1.075*** (0.263)	0.745*** (0.158)	0.716*** (0.164)	0.630*** (0.159)	0.863*** (0.182)	0.635** (0.280)	0.692*** (0.175)	0.598*** (0.166)	1.779** (0.887)	0.7853*** (0.1575)
<i>Social Tie</i>	0.183 (0.235)	0.196 (0.172)	0.234 (0.164)	0.073 (0.169)	0.016 (0.192)	0.582* (0.347)	-0.079 (0.191)	-0.048 (0.277)	1.818** (0.888)	0.0496 (0.1600)
<i>Competing Bids</i>	-1.318 (1.388)	-0.373 (1.186)	-0.526 (1.113)	0.642 (1.136)	-0.953 (1.327)	0.054 (1.144)	3.065 (3.976)	0.309 (1.447)	4.036 (4.988)	-0.8726 (0.9358)
<i>Hostile</i>	1.630* (0.965)	1.048 (0.848)	1.362* (0.771)	1.254 (0.827)	1.773** (0.839)	1.816* (1.094)	1.536 (1.475)	-0.359 (0.846)	0.510 (3.264)	0.6094 (0.6365)
<i>R-squared</i>	0.067	0.052	0.058	0.049	0.063	0.100	0.046	0.065	0.167	0.0561
<i>Observations</i>	4,625	6,655	6,765	6,083	5,508	1,555	5,210	2,893	637	7,010

Table F.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.507*** (0.185)	-0.524*** (0.191)	-0.525*** (0.165)	-0.4584*** (0.1494)
<i>Social Tie</i> × <i>Advice</i>	0.775*** (0.171)	0.796*** (0.167)	0.763*** (0.164)	0.7126*** (0.1602)
<i>Social Tie</i>	0.145 (0.168)	0.153 (0.166)	0.183 (0.163)	0.1653 (0.1622)
<i>Proxy</i> × <i>Monitor</i>	-0.050 (0.255)	0.066 (0.139)	0.181 (0.350)	-1.2661 (0.9056)
<i>Proxy</i> × <i>Advice</i>	-0.115 (0.147)	-0.062 (0.112)	0.303 (0.341)	0.5414 (0.8052)
<i>Proxy</i>	0.303 (0.189)	0.139 (0.116)	-0.194 (0.421)	-0.0073 (0.8425)
<i>R-squared</i>	0.043	0.043	0.043	0.0439
<i>Observations</i>	6,765	6,747	6,765	6,765
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.302** (0.144)	-0.405*** (0.144)	-0.544*** (0.143)	-0.1965 (0.1423)
<i>Social Tie</i> × <i>Advice</i>	0.353** (0.145)	0.614*** (0.149)	0.326** (0.144)	0.3627** (0.1515)
<i>Social Tie</i>	-0.056 (0.182)	0.043 (0.181)	0.256 (0.179)	0.1619 (0.1796)
<i>Proxy</i> × <i>Monitor</i>	-0.147 (0.151)	0.023 (0.086)	0.041 (0.293)	-0.0235 (0.3869)
<i>Proxy</i> × <i>Advice</i>	0.202 (0.144)	-0.223** (0.088)	0.043 (0.275)	0.4235 (0.4858)
<i>Proxy</i>	0.223 (0.141)	0.061 (0.084)	0.500* (0.288)	-1.2668** (0.5464)
<i>R-squared</i>	0.014	0.015	0.014	0.0116
<i>Observations</i>	6,765	6,747	6,765	6,765

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Table F.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.459** (0.197)	-0.480** (0.205)	-0.478*** (0.176)	-0.4030** (0.1554)
<i>Social Tie</i> × <i>Advice</i>	0.735*** (0.167)	0.763*** (0.165)	0.716*** (0.163)	0.6611*** (0.1578)
<i>Social Tie</i>	0.146 (0.175)	0.153 (0.175)	0.178 (0.170)	0.1612 (0.1679)
<i>Proxy</i> × <i>Monitor</i>	-0.035 (0.261)	0.078 (0.149)	0.267 (0.360)	-1.2279 (0.9406)
<i>Proxy</i> × <i>Advice</i>	-0.092 (0.150)	-0.076 (0.111)	0.365 (0.347)	0.6192 (0.7924)
<i>Proxy</i>	0.220 (0.188)	0.069 (0.122)	-0.171 (0.435)	0.0636 (0.8649)
<i>R-squared</i>	0.055	0.055	0.055	0.0560
<i>Observations</i>	6,765	6,747	6,765	6,765

G Using Prior Acquirer Returns to Estimate CAR[1,1]

This section presents results using stock returns around merger announcements, adjusted for the acquirer's average return from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and three-day cumulative abnormal returns (CAR) are computed around these dates.

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Table G.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.520*** (0.176)	-0.510*** (0.178)		-0.456*** (0.154)	
<i>Social Tie</i> × <i>Advice</i>		0.820*** (0.170)		0.792*** (0.167)		0.732*** (0.164)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.422 (0.919)	-1.207 (0.873)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.275 (0.826)	0.489 (0.881)	
<i>Social Tie</i>	0.246 (0.183)			0.185 (0.176)		0.175 (0.178)	
<i>Monitor Factor</i>	-0.028 (0.096)	-0.019 (0.095)	0.179 (0.147)	0.187 (0.144)	0.944 (0.695)	0.994 (0.669)	-0.0059 (0.0069)
<i>Advice Factor</i>	-0.097 (0.107)	-0.451*** (0.152)	-0.088 (0.106)	-0.443*** (0.151)	-1.044 (0.679)	-0.781 (0.685)	0.0039 (0.0089)
<i>CEO Age</i>							0.0024** (0.0009)
<i>CEO Centrality</i>							0.0475* (0.0246)
<i>CEO Degree</i>							0.0050*** (0.0013)
<i>% of Outside Dirs</i>	-0.008 (0.807)	0.265 (0.806)	-0.047 (0.813)	0.135 (0.817)	0.210 (0.861)	0.100 (0.858)	0.2018*** (0.0531)
<i>Log Total Assets</i>	-0.298*** (0.078)	-0.302*** (0.081)	-0.295*** (0.078)	-0.318*** (0.081)	-0.284*** (0.078)		0.0350*** (0.0047)
<i>Industry Leverage</i>	-0.016 (0.010)	-0.016 (0.010)	-0.015 (0.010)	-0.016 (0.010)	-0.016 (0.010)		0.0010** (0.0004)
<i>Industry Tobin's Q</i> (×100)	-0.179*** (0.057)	-0.188*** (0.055)	-0.171*** (0.058)	-0.183*** (0.055)	-0.181*** (0.058)		0.0056 (0.0095)
<i>Price Run-up</i>	-1.054*** (0.202)	-1.065*** (0.200)	-1.048*** (0.199)	-1.059*** (0.197)	-1.050*** (0.200)		0.0010 (0.0068)
<i>Board Size</i>	-0.008 (0.032)	-0.005 (0.032)	-0.001 (0.032)	-0.010 (0.032)	0.000 (0.032)		0.0239*** (0.0025)
<i>Relative Deal Size</i>	0.193*** (0.070)	0.187*** (0.069)	0.193*** (0.070)	0.188*** (0.069)	0.190*** (0.070)		-0.0188 (0.0119)
Δ <i>Income</i> (×100)	0.292* (0.173)	0.292* (0.162)	0.291* (0.170)	0.293* (0.155)	0.304* (0.175)		0.0001 (0.0127)
<i>Connections to Target</i>	-2.650*** (0.637)	-2.644*** (0.629)	-2.666*** (0.636)	-2.672*** (0.632)	-2.673*** (0.631)		0.0104 (0.0338)
<i>Public Tgt</i> × <i>Stock Deal</i>	-2.753*** (0.708)	-2.736*** (0.699)	-2.775*** (0.702)	-2.741*** (0.699)	-2.710*** (0.708)		-0.0288 (0.0331)
<i>Public Tgt</i> × <i>Cash Only</i>	0.241 (0.256)	0.232 (0.252)	0.234 (0.258)	0.238 (0.253)	0.207 (0.260)		-0.0349* (0.0211)
<i>Private Tgt</i> × <i>Stock Deal</i>	0.661 (0.882)	0.714 (0.881)	0.697 (0.893)	0.740 (0.889)	0.690 (0.895)		0.0285 (0.0338)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.481* (0.248)	-0.459* (0.251)	-0.497** (0.248)	-0.468* (0.251)	-0.491** (0.247)		-0.0179 (0.0166)
<i>Subsidiary</i> × <i>Cash Only</i>	0.867*** (0.263)	0.846*** (0.262)	0.852*** (0.264)	0.833*** (0.263)	0.858*** (0.263)		-0.0041 (0.0176)
<i>R-squared</i>	0.036	0.038	0.037	0.039	0.037	0.040	0.1780
<i>Observations</i>	6,753	6,753	6,753	6,753	6,753	6,753	6,753

Table G.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board* (*Fesid*) and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	4.585** (1.777)	7.547*** (2.489)	8.067*** (1.621)	-0.661 (3.122)	1.210 (1.716)	0.040 (0.504)	6.669*** (1.468)	5.806*** (1.358)
% <i>Friendly Board</i>	-0.925 (1.034)	-3.083** (1.543)	-4.818*** (1.511)	1.401 (2.876)	0.060 (1.397)	0.550 (0.887)	-3.731*** (1.363)	-1.263 (0.862)
<i>Proxy</i>	-0.510 (0.315)	-0.432 (0.391)	-0.338 (0.278)	1.679*** (0.287)	0.249 (0.211)	0.241 (0.171)	-0.102 (0.266)	0.004 (0.217)
<i>Lambda</i>	-1.013 (0.623)	-1.155* (0.611)	-0.876 (0.651)	-1.263** (0.596)	-0.999 (0.625)	-0.806 (0.614)	-0.768 (0.665)	-0.914 (0.620)
<i>R-squared</i>	0.037	0.037	0.038	0.044	0.036	0.036	0.037	0.037
<i>Observations</i>	6,753	6,753	6,753	6,753	6,753	6,753	6,753	6,753

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.117** (0.054)	-1.715 (1.421)	0.224 (0.147)	-3.610*** (1.294)	1.424** (0.663)	-0.983 (2.263)	-2.762* (1.475)	-6.478*** (2.319)
% <i>Friendly Board</i>	0.874 (0.804)	1.233 (1.031)	0.364 (0.839)	2.021** (1.006)	-0.165 (0.840)	0.857 (0.802)	2.146* (1.189)	1.469* (0.796)
<i>Proxy</i>	-0.010 (0.010)	-0.299 (0.193)	0.005 (0.020)	0.225 (0.216)	-0.190 (0.144)	0.102 (0.414)	-0.185 (0.202)	0.150 (0.307)
<i>Lambda</i>	-0.972 (0.633)	-1.096* (0.633)	-1.011 (0.618)	-1.053* (0.617)	-1.028* (0.615)	-1.029* (0.618)	-1.087* (0.621)	-0.941 (0.623)
<i>R-squared</i>	0.037	0.037	0.036	0.036	0.037	0.036	0.037	0.037
<i>Observations</i>	6,753	6,753	6,753	6,753	6,753	6,753	6,753	6,753

Table G.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.484*** (0.453)	1.667*** (0.564)	1.935*** (0.342)	-0.021 (0.617)	0.711* (0.393)	-0.040 (0.296)	1.707*** (0.329)	2.041*** (0.360)
<i>Social Tie</i>	-0.293 (0.221)	-0.486 (0.324)	-0.920*** (0.277)	0.305 (0.554)	-0.187 (0.304)	0.211 (0.198)	-0.732*** (0.249)	-0.361** (0.179)
<i>Proxy</i>	-0.714** (0.337)	-0.580 (0.408)	-0.413 (0.277)	1.647*** (0.293)	0.135 (0.227)	0.323 (0.285)	-0.190 (0.263)	-0.214 (0.234)
<i>R-squared</i>	0.037	0.037	0.038	0.043	0.037	0.036	0.038	0.038
<i>Observations</i>	6,753	6,753	6,753	6,753	6,753	6,753	6,753	6,753

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.027** (0.013)	-0.674** (0.326)	0.072** (0.032)	-1.274*** (0.304)	0.461** (0.182)	-0.778 (0.586)	-1.036*** (0.364)	-1.415*** (0.465)
<i>Social Tie</i>	0.235 (0.184)	0.478* (0.250)	0.075 (0.206)	0.705*** (0.225)	0.004 (0.213)	0.332 (0.202)	0.816*** (0.293)	0.491** (0.202)
<i>Proxy</i>	-0.010 (0.010)	-0.172 (0.213)	-0.002 (0.021)	0.420* (0.228)	-0.311* (0.175)	0.228 (0.455)	-0.047 (0.223)	0.219 (0.328)
<i>R-squared</i>	0.037	0.036	0.036	0.037	0.038	0.036	0.037	0.037
<i>Observations</i>	6,753	6,753	6,753	6,753	6,753	6,753	6,753	6,753

Table G.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.896** (0.344)	-2.362*** (0.663)	-1.898* (1.040)	0.228 (0.549)	-0.760*** (0.218)
<i>Social Tie</i> \times <i>Advice</i>	1.176*** (0.386)	1.993** (0.873)	1.384** (0.597)	0.965 (0.708)	0.918*** (0.219)
<i>Social Tie</i>	0.024 (0.494)	-0.842 (0.820)	0.058 (0.898)	0.142 (0.749)	0.271 (0.294)
<i>R-squared</i>	0.065	0.081	0.099	0.117	0.041
<i>Observations</i>	2,135	681	448	980	6,696

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	0.008 (0.028)	0.022 (0.056)	-0.074 (0.061)	-0.000 (0.060)	-0.038* (0.020)
<i>Social Tie</i> \times <i>High E-index</i>	-0.914 (0.802)	-3.021* (1.623)	-1.859 (2.061)	-0.919 (1.407)	-1.319*** (0.468)
<i>Social Tie</i> \times <i>Merger Wave</i>	0.046 (1.396)	2.157 (1.902)	0.223 (1.928)	-4.094* (2.310)	-1.973*** (0.626)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-2.220*** (0.821)	-3.470** (1.439)	-5.884*** (1.764)	0.186 (1.286)	-1.902*** (0.457)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.671** (0.276)	0.898*** (0.325)	0.116 (1.066)	0.488 (0.541)	0.427*** (0.156)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.131** (0.058)	0.277** (0.125)	0.097 (0.127)	-0.146 (0.128)	0.099** (0.042)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.533 (0.929)	0.025 (1.575)	1.960 (1.784)	-2.039 (1.444)	1.470*** (0.484)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	2.555** (1.119)	2.690 (1.874)	3.740* (2.061)	1.867 (1.882)	2.254*** (0.686)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.451 (1.489)	3.446 (2.575)	6.122** (3.059)	3.791* (2.189)	3.447*** (0.734)
<i>Social Tie</i> \times <i>Low R&D</i>	0.564 (1.335)	1.318 (1.851)	3.593 (2.758)	-0.020 (1.858)	0.108 (0.921)
<i>Social Tie</i> \times <i>Well Connected Board</i>	2.872*** (0.880)	5.320*** (1.347)	4.304** (1.710)	1.021 (1.514)	3.214*** (0.451)
<i>Social Tie</i> \times <i>Centrality</i>	0.150 (0.718)	1.646 (1.279)	1.269 (0.968)	0.348 (1.205)	0.163 (0.256)

Table G.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.372*** (0.067)	-0.032 (0.094)	0.497*** (0.083)	-0.529*** (0.158)
More Monitoring				
<i>High Excess Cash</i>	0.210*** (0.049)	-0.022 (0.066)	0.281*** (0.060)	-0.303*** (0.116)
<i>High E-index</i>	0.047 (0.031)	-0.120** (0.057)	0.096*** (0.037)	-0.216*** (0.075)
<i>Merger Wave</i>	-0.017 (0.027)	-0.054 (0.032)	-0.005 (0.033)	-0.049 (0.064)
<i>Diversifying × Low Δ Inc</i>	0.141*** (0.035)	-0.116** (0.056)	0.217*** (0.042)	-0.333*** (0.084)
<i>Low PPS</i>	0.153** (0.062)	-0.031 (0.071)	0.232*** (0.083)	-0.263 (0.135)
<i>Low Inst Ownership</i>	0.160*** (0.049)	-0.088 (0.066)	0.241*** (0.062)	-0.329*** (0.114)
<i>High Monitor</i>	0.177*** (0.046)	-0.095 (0.072)	0.258*** (0.055)	-0.353*** (0.108)
<i>High Mon, Low Adv</i>	0.051 (0.027)	-0.151*** (0.039)	0.110*** (0.033)	-0.262*** (0.065)
More Advice				
<i>Market Timers</i>	0.246*** (0.050)	0.137** (0.066)	0.279*** (0.062)	-0.142 (0.118)
<i>Informed Board</i>	0.103** (0.050)	0.022 (0.074)	0.128** (0.061)	-0.106 (0.119)
<i>Expert Board</i>	0.042 (0.045)	-0.111 (0.072)	0.088 (0.054)	-0.199 (0.106)
<i>Low R&D</i>	0.410*** (0.053)	0.157** (0.076)	0.487*** (0.066)	-0.330*** (0.127)
<i>Well Connected Board</i>	0.208*** (0.047)	0.224*** (0.075)	0.203*** (0.057)	0.021 (0.112)
<i>High Centrality</i>	0.210*** (0.048)	0.164** (0.077)	0.224*** (0.058)	-0.060 (0.115)
<i>High Advice</i>	0.208*** (0.045)	0.227*** (0.073)	0.202*** (0.054)	0.025 (0.107)
<i>Low Mon, High Adv</i>	0.121*** (0.035)	0.166*** (0.052)	0.108** (0.043)	0.057 (0.083)
N Obs	6,857	1,705	5,152	

Table G.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDG. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.598** (0.250)	-0.529*** (0.193)	-0.517*** (0.174)	-0.256* (0.145)	-0.606*** (0.190)	-0.833*** (0.275)	-0.365* (0.207)	-0.451 (0.335)	-0.971* (0.514)	-0.5176*** (0.1787)
<i>Social Tie × Advice</i>	1.235*** (0.264)	0.793*** (0.163)	0.763*** (0.171)	0.709*** (0.164)	0.903*** (0.185)	0.806*** (0.268)	0.681*** (0.184)	0.519*** (0.177)	1.729*** (0.725)	0.8310*** (0.1623)
<i>Social Tie</i>	0.231 (0.247)	0.208 (0.180)	0.194 (0.171)	0.097 (0.182)	0.120 (0.212)	0.553 (0.349)	-0.018 (0.203)	0.031 (0.288)	1.453 (0.922)	0.0942 (0.1702)
<i>R-squared</i>	0.048	0.039	0.042	0.030	0.044	0.070	0.028	0.031	0.099	0.0408
<i>Observations</i>	4,619	6,644	6,753	6,072	5,504	1,546	5,207	2,883	635	6,998

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.531** (0.224)	-0.464*** (0.157)	-0.432*** (0.155)	-0.277* (0.164)	-0.521*** (0.192)	-0.604** (0.256)	0.154 (0.205)	-0.330 (0.223)	-0.803 (0.679)	-0.4849*** (0.1506)
<i>Social Tie × Advice</i>	0.724*** (0.236)	0.434*** (0.157)	0.454*** (0.157)	0.329*** (0.152)	0.391* (0.200)	0.433 (0.288)	0.343* (0.201)	0.224 (0.208)	1.240 (1.152)	0.4221*** (0.1500)
<i>Social Tie</i>	0.082 (0.267)	-0.082 (0.198)	-0.264 (0.196)	0.151 (0.194)	-0.001 (0.257)	-0.002 (0.394)	-0.012 (0.233)	0.031 (0.270)	0.951 (1.159)	-0.0917 (0.1905)
<i>R-squared</i>	0.016	0.012	0.011	0.010	0.014	0.031	0.007	0.005	0.043	0.0119
<i>Observations</i>	4,619	6,644	6,753	6,072	5,504	1,546	5,207	2,883	635	6,998

Continued on next page

Table G.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Threshold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.544** (0.264)	-0.478** (0.207)	-0.456** (0.187)	-0.190 (0.148)	-0.576*** (0.203)	-0.744** (0.316)	-0.351* (0.208)	-0.458 (0.360)	-1.028** (0.476)	-0.4582** (0.1896)
<i>Social Tie × Advice</i>	1.100*** (0.254)	0.750*** (0.164)	0.718*** (0.169)	0.624*** (0.162)	0.865*** (0.185)	0.793*** (0.293)	0.630*** (0.181)	0.504*** (0.180)	1.965** (0.908)	0.7810*** (0.1640)
<i>Social Tie</i>	0.223 (0.247)	0.206 (0.181)	0.264 (0.171)	0.100 (0.179)	0.094 (0.210)	0.473 (0.358)	-0.005 (0.206)	0.095 (0.299)	2.086** (0.988)	0.0817 (0.1696)
<i>Competing Bids</i>	-1.935 (1.464)	-1.028 (1.178)	-1.166 (1.099)	-0.151 (1.149)	-1.285 (1.353)	-0.556 (1.179)	2.738 (4.037)	0.222 (1.679)	1.598 (6.145)	-1.2884 (0.9340)
<i>Hostile</i>	1.704 (1.046)	1.113 (0.892)	1.313 (0.799)	1.225 (0.876)	1.542* (0.879)	1.416 (1.135)	1.779 (1.472)	-0.345 (0.917)	-0.243 (2.572)	0.5934 (0.6866)
<i>R-squared</i>	0.065	0.049	0.055	0.045	0.058	0.102	0.043	0.061	0.159	0.0526
<i>Observations</i>	4,619	6,644	6,753	6,072	5,504	1,546	5,207	2,883	635	6,998

Table G.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.511*** (0.186)	-0.516*** (0.193)	-0.526*** (0.173)	-0.4558*** (0.1545)
<i>Social Tie</i> × <i>Advice</i>	0.811*** (0.175)	0.819*** (0.171)	0.771*** (0.165)	0.7315*** (0.1636)
<i>Social Tie</i>	0.173 (0.184)	0.169 (0.179)	0.192 (0.178)	0.1749 (0.1781)
<i>Proxy</i> × <i>Monitor</i>	-0.003 (0.258)	0.061 (0.140)	0.293 (0.344)	-1.2070 (0.8727)
<i>Proxy</i> × <i>Advice</i>	-0.257 (0.163)	-0.084 (0.119)	0.390 (0.345)	0.4886 (0.8810)
<i>Proxy</i>	0.239 (0.201)	0.100 (0.114)	-0.167 (0.450)	0.1001 (0.8578)
<i>R-squared</i>	0.040	0.040	0.039	0.0400
<i>Observations</i>	6,753	6,735	6,753	6,753
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.416*** (0.156)	-0.533*** (0.158)	-0.356** (0.155)	-0.2814* (0.1558)
<i>Social Tie</i> × <i>Advice</i>	0.583*** (0.157)	0.545*** (0.162)	0.409*** (0.155)	0.3797** (0.1657)
<i>Social Tie</i>	0.033 (0.196)	0.059 (0.198)	0.200 (0.194)	0.2524 (0.1967)
<i>Proxy</i> × <i>Monitor</i>	-0.128 (0.164)	0.016 (0.093)	-0.084 (0.317)	-0.0781 (0.4232)
<i>Proxy</i> × <i>Advice</i>	-0.083 (0.155)	-0.093 (0.096)	0.102 (0.297)	0.2100 (0.5304)
<i>Proxy</i>	0.428*** (0.153)	-0.012 (0.092)	0.402 (0.311)	-0.4564 (0.5969)
<i>R-squared</i>	0.013	0.013	0.013	0.0126
<i>Observations</i>	6,753	6,735	6,753	6,753

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Table G.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.463** (0.199)	-0.468** (0.207)	-0.474** (0.184)	-0.3943** (0.1599)
<i>Social Tie</i> × <i>Advice</i>	0.760*** (0.174)	0.778*** (0.170)	0.713*** (0.165)	0.6787*** (0.1613)
<i>Social Tie</i>	0.192 (0.184)	0.188 (0.182)	0.206 (0.179)	0.1893 (0.1776)
<i>Proxy</i> × <i>Monitor</i>	0.042 (0.264)	0.076 (0.150)	0.376 (0.356)	-1.2077 (0.8991)
<i>Proxy</i> × <i>Advice</i>	-0.226 (0.167)	-0.100 (0.116)	0.480 (0.351)	0.4871 (0.8640)
<i>Proxy</i>	0.161 (0.199)	0.027 (0.123)	-0.146 (0.463)	0.2701 (0.8803)
<i>R-squared</i>	0.052	0.052	0.052	0.0524
<i>Observations</i>	6,753	6,735	6,753	6,753

H Measuring Performance with Market-Model Adjusted CAR[2,2]

This section presents results using market model adjusted stock returns around merger announcements. Market model estimates are obtained using the daily CRSP value-weighted index as a proxy for returns on the market portfolio. The estimation period is from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and five-day cumulative abnormal returns (CAR) are computed around these dates.

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Table H.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.524*** (0.168)	-0.511*** (0.170)		-0.471*** (0.162)	
<i>Social Tie</i> × <i>Advice</i>		1.052*** (0.221)		1.014*** (0.219)		0.912*** (0.211)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.148 (0.752)	-0.914 (0.716)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.918* (1.077)	1.068 (1.084)	
<i>Social Tie</i>	0.350* (0.194)			0.256 (0.186)		0.246 (0.187)	
<i>Monitor Factor</i>	-0.088 (0.091)	-0.075 (0.090)	0.117 (0.137)	0.129 (0.134)	0.691 (0.554)	0.736 (0.525)	-0.0056 (0.0069)
<i>Advice Factor</i>	-0.159 (0.130)	-0.574*** (0.188)	-0.148 (0.128)	-0.566*** (0.186)	-1.565* (0.877)	-1.313 (0.858)	0.0030 (0.0089)
<i>CEO Age</i>							0.0024** (0.0009)
<i>CEO Centrality</i>							0.0456* (0.0236)
<i>CEO Degree</i>							0.0051*** (0.0013)
<i>% of Outside Dirs</i>	-0.177 (0.909)	0.117 (0.916)	-0.191 (0.912)	-0.018 (0.922)	0.257 (0.989)	0.134 (0.981)	0.1984*** (0.0519)
<i>Log Total Assets</i>	-0.410*** (0.090)	-0.421*** (0.092)	-0.402*** (0.090)	-0.439*** (0.093)	-0.399*** (0.090)		0.0361*** (0.0048)
<i>Industry Leverage</i>	-0.010 (0.012)	-0.010 (0.012)	-0.009 (0.011)	-0.010 (0.012)	-0.010 (0.012)		0.0009** (0.0004)
<i>Industry Tobin's Q</i> (×100)	-0.526*** (0.064)	-0.538*** (0.063)	-0.517*** (0.068)	-0.533*** (0.065)	-0.530*** (0.066)		0.0054 (0.0093)
<i>Price Run-up</i>	-0.595*** (0.209)	-0.610*** (0.207)	-0.590*** (0.207)	-0.605*** (0.204)	-0.596*** (0.208)		0.0040 (0.0068)
<i>Board Size</i>	0.001 (0.042)	0.010 (0.042)	0.010 (0.041)	0.002 (0.042)	0.014 (0.042)		0.0237*** (0.0025)
<i>Relative Deal Size</i>	0.216* (0.111)	0.209* (0.110)	0.215* (0.111)	0.209* (0.110)	0.212* (0.111)		-0.0184 (0.0120)
Δ <i>Income</i> (×100)	0.452* (0.257)	0.451* (0.243)	0.450* (0.253)	0.453* (0.233)	0.466* (0.257)		-0.0003 (0.0127)
<i>Connections to Target</i>	-2.397*** (0.654)	-2.414*** (0.656)	-2.403*** (0.659)	-2.433*** (0.661)	-2.426*** (0.652)		0.0026 (0.0337)
<i>Public Tgt</i> × <i>Stock Deal</i>	-2.778*** (0.758)	-2.752*** (0.748)	-2.806*** (0.754)	-2.759*** (0.750)	-2.733*** (0.759)		-0.0266 (0.0325)
<i>Public Tgt</i> × <i>Cash Only</i>	0.229 (0.306)	0.211 (0.305)	0.223 (0.309)	0.220 (0.304)	0.179 (0.308)		-0.0269 (0.0208)
<i>Private Tgt</i> × <i>Stock Deal</i>	1.107 (0.780)	1.169 (0.784)	1.145 (0.790)	1.198 (0.789)	1.142 (0.792)		0.0110 (0.0333)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.410 (0.268)	-0.389 (0.269)	-0.430 (0.267)	-0.397 (0.270)	-0.427 (0.266)		-0.0191 (0.0164)
<i>Subsidiary</i> × <i>Cash Only</i>	1.174*** (0.291)	1.141*** (0.290)	1.159*** (0.292)	1.130*** (0.291)	1.159*** (0.290)		-0.0036 (0.0167)
<i>R-squared</i>	0.030	0.033	0.031	0.034	0.031	0.035	0.1820
<i>Observations</i>	6,739	6,739	6,739	6,739	6,739	6,739	6,739

Table H.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board* (*Fesid*) and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	4.812** (2.235)	8.419*** (2.559)	9.401*** (1.918)	-0.477 (3.021)	1.111 (1.999)	0.606 (0.776)	8.719*** (1.739)	6.842*** (1.506)
% <i>Friendly Board</i>	-0.524 (1.121)	-3.044* (1.625)	-5.206*** (1.684)	1.774 (2.864)	0.630 (1.563)	0.768 (0.929)	-4.550*** (1.515)	-1.112 (0.925)
<i>Proxy</i>	-0.620* (0.358)	-0.569 (0.457)	-0.542* (0.295)	1.656*** (0.321)	0.446 (0.271)	0.294 (0.186)	-0.381 (0.285)	-0.091 (0.265)
<i>Lambda</i>	-0.873 (0.680)	-1.026 (0.670)	-0.825 (0.695)	-1.146* (0.656)	-0.862 (0.681)	-0.547 (0.674)	-0.731 (0.691)	-0.802 (0.670)
<i>R-squared</i>	0.031	0.031	0.032	0.036	0.031	0.030	0.032	0.031
<i>Observations</i>	6,739	6,739	6,739	6,739	6,739	6,739	6,739	6,739

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.094 (0.059)	-1.205 (1.699)	0.229* (0.138)	-3.690*** (1.366)	1.281** (0.564)	-1.810 (1.826)	-2.001 (1.624)	-9.606*** (2.595)
% <i>Friendly Board</i>	1.348* (0.802)	1.554 (1.071)	0.780 (0.837)	2.527** (1.094)	0.376 (0.850)	1.452* (0.864)	2.254* (1.264)	2.408*** (0.850)
<i>Proxy</i>	-0.014 (0.009)	-0.436* (0.241)	-0.014 (0.024)	0.183 (0.250)	-0.119 (0.114)	-0.201 (0.415)	-0.291 (0.236)	0.528 (0.356)
<i>Lambda</i>	-0.828 (0.698)	-0.993 (0.702)	-0.907 (0.683)	-0.941 (0.690)	-0.889 (0.681)	-0.847 (0.680)	-0.981 (0.690)	-0.850 (0.685)
<i>R-squared</i>	0.031	0.031	0.030	0.030	0.031	0.030	0.030	0.031
<i>Observations</i>	6,739	6,739	6,739	6,739	6,739	6,739	6,739	6,739

Table H.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.824*** (0.547)	2.000*** (0.622)	2.224*** (0.407)	-0.171 (0.655)	0.591 (0.456)	0.274 (0.323)	2.113*** (0.379)	2.366*** (0.411)
<i>Social Tie</i>	-0.317 (0.236)	-0.531 (0.365)	-0.992*** (0.303)	0.523 (0.615)	-0.018 (0.333)	0.227 (0.220)	-0.856*** (0.266)	-0.351** (0.176)
<i>Proxy</i>	-0.899** (0.390)	-0.749 (0.480)	-0.630** (0.297)	1.660*** (0.338)	0.355 (0.285)	0.235 (0.304)	-0.482* (0.287)	-0.339 (0.276)
<i>R-squared</i>	0.031	0.031	0.033	0.036	0.031	0.030	0.032	0.033
<i>Observations</i>	6,739	6,739	6,739	6,739	6,739	6,739	6,739	6,739

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.021 (0.013)	-0.647* (0.367)	0.074** (0.032)	-1.373*** (0.345)	0.419*** (0.144)	-0.781* (0.433)	-1.062** (0.407)	-2.012*** (0.538)
<i>Social Tie</i>	0.334* (0.191)	0.569** (0.272)	0.160 (0.204)	0.841*** (0.255)	0.108 (0.216)	0.422** (0.211)	0.936*** (0.328)	0.703*** (0.222)
<i>Proxy</i>	-0.013 (0.010)	-0.298 (0.249)	-0.021 (0.025)	0.395 (0.273)	-0.229* (0.132)	-0.107 (0.448)	-0.120 (0.254)	0.622 (0.379)
<i>R-squared</i>	0.031	0.031	0.030	0.031	0.031	0.030	0.031	0.031
<i>Observations</i>	6,739	6,739	6,739	6,739	6,739	6,739	6,739	6,739

Table H.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.775** (0.341)	-1.704** (0.660)	-2.161* (1.217)	0.207 (0.638)	-0.480** (0.213)
<i>Social Tie</i> \times <i>Advice</i>	1.315*** (0.440)	1.857** (0.932)	2.726*** (1.028)	0.989 (0.680)	1.189*** (0.198)
<i>Social Tie</i>	0.035 (0.520)	-1.195 (0.993)	0.364 (1.229)	0.260 (0.680)	0.165 (0.289)
<i>R-squared</i>	0.053	0.060	0.106	0.093	0.036
<i>Observations</i>	2,134	686	451	980	6,705

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	0.005 (0.032)	0.034 (0.059)	-0.042 (0.073)	-0.004 (0.061)	-0.023 (0.023)
<i>Social Tie</i> \times <i>High E-index</i>	-0.916 (0.779)	-2.523 (1.531)	-2.116 (2.027)	-0.607 (1.366)	-1.354** (0.518)
<i>Social Tie</i> \times <i>Merger Wave</i>	-1.189 (1.108)	-0.754 (1.573)	-0.201 (2.412)	-4.561** (2.178)	-1.738*** (0.572)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-1.651* (0.947)	-3.510** (1.538)	-4.777** (1.889)	1.360 (1.381)	-2.222*** (0.510)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.567** (0.252)	0.500 (0.311)	0.674 (0.928)	1.061** (0.448)	0.166 (0.121)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.152** (0.069)	0.246 (0.150)	0.283 (0.173)	-0.172 (0.125)	0.115*** (0.042)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.117 (0.880)	0.619 (1.859)	3.986* (2.075)	-2.618* (1.395)	1.718*** (0.531)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	3.320*** (1.163)	4.368** (2.042)	5.455** (2.487)	0.587 (2.055)	2.036*** (0.740)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	2.215 (1.461)	1.532 (2.779)	6.491* (3.678)	2.513 (2.179)	3.757*** (0.835)
<i>Social Tie</i> \times <i>Low R&D</i>	-0.428 (1.486)	-0.664 (2.265)	0.273 (4.200)	-0.116 (1.795)	0.437 (1.060)
<i>Social Tie</i> \times <i>Well Connected Board</i>	3.333*** (0.826)	4.005*** (1.498)	6.027*** (2.121)	1.618 (1.396)	3.306*** (0.472)
<i>Social Tie</i> \times <i>Centrality</i>	0.699 (0.770)	0.574 (1.663)	0.852 (1.332)	-0.051 (1.269)	0.466* (0.255)

Table H.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	0.860*** (0.075)	0.376*** (0.107)	1.009*** (0.092)	-0.633*** (0.176)
More Monitoring				
<i>High Excess Cash</i>	0.459*** (0.054)	0.200*** (0.075)	0.538*** (0.067)	-0.338*** (0.129)
<i>High E-index</i>	0.115*** (0.035)	0.001 (0.060)	0.149*** (0.041)	-0.149 (0.083)
<i>Merger Wave</i>	0.068** (0.030)	-0.029 (0.033)	0.097** (0.038)	-0.126 (0.072)
<i>Diversifying × Low Δ Inc</i>	0.269*** (0.038)	-0.012 (0.058)	0.352*** (0.046)	-0.364*** (0.091)
<i>Low PPS</i>	0.320*** (0.069)	0.126 (0.077)	0.403*** (0.093)	-0.277 (0.151)
<i>Low Inst Ownership</i>	0.446*** (0.055)	0.187** (0.077)	0.530*** (0.068)	-0.344*** (0.128)
<i>High Monitor</i>	0.358*** (0.050)	0.083 (0.080)	0.440*** (0.061)	-0.357*** (0.119)
<i>High Mon, Low Adv</i>	0.151*** (0.030)	-0.093** (0.043)	0.223*** (0.037)	-0.316*** (0.071)
More Advice				
<i>Market Timers</i>	0.581*** (0.056)	0.400*** (0.076)	0.635*** (0.069)	-0.235 (0.133)
<i>Informed Board</i>	0.394*** (0.057)	0.277*** (0.083)	0.429*** (0.069)	-0.152 (0.134)
<i>Expert Board</i>	0.297*** (0.051)	0.202** (0.085)	0.325*** (0.061)	-0.123 (0.120)
<i>Low R&D</i>	0.759*** (0.060)	0.469*** (0.087)	0.846*** (0.074)	-0.377*** (0.143)
<i>Well Connected Board</i>	0.414*** (0.052)	0.503*** (0.086)	0.387*** (0.062)	0.116 (0.123)
<i>High Centrality</i>	0.467*** (0.054)	0.441*** (0.088)	0.475*** (0.065)	-0.034 (0.127)
<i>High Advice</i>	0.399*** (0.050)	0.512*** (0.084)	0.365*** (0.060)	0.147 (0.118)
<i>Low Mon, High Adv</i>	0.265*** (0.039)	0.356*** (0.062)	0.237*** (0.047)	0.119 (0.092)
N Obs	6,857	1,705	5,152	

Table H.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. *No Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDG. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.578** (0.223)	-0.524*** (0.178)	-0.514*** (0.165)	-0.346** (0.166)	-0.587*** (0.179)	-0.884*** (0.254)	-0.316 (0.203)	-0.360 (0.275)	-1.389** (0.605)	-0.5121*** (0.1680)
<i>Social Tie × Advice</i>	1.767*** (0.325)	1.055*** (0.215)	0.982*** (0.221)	0.867*** (0.207)	1.164*** (0.245)	0.789** (0.319)	0.906*** (0.251)	0.671*** (0.202)	1.913** (0.868)	1.0620*** (0.2093)
<i>Social Tie</i>	0.330 (0.275)	0.251 (0.186)	0.246 (0.185)	0.137 (0.196)	0.211 (0.241)	0.693 (0.427)	0.017 (0.197)	0.013 (0.275)	1.638 (1.052)	0.1643 (0.1834)
<i>R-squared</i>	0.043	0.035	0.038	0.029	0.038	0.058	0.025	0.031	0.086	0.0354
<i>Observations</i>	4,607	6,629	6,739	6,061	5,487	1,548	5,191	2,880	634	6,984

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.375 (0.292)	-0.540*** (0.188)	-0.720*** (0.182)	-0.333* (0.195)	-0.690*** (0.223)	-0.569** (0.282)	-0.358 (0.260)	-0.164 (0.259)	-1.052 (0.687)	-0.4261** (0.1887)
<i>Social Tie × Advice</i>	1.028*** (0.336)	0.774*** (0.194)	0.558*** (0.191)	0.299 (0.186)	0.744*** (0.247)	0.299 (0.334)	0.633** (0.255)	0.328 (0.242)	0.926 (1.193)	0.7094*** (0.1936)
<i>Social Tie</i>	0.101 (0.346)	0.130 (0.237)	0.127 (0.231)	0.198 (0.231)	0.258 (0.301)	0.480 (0.429)	0.105 (0.297)	0.083 (0.314)	1.431 (1.190)	0.1420 (0.2387)
<i>R-squared</i>	0.013	0.009	0.007	0.011	0.011	0.019	0.005	0.011	0.032	0.0078
<i>Observations</i>	4,607	6,629	6,739	6,061	5,487	1,548	5,191	2,880	634	6,984

Continued on next page

Table H.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Threshold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.537** (0.234)	-0.461** (0.190)	-0.455** (0.174)	-0.287* (0.169)	-0.558*** (0.188)	-0.778*** (0.296)	-0.270 (0.201)	-0.334 (0.298)	-1.444** (0.578)	-0.4568*** (0.1733)
<i>Social Tie × Advice</i>	1.613*** (0.329)	0.992*** (0.213)	0.920*** (0.216)	0.773*** (0.200)	1.124*** (0.236)	0.778** (0.367)	0.820*** (0.240)	0.668*** (0.205)	1.931* (0.981)	1.0024*** (0.2085)
<i>Social Tie</i>	0.323 (0.284)	0.242 (0.192)	0.333* (0.187)	0.151 (0.199)	0.206 (0.241)	0.623 (0.448)	-0.018 (0.208)	-0.004 (0.294)	2.083* (1.145)	0.1407 (0.1846)
<i>Competing Bids</i>	-1.236 (1.865)	-0.214 (1.549)	-0.480 (1.471)	0.601 (1.606)	-0.421 (1.781)	-0.499 (1.191)	8.820 (8.345)	0.164 (2.546)	2.850 (5.307)	-0.6195 (1.1226)
<i>Hostile</i>	0.388 (1.104)	0.224 (0.914)	0.405 (0.857)	0.372 (0.910)	0.637 (0.971)	1.397 (1.206)	0.254 (1.271)	-0.439 (1.083)	-1.601 (1.938)	0.1817 (0.6890)
<i>R-squared</i>	0.057	0.044	0.049	0.043	0.050	0.094	0.040	0.062	0.143	0.0463
<i>Observations</i>	4,607	6,629	6,739	6,061	5,487	1,548	5,191	2,880	634	6,984

Table H.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.515*** (0.183)	-0.482*** (0.173)	-0.534*** (0.175)	-0.4710*** (0.1615)
<i>Social Tie</i> × <i>Advice</i>	1.053*** (0.235)	1.032*** (0.220)	0.995*** (0.216)	0.9123*** (0.2109)
<i>Social Tie</i>	0.231 (0.195)	0.190 (0.185)	0.269 (0.188)	0.2460 (0.1870)
<i>Proxy</i> × <i>Monitor</i>	0.039 (0.232)	-0.034 (0.132)	0.340 (0.341)	-0.9140 (0.7158)
<i>Proxy</i> × <i>Advice</i>	-0.286 (0.204)	-0.086 (0.127)	0.314 (0.393)	1.0677 (1.0839)
<i>Proxy</i>	0.334* (0.201)	0.269** (0.118)	-0.357 (0.468)	0.1339 (0.9806)
<i>R-squared</i>	0.035	0.035	0.034	0.0346
<i>Observations</i>	6,739	6,721	6,739	6,739
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.592*** (0.188)	-0.711*** (0.189)	-0.617*** (0.188)	-0.7878*** (0.1872)
<i>Social Tie</i> × <i>Advice</i>	0.592*** (0.200)	0.306 (0.199)	0.461** (0.195)	0.7576*** (0.2020)
<i>Social Tie</i>	0.234 (0.237)	0.286 (0.237)	0.279 (0.235)	0.2080 (0.2362)
<i>Proxy</i> × <i>Monitor</i>	0.051 (0.197)	-0.015 (0.111)	0.156 (0.382)	-0.6052 (0.5065)
<i>Proxy</i> × <i>Advice</i>	-0.287 (0.198)	-0.073 (0.115)	-0.041 (0.359)	0.5880 (0.6482)
<i>Proxy</i>	0.164 (0.184)	0.371*** (0.109)	-0.220 (0.375)	-0.0022 (0.7149)
<i>R-squared</i>	0.010	0.010	0.009	0.0092
<i>Observations</i>	6,739	6,721	6,739	6,739

Continued on next page

Table H.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.466** (0.191)	-0.442** (0.184)	-0.484*** (0.182)	-0.4107** (0.1639)
<i>Social Tie</i> × <i>Advice</i>	0.984*** (0.233)	0.984*** (0.218)	0.922*** (0.213)	0.8450*** (0.2051)
<i>Social Tie</i>	0.245 (0.198)	0.203 (0.192)	0.280 (0.192)	0.2539 (0.1901)
<i>Proxy</i> × <i>Monitor</i>	0.067 (0.237)	-0.005 (0.142)	0.439 (0.337)	-0.9193 (0.7380)
<i>Proxy</i> × <i>Advice</i>	-0.250 (0.205)	-0.111 (0.126)	0.386 (0.398)	1.0528 (1.0639)
<i>Proxy</i>	0.256 (0.202)	0.205 (0.129)	-0.311 (0.482)	0.1720 (1.0115)
<i>R-squared</i>	0.046	0.046	0.045	0.0458
<i>Observations</i>	6,739	6,721	6,739	6,739

I Measuring Performance with Market-Model Adjusted CAR[5,5]

This section presents results using market model adjusted stock returns around merger announcements. Market model estimates are obtained using the daily CRSP value-weighted index as a proxy for returns on the market portfolio. The estimation period is from 230 days to 11 days before the announcement. Announcement dates are obtained from SDC, and eleven-day cumulative abnormal returns (CAR) are computed around these dates.

Tables

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Table I.1: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table J.8. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.399** (0.182)	-0.395** (0.187)		-0.357* (0.191)	
<i>Social Tie</i> × <i>Advice</i>		1.185*** (0.272)		1.139*** (0.271)		0.958*** (0.290)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.163** (0.576)	-0.966* (0.570)	
<i>% of Outside Dirs</i> × <i>Advice</i>					2.712*** (0.910)	1.661* (0.986)	
<i>Social Tie</i>	0.562** (0.262)			0.449* (0.265)		0.446* (0.262)	
<i>Monitor Factor</i>	-0.162* (0.090)	-0.151* (0.090)	-0.009 (0.137)	0.008 (0.134)	0.619 (0.399)	0.646* (0.383)	-0.0070 (0.0069)
<i>Advice Factor</i>	-0.193 (0.158)	-0.690*** (0.231)	-0.178 (0.157)	-0.682*** (0.229)	-2.211*** (0.747)	-1.849** (0.743)	0.0001 (0.0085)
<i>CEO Age</i>							0.0027*** (0.0009)
<i>CEO Centrality</i>							0.0447* (0.0234)
<i>CEO Degree</i>							0.0052*** (0.0013)
<i>% of Outside Dirs</i>	-0.036 (1.185)	0.406 (1.205)	0.011 (1.188)	0.246 (1.207)	0.710 (1.179)	0.558 (1.181)	0.2047*** (0.0502)
<i>Log Total Assets</i>	-0.542*** (0.104)	-0.539*** (0.110)	-0.522*** (0.105)	-0.564*** (0.108)	-0.519*** (0.108)		0.0376*** (0.0045)
<i>Industry Leverage</i>	-0.036*** (0.006)	-0.036*** (0.006)	-0.035*** (0.006)	-0.036*** (0.006)	-0.036*** (0.006)		0.0009** (0.0004)
<i>Industry Tobin's Q</i> (×100)	-0.946*** (0.091)	-0.958*** (0.091)	-0.938*** (0.096)	-0.955*** (0.092)	-0.951*** (0.095)		0.0050 (0.0091)
<i>Price Run-up</i>	-0.703*** (0.208)	-0.717*** (0.208)	-0.698*** (0.208)	-0.714*** (0.208)	-0.704*** (0.206)		0.0070 (0.0063)
<i>Board Size</i>	-0.006 (0.052)	0.004 (0.053)	0.009 (0.052)	-0.009 (0.053)	0.010 (0.052)		0.0233*** (0.0024)
<i>Relative Deal Size</i>	0.177* (0.093)	0.168* (0.092)	0.176* (0.093)	0.169* (0.092)	0.171* (0.094)		-0.0160 (0.0117)
Δ <i>Income</i> (×100)	0.356 (0.250)	0.355 (0.239)	0.353 (0.253)	0.358 (0.234)	0.375 (0.249)		-0.0002 (0.0125)
<i>Connections to Target</i>	-2.727*** (0.817)	-2.713*** (0.812)	-2.724*** (0.818)	-2.736*** (0.817)	-2.738*** (0.806)		0.0058 (0.0331)
<i>Public Tgt</i> × <i>Stock Deal</i>	-1.936** (0.840)	-1.910** (0.834)	-1.966** (0.833)	-1.908** (0.837)	-1.880** (0.839)		-0.0218 (0.0327)
<i>Public Tgt</i> × <i>Cash Only</i>	0.357 (0.389)	0.336 (0.388)	0.344 (0.392)	0.349 (0.386)	0.291 (0.395)		-0.0273 (0.0204)
<i>Private Tgt</i> × <i>Stock Deal</i>	-0.036 (1.172)	0.037 (1.170)	-0.007 (1.177)	0.058 (1.171)	0.019 (1.178)		0.0026 (0.0323)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.832** (0.327)	-0.806** (0.326)	-0.852** (0.328)	-0.809** (0.325)	-0.848** (0.328)		-0.0169 (0.0166)
<i>Subsidiary</i> × <i>Cash Only</i>	0.989*** (0.372)	0.967** (0.370)	0.975** (0.372)	0.957** (0.370)	0.975** (0.373)		-0.0036 (0.0172)
<i>R-squared</i>	0.023	0.025	0.022	0.025	0.024	0.026	0.1860
<i>Observations</i>	6,718	6,718	6,718	6,718	6,718	6,718	6,718

Table I.2: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between % *Friendly Board* (*Fesid*) and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	5.130 (3.344)	9.007*** (3.074)	11.587*** (2.414)	-2.351 (3.264)	-1.624 (2.279)	-0.950 (0.716)	10.350*** (2.220)	7.400*** (2.071)
% <i>Friendly Board</i>	0.228 (1.570)	-2.236 (1.759)	-5.748*** (1.997)	4.080 (3.048)	3.066* (1.708)	2.185* (1.182)	-4.653** (1.799)	-0.339 (1.114)
<i>Proxy</i>	-0.538 (0.472)	-1.288** (0.596)	-0.953** (0.397)	1.681*** (0.426)	0.895*** (0.322)	0.715*** (0.193)	-0.717* (0.373)	-0.303 (0.328)
<i>Lambda</i>	-1.241 (0.923)	-1.172 (0.903)	-1.371 (1.029)	-1.484 (0.900)	-1.237 (0.925)	-0.743 (0.949)	-1.249 (1.026)	-1.196 (0.936)
<i>R-squared</i>	0.023	0.023	0.025	0.026	0.023	0.023	0.024	0.023
<i>Observations</i>	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.135 (0.082)	-1.219 (2.283)	0.145 (0.186)	-6.350*** (1.999)	1.003** (0.429)	-2.999 (2.592)	-4.036* (2.039)	-12.644*** (3.325)
% <i>Friendly Board</i>	2.119** (1.016)	2.427* (1.310)	1.865* (1.089)	4.380*** (1.407)	1.435 (1.037)	2.486** (1.147)	4.157*** (1.479)	3.683*** (1.106)
<i>Proxy</i>	-0.016 (0.013)	-0.626** (0.301)	0.016 (0.028)	-0.108 (0.337)	-0.127 (0.089)	-0.627 (0.520)	-0.187 (0.289)	0.416 (0.518)
<i>Lambda</i>	-1.165 (0.943)	-1.401 (0.955)	-1.241 (0.931)	-1.481 (0.932)	-1.258 (0.937)	-1.116 (0.934)	-1.350 (0.932)	-1.114 (0.958)
<i>R-squared</i>	0.023	0.023	0.022	0.023	0.022	0.023	0.023	0.023
<i>Observations</i>	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718

Table I.3: Individual Proxies for Monitoring/Advisory

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. The main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table E.1 are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table J.8. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.542* (0.796)	2.347*** (0.749)	2.730*** (0.555)	0.020 (0.726)	0.417 (0.527)	-0.234 (0.357)	2.456*** (0.516)	2.426*** (0.529)
<i>Social Tie</i>	-0.003 (0.388)	-0.446 (0.432)	-1.075** (0.431)	0.579 (0.697)	0.299 (0.391)	0.541* (0.280)	-0.826** (0.382)	-0.153 (0.268)
<i>Proxy</i>	-0.742 (0.514)	-1.531** (0.626)	-1.040*** (0.390)	1.587*** (0.450)	0.696** (0.345)	0.777** (0.319)	-0.804** (0.365)	-0.537 (0.338)
<i>R-squared</i>	0.023	0.024	0.025	0.026	0.023	0.023	0.024	0.024
<i>Observations</i>	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.033* (0.019)	-0.656 (0.511)	0.067 (0.042)	-1.823*** (0.475)	0.407*** (0.103)	-0.816 (0.688)	-1.518*** (0.497)	-2.534*** (0.740)
<i>Social Tie</i>	0.539** (0.260)	0.788** (0.342)	0.398 (0.288)	1.232*** (0.336)	0.336 (0.275)	0.633** (0.283)	1.401*** (0.402)	1.015*** (0.303)
<i>Proxy</i>	-0.015 (0.013)	-0.480 (0.332)	0.007 (0.030)	0.119 (0.365)	-0.258*** (0.089)	-0.582 (0.582)	0.009 (0.321)	0.510 (0.550)
<i>R-squared</i>	0.023	0.023	0.022	0.023	0.023	0.023	0.023	0.023
<i>Observations</i>	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718

Table I.4: Serial Acquirers, Directors Appointed Prior to the CEO, and Deal Visibility

This table contains the estimates of regressions of bidder announcement returns on all control variables described in Table E.1. For brevity, only the coefficient on the social tie dummy and proxies for monitor/advice are reported. In the first three columns, each regression is run on a different subsample, depending on the number of past acquisitions by the acquirer. *Largest Deal* includes only the largest deal by each acquirer. Columns *1 Deal*, *2 Deals*, ≥ 3 Deals include only firms that acquired either once, twice or three times or more, respectively. All acquisitions from 1980 to the announcement date which meet the same deal requirements used throughout the paper are included in the computation of past deals. In the last column *Dir Prior to CEO*, I include all deals in the sample but consider only social ties with outside directors appointed prior to the CEO. In Panel A, the monitor/advice factors are used as proxies in regressions with the same specification as in Column (4) of Table E.1. In Panel B, each row displays the estimate for the interaction between *Social Tie* social ties and each individual proxy for monitoring costs. The specification is the same as in Column (3) of Table E.1. Panel C is constructed analogously, following the specification in Column (2) of Table E.1. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Interactions with Factors

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Monitor</i>	-0.147 (0.362)	-1.842* (1.070)	-2.723** (1.302)	1.695** (0.709)	-0.894*** (0.297)
<i>Social Tie</i> \times <i>Advice</i>	1.632*** (0.453)	1.982* (1.089)	2.562*** (0.781)	1.310 (0.914)	1.436*** (0.264)
<i>Social Tie</i>	0.595 (0.565)	-0.613 (1.058)	-0.080 (1.376)	0.209 (0.834)	0.078 (0.352)
<i>R-squared</i>	0.041	0.039	0.096	0.068	0.027
<i>Observations</i>	2,137	687	454	980	6,707

Panel B - Interactions with Monitoring Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Excess Cash</i>	0.021 (0.037)	0.105 (0.083)	-0.131 (0.080)	-0.032 (0.073)	-0.048* (0.028)
<i>Social Tie</i> \times <i>High E-index</i>	-0.019 (1.053)	-4.418** (2.145)	-1.364 (2.639)	1.765 (1.676)	-1.752*** (0.577)
<i>Social Tie</i> \times <i>Merger Wave</i>	0.128 (1.404)	3.640 (2.772)	3.688 (2.952)	-7.465*** (2.429)	-1.226 (0.816)
<i>Social Tie</i> \times <i>Diversifying</i> \times <i>Low Δ Inc</i>	-3.032*** (1.082)	-2.099 (1.734)	-7.924*** (2.797)	0.468 (1.480)	-2.265*** (0.641)
<i>Social Tie</i> \times <i>Pay-Performance Sensitivity</i>	0.318 (0.194)	0.318 (0.450)	2.023* (1.073)	0.563 (0.471)	0.436* (0.228)
<i>Social Tie</i> \times <i>Inst Ownership</i>	0.120 (0.079)	0.301 (0.187)	0.108 (0.178)	-0.427*** (0.162)	0.220*** (0.056)

Panel C - Interactions with Advisory Proxies

	Largest Deal	1 Deal	2 Deals	≥ 3 Deals	Dir Prior to CEO
<i>Social Tie</i> \times <i>Market Timers</i>	0.786 (1.047)	-0.738 (2.186)	5.661** (2.505)	-0.884 (1.754)	1.944*** (0.562)
<i>Social Tie</i> \times <i>% Informed Outsiders</i>	2.066 (1.498)	5.453** (2.463)	3.832 (3.134)	-0.695 (2.639)	1.884** (0.867)
<i>Social Tie</i> \times <i>% Expert Outsiders</i>	1.403 (1.589)	4.830 (2.936)	9.391** (4.137)	2.243 (2.693)	5.163*** (0.953)
<i>Social Tie</i> \times <i>Low R&D</i>	-0.295 (1.787)	-0.251 (2.269)	-0.902 (4.793)	2.065 (2.336)	0.666 (1.136)
<i>Social Tie</i> \times <i>Well Connected Board</i>	3.045*** (1.047)	4.652** (1.967)	6.668** (2.765)	2.272 (1.810)	4.590*** (0.558)
<i>Social Tie</i> \times <i>Centrality</i>	0.051 (0.826)	-0.072 (1.822)	2.697 (1.880)	0.304 (1.384)	0.401 (0.320)

Table 1.5: Bidder Announcement Returns for Different Samples

This table contains average Cumulative Abnormal Returns (CARs) for different samples. The first column displays average CARs across all the deals that fall into each of the categories described by each row. For continuous variables, categories are defined by using values above or below the median. For instance, *High Excess Cash* corresponds to deals for which the acquirer's excess cash is above the median. In the second and third columns, I separate the deals in which the bidder's CEO is socially connected to at least one of the outside directors in that same company's board (*Social Ties*) from those in which no such ties are present (*No Social Ties*). The last column contains the difference between the former and the latter. A negative number thus indicates that the average announcement return is lower when social ties are present. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	All	Social Ties (1)	No Social Ties (2)	(1) - (2)
Full Sample	1.373*** (0.101)	0.720*** (0.144)	1.572*** (0.124)	-0.852*** (0.238)
More Monitoring				
<i>High Excess Cash</i>	0.716*** (0.073)	0.286*** (0.099)	0.844*** (0.090)	-0.558*** (0.174)
<i>High E-index</i>	0.238*** (0.047)	0.116 (0.088)	0.273*** (0.055)	-0.157 (0.112)
<i>Merger Wave</i>	0.165*** (0.040)	-0.032 (0.046)	0.222*** (0.050)	-0.255*** (0.095)
<i>Diversifying × Low Δ Inc</i>	0.369*** (0.052)	-0.022 (0.086)	0.481*** (0.062)	-0.503*** (0.125)
<i>Low PPS</i>	0.686*** (0.093)	0.213 (0.111)	0.885*** (0.124)	-0.672*** (0.204)
<i>Low Inst Ownership</i>	0.767*** (0.076)	0.323*** (0.106)	0.909*** (0.094)	-0.587*** (0.177)
<i>High Monitor</i>	0.608*** (0.068)	0.242** (0.112)	0.715*** (0.082)	-0.473*** (0.163)
<i>High Mon, Low Adv</i>	0.214*** (0.041)	-0.108 (0.063)	0.307*** (0.049)	-0.415*** (0.098)
More Advice				
<i>Market Timers</i>	0.899*** (0.075)	0.663*** (0.105)	0.969*** (0.092)	-0.306 (0.179)
<i>Informed Board</i>	0.665*** (0.075)	0.436*** (0.112)	0.733*** (0.091)	-0.297 (0.178)
<i>Expert Board</i>	0.481*** (0.067)	0.441*** (0.113)	0.492*** (0.080)	-0.052 (0.160)
<i>Low R&D</i>	1.174*** (0.080)	0.780*** (0.118)	1.291*** (0.098)	-0.511*** (0.192)
<i>Well Connected Board</i>	0.644*** (0.069)	0.726*** (0.115)	0.620*** (0.083)	0.106 (0.166)
<i>High Centrality</i>	0.715*** (0.072)	0.610*** (0.119)	0.746*** (0.086)	-0.136 (0.172)
<i>High Advice</i>	0.605*** (0.067)	0.730*** (0.113)	0.568*** (0.080)	0.161 (0.159)
<i>Low Mon, High Adv</i>	0.352*** (0.051)	0.409*** (0.081)	0.335*** (0.061)	0.074 (0.121)
N Obs	6,857	1,705	5,152	

Table I.6: Effects of Social Ties in Different Samples

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. Each column represents a different sample. *Relative Size >5%* includes only deals with relative deal value above 5%. No *Toehold* exclude deals in which the acquirer holds a sizable fraction of target shares prior to announcements, as reported by SDC. In the column *Size is ME*, I measure firm size using its market capitalization, as reported by CRSP eleven days before the announcement. *Exclude 2000* excludes the year 2000. *Exclude Financial* excludes financials (SIC codes 6000-6999). *Public Targets* includes only public targets, while *Private Targets* excludes public targets. *Cash Deals* and *Stock Deals* include only deals financed with cash and equity, respectively. *Include Withdrawn* includes acquisitions that were not completed. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.287 (0.260)	-0.416** (0.192)	-0.386** (0.185)	-0.339 (0.208)	-0.351* (0.198)	-0.674** (0.315)	-0.233 (0.249)	-0.393 (0.258)	-0.964* (0.526)	-0.3794** (0.1842)
<i>Social Tie × Advice</i>	1.834*** (0.347)	1.185*** (0.276)	1.090*** (0.276)	1.007*** (0.262)	1.409*** (0.302)	0.725* (0.405)	1.184*** (0.328)	0.749** (0.304)	1.595 (1.027)	1.1715*** (0.2650)
<i>Social Tie</i>	0.557 (0.355)	0.423 (0.267)	0.398 (0.257)	0.341 (0.277)	0.237 (0.322)	0.576 (0.486)	0.293 (0.300)	-0.066 (0.353)	1.244 (1.203)	0.3400 (0.2582)
<i>R-squared</i>	0.030	0.025	0.027	0.025	0.027	0.030	0.023	0.031	0.045	0.0268
<i>Observations</i>	4,599	6,608	6,718	6,045	5,469	1,549	5,169	2,868	634	6,963

Panel B - Quantile Regressions

	Relative Size >5%	No Toehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.427 (0.380)	-0.509* (0.263)	-0.488* (0.255)	-0.258 (0.271)	-0.306 (0.320)	-0.636 (0.407)	-0.072 (0.357)	-0.279 (0.345)	-0.705 (0.890)	-0.1527 (0.2512)
<i>Social Tie × Advice</i>	1.784*** (0.399)	0.419 (0.264)	0.887*** (0.259)	0.668*** (0.252)	1.320*** (0.338)	0.565 (0.455)	0.627* (0.355)	0.594* (0.326)	1.068 (1.547)	0.7526*** (0.2507)
<i>Social Tie</i>	0.104 (0.453)	0.212 (0.333)	0.270 (0.324)	-0.055 (0.322)	0.040 (0.434)	0.210 (0.621)	-0.157 (0.410)	-0.369 (0.421)	1.350 (1.550)	-0.0903 (0.3188)
<i>R-squared</i>	0.011	0.010	0.009	0.011	0.009	0.020	0.006	0.013	0.029	0.0101
<i>Observations</i>	4,599	6,608	6,718	6,045	5,469	1,549	5,169	2,868	634	6,963

Continued on next page

Table I.6, Continued

Panel C - Regressions with Industry Fixed Effects

	Relative Size >5%	No Tiehold	Size is ME	Exclude 2000	Exclude Financials	Public Targets	Private Targets	Cash Deals	Stock Deals	Include Withdrawn
<i>Social Tie × Monitor</i>	-0.151 (0.275)	-0.295 (0.202)	-0.264 (0.194)	-0.219 (0.213)	-0.255 (0.207)	-0.433 (0.316)	-0.148 (0.250)	-0.302 (0.264)	-0.782 (0.483)	-0.2634 (0.1915)
<i>Social Tie × Advice</i>	1.608*** (0.325)	1.033*** (0.268)	0.960*** (0.264)	0.813*** (0.250)	1.289*** (0.292)	0.850* (0.490)	1.045*** (0.317)	0.710*** (0.317)	1.994* (1.115)	1.0350*** (0.2581)
<i>Social Tie</i>	0.575 (0.373)	0.422 (0.273)	0.508* (0.270)	0.324 (0.289)	0.210 (0.330)	0.465 (0.502)	0.280 (0.308)	-0.133 (0.379)	1.406 (1.296)	0.3279 (0.2656)
<i>Competing Bids</i>	-2.785 (2.351)	-1.843 (2.018)	-1.917 (1.893)	-0.081 (2.020)	-2.675 (2.258)	-2.007 (1.685)	11.860 (11.489)	-1.257 (2.801)	-1.157 (4.655)	-2.0571 (1.3886)
<i>Hostile</i>	-0.831 (1.842)	-0.425 (1.674)	-0.229 (1.487)	-0.410 (1.622)	0.338 (1.699)	0.132 (1.500)	0.260 (2.647)	-0.738 (1.477)	0.239 (4.837)	-0.3334 (1.1354)
<i>R-squared</i>	0.044	0.035	0.037	0.037	0.037	0.066	0.035	0.050	0.099	0.0367
<i>Observations</i>	4,599	6,608	6,718	6,045	5,469	1,549	5,169	2,868	634	6,963

Table I.7: Alternative Measures of Friendly Boards

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. In addition to the main proxy for social ties (*Social Tie*), I include alternative proxies for friendly boards. Each column corresponds to a different proxy. In the column *Power CEO*, *Proxy* corresponds to an indicator to whether the CEO is also the chairman or president. *CEO Tenure* is the (logarithm) of the number of months since the CEO took over. *% Board After CEO* is the proportion of the board consisting of outside directors appointed after the CEO. *% Outside Directors* is the proportion of outside directors on the board. In Panel A, the specification is identical to Column 1 of Table V in the main text. In Panel B, quantile regressions are estimated instead. In Panel C, industry fixed effects are included (in addition to year fixed effects). I also include indicators for competing bids and hostile acquisitions. For quantile regressions, bootstrapped standard errors are reported. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.434** (0.185)	-0.363* (0.184)	-0.443** (0.186)	-0.3568* (0.1905)
<i>Social Tie</i> × <i>Advice</i>	1.129*** (0.280)	1.104*** (0.278)	1.117*** (0.272)	0.9585*** (0.2897)
<i>Social Tie</i>	0.397 (0.273)	0.365 (0.262)	0.443* (0.266)	0.4463* (0.2623)
<i>Proxy</i> × <i>Monitor</i>	0.265 (0.304)	0.027 (0.162)	0.633 (0.466)	-0.9661* (0.5698)
<i>Proxy</i> × <i>Advice</i>	-0.267 (0.256)	0.013 (0.163)	0.405 (0.443)	1.6615* (0.9858)
<i>Proxy</i>	0.620** (0.284)	0.416** (0.171)	0.543 (0.494)	0.5575 (1.1811)
<i>R-squared</i>	0.026	0.026	0.026	0.0259
<i>Observations</i>	6,718	6,700	6,718	6,718
Panel B - Quantile Regressions				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.391 (0.252)	-0.117 (0.264)	-0.669*** (0.258)	-0.3213 (0.2551)
<i>Social Tie</i> × <i>Advice</i>	0.831*** (0.255)	0.549** (0.273)	0.696*** (0.259)	0.2119 (0.2725)
<i>Social Tie</i>	0.070 (0.319)	0.068 (0.332)	0.643** (0.323)	0.5617* (0.3234)
<i>Proxy</i> × <i>Monitor</i>	0.009 (0.264)	-0.155 (0.156)	-0.000 (0.524)	-1.1132 (0.6896)
<i>Proxy</i> × <i>Advice</i>	-0.081 (0.250)	-0.080 (0.162)	-0.235 (0.494)	3.2936*** (0.8717)
<i>Proxy</i>	0.811*** (0.246)	0.390** (0.153)	1.010** (0.514)	0.3146 (0.9750)
<i>R-squared</i>	0.011	0.011	0.010	0.0109
<i>Observations</i>	6,718	6,700	6,718	6,718

Continued on next page

Table I.7, Continued

Panel C - Regressions with Industry Fixed Effects				
	Power CEO	CEO Tenure	% Board After CEO	% Outside Directors
<i>Social Tie</i> × <i>Monitor</i>	-0.331* (0.190)	-0.263 (0.190)	-0.320* (0.192)	-0.2286 (0.1945)
<i>Social Tie</i> × <i>Advice</i>	0.981*** (0.271)	0.980*** (0.272)	0.957*** (0.265)	0.8083*** (0.2774)
<i>Social Tie</i>	0.413 (0.283)	0.389 (0.271)	0.452 (0.273)	0.4573* (0.2704)
<i>Proxy</i> × <i>Monitor</i>	0.358 (0.309)	0.055 (0.174)	0.679 (0.471)	-1.0389* (0.5974)
<i>Proxy</i> × <i>Advice</i>	-0.214 (0.254)	-0.010 (0.162)	0.553 (0.447)	1.6907* (0.9630)
<i>Proxy</i>	0.555* (0.286)	0.315* (0.185)	0.642 (0.505)	0.4634 (1.2206)
<i>R-squared</i>	0.036	0.035	0.036	0.0358
<i>Observations</i>	6,718	6,700	6,718	6,718

J Other Results and Variable Definitions

Tables

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Table J.1: Outside Directors Appointment Prior to the Merger

This table reports the average number of outside directors hired during one, two, and three-year windows prior to the announcement date. In the first column, it reports the average, unconditional number of outside directors hired, as well as the average proportion of the board that number represents (in brackets). The second column, % *Connected*, contains the average proportion of these directors that are socially connected with the CEO. The third column contains the average number of outside directors hired, conditional on at least one outside director being hired. The table contains estimates for the full sample as well as for four subsamples. The first two correspond to the mergers associated with high advice and with high monitor, respectively. The last two subsamples correspond to the clusters of *High Advice, Low Monitor* and *High Monitor, Low Advice*.

Outside Directors Hired Prior to the Merger			
	All	% Connected	Conditional on Hiring
Full Sample			
$t - 3$ to $t - 1$	1.185 [0.163]	6.036	1.835 [0.253]
$t - 2$ to $t - 1$	0.873 [0.116]	6.245	1.659 [0.221]
$t - 1$	0.592 [0.076]	6.239	1.497 [0.191]
High Advice			
$t - 3$ to $t - 1$	1.314 [0.176]	6.971	1.893 [0.254]
$t - 2$ to $t - 1$	0.955 [0.122]	7.345	1.674 [0.215]
$t - 1$	0.650 [0.080]	7.688	1.499 [0.184]
High Monitor			
$t - 3$ to $t - 1$	1.230 [0.161]	6.572	1.907 [0.250]
$t - 2$ to $t - 1$	0.894 [0.113]	6.503	1.702 [0.216]
$t - 1$	0.608 [0.073]	6.857	1.544 [0.186]
High Advice, Low Monitor			
$t - 3$ to $t - 1$	1.260 [0.179]	6.857	1.821 [0.259]
$t - 2$ to $t - 1$	0.927 [0.125]	7.121	1.644 [0.222]
$t - 1$	0.628 [0.082]	6.814	1.463 [0.192]
High Monitor, Low Advice			
$t - 3$ to $t - 1$	1.088 [0.140]	6.568	1.828 [0.235]
$t - 2$ to $t - 1$	0.812 [0.103]	5.727	1.680 [0.212]
$t - 1$	0.543 [0.066]	4.321	1.496 [0.181]

Table J.2: Bidder Announcement Returns and Social Ties with a Two-Year Tenure Requirement

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). This table is analogous to Table V in the main text. The difference is that the three-year minimum tenure requirement was relaxed to a two-year requirement. As in Table V, *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table XI. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>Social Tie</i> × <i>Monitor</i>			-0.508*** (0.192)	-0.488** (0.198)		-0.398** (0.162)	
<i>Social Tie</i> × <i>Advice</i>		0.828*** (0.169)		0.787*** (0.167)		0.661*** (0.157)	
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.461 (0.928)	-1.326 (0.982)	
<i>% of Outside Dirs</i> × <i>Advice</i>					1.526* (0.813)	1.177 (0.858)	
<i>Social Tie</i>	0.287 (0.180)			0.198 (0.168)		0.188 (0.168)	
<i>Monitor Factor</i>	-0.033 (0.098)	-0.004 (0.103)	0.164 (0.159)	0.173 (0.157)	0.967 (0.707)	1.057 (0.769)	-0.0010 (0.0067)
<i>Advice Factor</i>	-0.174* (0.098)	-0.561*** (0.143)	-0.210** (0.102)	-0.552*** (0.141)	-1.309** (0.657)	-1.386** (0.658)	0.0036 (0.0082)
<i>CEO Age</i>							0.0023** (0.0009)
<i>CEO Centrality</i>							0.0404* (0.0214)
<i>CEO Degree</i>							0.0046*** (0.0011)
<i>% of Outside Dirs</i>	-0.222 (0.752)	0.231 (0.770)	-0.120 (0.749)	0.095 (0.768)	0.083 (0.811)	0.228 (0.769)	0.2504*** (0.0519)
<i>Log Total Assets</i>	-0.322*** (0.077)	-0.270*** (0.078)	-0.258*** (0.076)	-0.283*** (0.076)	-0.308*** (0.079)		0.0291*** (0.0047)
<i>Industry Leverage</i>	-0.016 (0.010)	-0.014 (0.013)	-0.014 (0.013)	-0.015 (0.013)	-0.016 (0.011)		0.0008*** (0.0003)
<i>Industry Tobin's Q</i> (×100)	-0.150*** (0.055)	-0.159*** (0.058)	-0.145** (0.061)	-0.155*** (0.057)	-0.152*** (0.057)		0.0063 (0.0087)
<i>Price Run-up</i>	-0.510** (0.209)	-0.502** (0.197)	-0.489** (0.198)	-0.497** (0.195)	-0.505** (0.207)		0.0003 (0.0075)
<i>Board Size</i>	-0.010 (0.029)	-0.021 (0.029)	-0.015 (0.029)	-0.025 (0.029)	-0.001 (0.029)		0.0215*** (0.0021)
<i>Relative Deal Size</i>	0.196*** (0.074)	0.178*** (0.067)	0.183*** (0.068)	0.178*** (0.067)	0.192** (0.073)		-0.0223* (0.0127)
Δ <i>Income</i> (×100)	0.362* (0.203)	0.371* (0.188)	0.370* (0.196)	0.372** (0.179)	0.376* (0.205)		-0.0001 (0.0117)
<i>Connections to Target</i>	-2.665*** (0.585)	-2.948*** (0.568)	-2.980*** (0.574)	-2.998*** (0.567)	-2.684*** (0.581)		0.0232 (0.0276)
<i>Public Tgt</i> × <i>Stock Deal</i>	-2.873*** (0.736)	-2.340*** (0.742)	-2.365*** (0.744)	-2.331*** (0.742)	-2.825*** (0.738)		-0.0266 (0.0292)
<i>Public Tgt</i> × <i>Cash Only</i>	0.271 (0.245)	0.368 (0.236)	0.365 (0.243)	0.378 (0.237)	0.234 (0.251)		-0.0268 (0.0175)
<i>Private Tgt</i> × <i>Stock Deal</i>	0.876 (0.819)	0.781 (0.747)	0.767 (0.757)	0.808 (0.752)	0.907 (0.831)		0.0079 (0.0306)
<i>Private Tgt</i> × <i>Cash Only</i>	-0.391* (0.233)	-0.281 (0.245)	-0.334 (0.242)	-0.293 (0.246)	-0.402* (0.231)		-0.0178 (0.0148)
<i>Subsidiary</i> × <i>Cash Only</i>	0.931*** (0.272)	0.824*** (0.283)	0.828*** (0.284)	0.812*** (0.283)	0.923*** (0.273)		-0.0002 (0.0158)
<i>R-squared</i>	0.034	0.035	0.033	0.036	0.036	0.037	0.1880
<i>Observations</i>	6,796	6,796	6,796	6,796	6,796	6,796	6,796

Table J.3: Individual Proxies for Monitoring/Advisory with a Two-Year Tenure Requirement

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. This table is analogous to Table VI in the main text. The difference is that the three-year minimum tenure requirement was relaxed to a two-year requirement. As in Table VI, the main coefficients of interest are the interactions between *Social Tie* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table V of the main text are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *high Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table XI of the main text. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
<i>Social Tie</i> × <i>Proxy</i>	1.591*** (0.474)	1.849*** (0.594)	1.805*** (0.330)	0.283 (0.638)	0.643 (0.401)	0.307 (0.250)	1.592*** (0.316)	1.780*** (0.364)
<i>Social Tie</i>	-0.315 (0.221)	-0.554 (0.352)	-0.837*** (0.266)	0.102 (0.583)	-0.113 (0.312)	0.154 (0.192)	-0.660*** (0.239)	-0.257 (0.182)
<i>Proxy</i>	-0.527* (0.314)	-0.544 (0.406)	-0.504** (0.233)	1.525*** (0.284)	0.356 (0.223)	0.074 (0.244)	-0.244 (0.226)	-0.206 (0.209)
<i>R-squared</i>	0.035	0.035	0.036	0.041	0.035	0.034	0.035	0.035
<i>Observations</i>	6,796	6,796	6,796	6,796	6,796	6,796	6,796	6,796

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
<i>Social Tie</i> × <i>Proxy</i>	-0.024* (0.013)	-0.679** (0.323)	0.075*** (0.028)	-1.198*** (0.350)	0.402** (0.171)	-1.262** (0.514)	-1.046*** (0.336)	-1.243*** (0.444)
<i>Social Tie</i>	0.267 (0.178)	0.515** (0.247)	0.090 (0.196)	0.718*** (0.256)	0.039 (0.209)	0.414** (0.194)	0.871*** (0.282)	0.491** (0.204)
<i>Proxy</i>	-0.008 (0.009)	-0.228 (0.197)	-0.020 (0.021)	0.301 (0.224)	-0.235 (0.161)	0.345 (0.384)	-0.079 (0.214)	0.273 (0.298)
<i>R-squared</i>	0.034	0.034	0.034	0.035	0.035	0.034	0.035	0.034
<i>Observations</i>	6,796	6,796	6,796	6,796	6,796	6,796	6,796	6,796

Table J.4: Individual Proxies for Monitoring/Advisory with a Two-Year Tenure Requirement

This table contains the estimates of regressions of bidder announcement returns on all proxies for monitoring costs and advisory benefits. This table is analogous to Table IX in the main text. The difference is that the three-year minimum tenure requirement was relaxed to a two-year requirement. The main coefficients of interest are the interactions between % *Friendly Board (Resid)* and these proxies. For brevity, the table reports only these coefficients, although all controls present in Table V of the main text are included in the regressions. Panel A displays the estimates for each advisory benefit proxy and two other dummies: *High Advice* indicates whether the advice factor is above its median, and *Low Mon*, *High Adv* indicates deals that fall into the low monitoring, high advising cluster. Panel B displays estimates for monitoring costs proxies and two dummies, *High Monitor*, and *High Mon*, *Low Adv*, which are defined analogously to those in Panel A. Each variable is described in detail in Table XI of the main text. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, * * * represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Social Ties and Advice

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality	High Advice	Low Mon High Adv
% <i>Friendly Board</i> × <i>Proxy</i>	0.175* (0.089)	0.356*** (0.115)	0.320*** (0.077)	0.034 (0.150)	0.042 (0.080)	-0.007 (0.018)	0.265*** (0.069)	0.220*** (0.068)
% <i>Friendly Board</i>	0.013 (0.050)	-0.109 (0.075)	-0.161** (0.068)	0.053 (0.144)	0.051 (0.068)	0.069* (0.041)	-0.114* (0.061)	-0.003 (0.041)
<i>Proxy</i>	-0.285 (0.294)	-0.401 (0.397)	-0.359 (0.238)	1.558*** (0.266)	0.463** (0.203)	0.311** (0.155)	-0.096 (0.233)	0.001 (0.196)
<i>Lambda</i>	-0.082 (0.612)	-0.187 (0.603)	-0.039 (0.642)	-0.328 (0.579)	-0.015 (0.614)	0.240 (0.621)	0.114 (0.648)	0.009 (0.603)
<i>R-squared</i>	0.034	0.034	0.035	0.041	0.035	0.034	0.034	0.034
<i>Observations</i>	6,796	6,796	6,796	6,796	6,796	6,796	6,796	6,796

Panel B - Social Ties and Monitoring

	Excess Cash	High E-index	Institutional Ownership	Diversifying Low Δ Inc	PPS	Merger Wave	High Monitor	High Mon Low Adv
% <i>Friendly Board</i> × <i>Proxy</i>	-0.005* (0.003)	-0.102 (0.062)	0.010 (0.006)	-0.171*** (0.059)	0.048* (0.027)	-0.079 (0.090)	-0.121* (0.067)	-0.224** (0.105)
% <i>Friendly Board</i>	0.079** (0.037)	0.108** (0.044)	0.054 (0.038)	0.146*** (0.051)	0.034 (0.039)	0.084** (0.039)	0.140** (0.054)	0.103*** (0.038)
<i>Proxy</i>	-0.009 (0.008)	-0.310* (0.181)	-0.012 (0.020)	0.155 (0.210)	-0.145 (0.137)	0.132 (0.358)	-0.206 (0.198)	0.159 (0.280)
<i>Lambda</i>	-0.015 (0.625)	-0.131 (0.619)	-0.069 (0.604)	-0.084 (0.611)	-0.090 (0.599)	-0.062 (0.606)	-0.121 (0.608)	-0.003 (0.618)
<i>R-squared</i>	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034
<i>Observations</i>	6,796	6,796	6,796	6,796	6,796	6,796	6,796	6,796

Table J.5: Bidder Announcement Returns and Social Ties with Previously Computed Factor Loadings

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits. The specifications are the same as those in Table V of the main text. However, the factor loadings that determine the monitor and advice proxies are estimated during the first part of the sample (from 2000 to 2005). These estimated factor loadings are then used to construct proxies used in the second part of the sample. The sample period used in this table thus ranges from 2006 to 2011. *Social Tie* is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table XI of the main text. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Social Tie</i> × <i>Monitor</i>			-0.382** (0.172)	-0.333** (0.162)		-0.304* (0.180)
<i>Social Tie</i> × <i>Advice</i>		0.762*** (0.161)		0.733*** (0.166)		0.612*** (0.165)
<i>% of Outside Dirs</i> × <i>Monitor</i>					-1.336* (0.775)	-1.212 (0.807)
<i>% of Outside Dirs</i> × <i>Advice</i>					2.899* (1.531)	2.086* (1.164)
<i>Social Tie</i>	0.205 (0.196)			0.058 (0.191)		0.075 (0.191)
<i>Monitor Factor</i>	0.001 (0.105)	0.024 (0.106)	0.139 (0.158)	0.131 (0.157)	0.993* (0.581)	1.025* (0.578)
<i>Advice Factor</i>	-0.154 (0.124)	-0.452*** (0.163)	-0.148 (0.125)	-0.448*** (0.163)	-2.431** (1.015)	-2.050** (0.928)
<i>CEO Age</i>						
<i>CEO Centrality</i>						
<i>CEO Degree</i>						
<i>% of Outside Dirs</i>	-1.432 (1.022)	-0.823 (1.072)	-1.095 (1.098)	-0.838 (1.080)	-0.650 (1.045)	-0.458 (1.118)
<i>Log Total Assets</i>	-0.097 (0.087)	-0.083 (0.092)	-0.069 (0.089)	-0.088 (0.092)	-0.097 (0.090)	
<i>Industry Leverage</i>	-0.010* (0.005)	-0.011** (0.005)	-0.010* (0.005)	-0.011** (0.005)	-0.010* (0.006)	
<i>Industry Tobin's Q</i> (×100)	-0.128*** (0.047)	-0.143*** (0.048)	-0.130** (0.051)	-0.140*** (0.049)	-0.138*** (0.050)	
<i>Price Run-up</i>	-0.161 (0.299)	-0.158 (0.302)	-0.147 (0.301)	-0.163 (0.302)	-0.169 (0.299)	
<i>Board Size</i>	-0.109** (0.043)	-0.112*** (0.041)	-0.108** (0.042)	-0.113*** (0.042)	-0.104** (0.041)	
<i>Relative Deal Size</i>	0.144*** (0.049)	0.137*** (0.047)	0.140*** (0.047)	0.137*** (0.047)	0.139*** (0.049)	
Δ <i>Income</i> (×100)	0.694*** (0.255)	0.644** (0.257)	0.690** (0.267)	0.647** (0.255)	0.667** (0.270)	
<i>Connections to Target</i>	-2.546*** (0.653)	-2.687*** (0.646)	-2.703*** (0.648)	-2.690*** (0.640)	-2.594*** (0.652)	
<i>Public Tgt</i> × <i>Stock Deal</i>	-1.695* (1.004)	-1.616 (0.995)	-1.614 (1.002)	-1.619 (0.999)	-1.696* (0.991)	
<i>Public Tgt</i> × <i>Cash Only</i>	0.336 (0.356)	0.400 (0.346)	0.401 (0.347)	0.401 (0.346)	0.328 (0.359)	
<i>Private Tgt</i> × <i>Stock Deal</i>	1.299 (1.154)	1.163 (1.173)	1.174 (1.184)	1.141 (1.179)	1.216 (1.157)	
<i>Private Tgt</i> × <i>Cash Only</i>	-0.530* (0.296)	-0.495* (0.286)	-0.544* (0.280)	-0.502* (0.286)	-0.555* (0.294)	
<i>Subsidiary</i> × <i>Cash Only</i>	0.674 (0.422)	0.606 (0.417)	0.604 (0.419)	0.609 (0.420)	0.638 (0.423)	
<i>R-squared</i>	0.025	0.027	0.025	0.027	0.028	0.029
<i>Observations</i>	3,012	3,012	3,012	3,012	3,012	3,012

Table J.6: Calendar Time Analysis with Previously Computed Factor Loadings

This table reports the effects of social ties on long-term performance and on announcement returns in different samples. This table is analogous to Table VIII of the main text. However, the factor loadings that determine the monitor and advice proxies are estimated during the first part of the sample (from 2000 to 2005). These estimated factor loadings are then used to construct proxies used in the second part of the sample. The sample period used in this table thus ranges from 2006 to 2011. In Panels A to C, I use a calendar time portfolio approach to measure the difference in performance associated with social ties. In each case, the underlying strategy involves buying (selling) acquirers with (without) friendly boards at the announcement date and holding the position for 360 days. The Carhart (1997) four-factor model is used to risk-adjust returns. The table presents the estimates of monthly regressions, in which daily returns are accumulated to produce monthly returns. On each panel, the first row corresponds to the calendar time alpha of the portfolio of friendly boards, while the second row contains the alpha for the portfolio of unfriendly boards. The calendar time alpha of the strategy described above is the row called *Friendly - Unfriendly*. In the first column of Panel A (*Full Sample*) all deals are included. In the second column (*High Monitor*), only deals in which the monitor factor is above the median are included (i.e., buy (sell) high monitoring costs firms with (without) friendly boards). *High Advice* estimates are constructed analogously. The last two columns correspond to deals that fall in those particular clusters (as defined in Table II of the main text). Estimates in Panels B and C are constructed in a similar manner—each column corresponds to strategies involving only deals with high values for monitoring and advising proxies, as defined in Table IV. In Panel D, I present the results of announcement return regressions for the same subsamples specified in Panel A. Each regression includes all the controls in Column 1 of Table V. In addition, each regression includes a measure of deal visibility, along with its interaction with the social ties dummy. I use three different measures of firm visibility, each corresponding to a different regression specification. These are *Analyst Coverage*, *Media Coverage*, and *Larger Deals*. These measures are defined in Table XI of the main text. For brevity, I only include estimates of the interaction term. Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

Panel A - Factors and Clusters

	Full Sample	High Monitor	High Advice	High Mon Low Adv	Low Mon High Adv
<i>Friendly Boards</i>	0.054	-0.034	0.277***	-0.215***	0.380***
<i>Unfriendly Boards</i>	-0.154	0.153	-0.419***	0.225	-0.811***
<i>Friendly - Unfriendly</i>	0.209 (0.159)	-0.185 (0.188)	0.696*** (0.174)	-0.438 (0.274)	1.195*** (0.240)
<i>R-squared</i>	0.903	0.866	0.826	0.803	0.727

Panel B - Proxies for Advisory Needs

	Informed Board	Expert Board	External Connections	Low R&D	Market Timers	Board Centrality
<i>Friendly Boards</i>	0.151***	0.146*	0.245***	0.033	0.178***	0.257***
<i>Unfriendly Boards</i>	-0.096	-0.594***	-0.343**	-0.253	-0.084	-0.479***
<i>Friendly - Unfriendly</i>	0.247 (0.193)	0.742*** (0.175)	0.589*** (0.181)	0.287* (0.165)	0.266 (0.187)	0.737*** (0.181)
<i>R-squared</i>	0.854	0.840	0.842	0.902	0.881	0.841

Panel C - Proxies for Monitoring Needs

	Excess Cash	High E-index	Low Inst Ownership	Diversifying Low Δ Inc	Low PPS	Merger Wave
<i>Friendly Boards</i>	-0.048	-0.108	0.050	-0.119	-0.108	-0.097
<i>Unfriendly Boards</i>	-0.029	0.427**	0.248	0.473***	0.530***	-0.286
<i>Friendly - Unfriendly</i>	-0.018 (0.161)	-0.535** (0.223)	-0.195 (0.211)	-0.588*** (0.183)	-0.639*** (0.174)	0.191 (0.764)
<i>R-squared</i>	0.906	0.783	0.831	0.837	0.892	0.534

Panel D - The Effect of Social Ties and Deal Visibility

	Full Sample	High Monitor	High Advice	High Mon Low Adv	Low Mon High Adv
<i>Social Tie × Analyst Coverage</i>	0.595* (0.355)	-0.021 (0.489)	0.818* (0.477)	0.310 (0.887)	1.684** (0.759)
<i>Social Tie × Media Coverage</i>	0.832* (0.435)	-0.295 (0.533)	0.195 (0.502)	-3.319* (1.983)	0.716 (0.735)
<i>Social Tie × Larger Deals</i>	0.685* (0.273)	-0.264 (0.207)	1.247** (0.482)	-0.288 (0.940)	2.595*** (0.714)

Table J.7: Bidder Announcement Returns and Social Ties

This table contains the estimates of regressions of bidder announcement returns on many controls and the main proxies for social ties, monitoring costs, and advisory benefits (Columns (1) to (6)). *% Friendly Board* is the (net) proportion of the board socially connected to the CEO. *Monitor Factor* is the first principal component factor constructed from the individual monitoring costs proxies. *Advice Factor* is defined analogously. *% of Outside Dirs* is the proportion of outside directors on the board (in %). All other controls are defined in Table XI of the main text. The last column, *Pr(Social Tie)*, reports (probit) estimates of the probability of a social connection conditional on three additional explanatory variables: *CEO Age* is the age of the CEO, *CEO Centrality* is the (eigenvalue) CEO centrality measure on the network. *CEO Degree* is the number of outside connections for the CEO. All variables are measured at the end of the fiscal year preceding the announcement date. All regressions include year dummies (not reported). Robust standard errors (double) clustered by year and industry are in parentheses. *, **, *** represents significance at the 10%, 5% and 1% level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	Pr(Social Tie)
<i>% Friendly × Monitor</i>			-1.627** (0.818)	-1.492** (0.744)		-1.123* (0.647)	
<i>% Friendly × Advice</i>		1.813*** (0.587)		1.702*** (0.628)		1.336** (0.576)	
<i>% of Outside Dirs × Monitor</i>					-1.405 (0.921)	-1.278 (0.913)	
<i>% of Outside Dirs × Advice</i>					1.381* (0.768)	0.985 (0.779)	
<i>% Friendly Board</i>	1.022 (0.709)			0.223 (0.748)		0.239 (0.741)	
<i>Monitor Factor</i>	-0.038 (0.102)	-0.033 (0.101)	0.071 (0.140)	0.069 (0.141)	0.932 (0.699)	0.919 (0.693)	-0.0059 (0.0069)
<i>Advice Factor</i>	-0.197* (0.100)	-0.354*** (0.127)	-0.189* (0.100)	-0.346*** (0.129)	-1.180* (0.623)	-1.052* (0.626)	0.0044 (0.0089)
<i>CEO Age</i>							0.0025*** (0.0009)
<i>CEO Centrality</i>							0.0477* (0.0244)
<i>CEO Degree</i>							0.0052*** (0.0013)
<i>% of Outside Dirs</i>	-0.835 (0.800)	-0.657 (0.795)	-0.860 (0.795)	-0.705 (0.798)	0.063 (0.820)	-0.652 (0.830)	0.2119*** (0.0529)
<i>Log Total Assets</i>	-0.439*** (0.114)	-0.437*** (0.114)	-0.438*** (0.115)	-0.439*** (0.115)	-0.299*** (0.080)		0.0351*** (0.0047)
<i>Industry Leverage</i>	-0.016* (0.009)	-0.017* (0.009)	-0.016* (0.009)	-0.017* (0.009)	-0.014 (0.009)		0.0010** (0.0004)
<i>Industry Tobin's Q (×100)</i>	-0.169*** (0.055)	-0.172*** (0.054)	-0.160*** (0.057)	-0.165*** (0.054)	-0.150*** (0.056)		0.0055 (0.0096)
<i>Price Run-up</i>	-0.500** (0.212)	-0.505** (0.212)	-0.497** (0.211)	-0.501** (0.210)	-0.475** (0.208)		0.0038 (0.0067)
<i>Board Size</i>	-0.080* (0.047)	-0.078* (0.047)	-0.079* (0.047)	-0.077* (0.046)	-0.009 (0.031)		0.0240*** (0.0025)
<i>Relative Deal Size</i>	0.226*** (0.077)	0.223*** (0.077)	0.227*** (0.077)	0.222*** (0.076)	0.192** (0.074)		-0.0184 (0.0120)
<i>Δ Income (×100)</i>	0.366* (0.206)	0.367* (0.202)	0.367* (0.203)	0.369* (0.198)	0.373* (0.206)		0.0000 (0.0129)
<i>Connections to Target</i>	-2.693*** (0.606)	-2.666*** (0.603)	-2.676*** (0.604)	-2.648*** (0.602)	-2.644*** (0.584)		0.0079 (0.0336)
<i>Public Tgt × Stock Deal</i>	-2.823*** (0.713)	-2.818*** (0.709)	-2.835*** (0.711)	-2.833*** (0.709)	-2.845*** (0.707)		-0.0266 (0.0328)
<i>Public Tgt × Cash Only</i>	0.339 (0.251)	0.352 (0.250)	0.330 (0.253)	0.347 (0.249)	0.229 (0.256)		-0.0299 (0.0211)
<i>Private Tgt × Stock Deal</i>	0.788 (0.850)	0.809 (0.852)	0.801 (0.857)	0.814 (0.854)	0.864 (0.868)		0.0277 (0.0337)
<i>Private Tgt × Cash Only</i>	-0.331 (0.239)	-0.324 (0.240)	-0.341 (0.238)	-0.330 (0.240)	-0.409* (0.239)		-0.0191 (0.0165)
<i>Subsidiary × Cash Only</i>	0.917*** (0.256)	0.900*** (0.256)	0.902*** (0.256)	0.890*** (0.256)	0.911*** (0.256)		-0.0047 (0.0174)
<i>R-squared</i>	0.034	0.035	0.034	0.035	0.035	0.036	0.1790
<i>Observations</i>	6,778	6,778	6,778	6,778	6,778	6,778	6,778

Table J.8: Variable Definitions

The sample consists of all mergers from 2000 to 2011 in which: (i) the acquirer is a publicly traded company with common stock data available on the CRSP tapes at the time of the announcement, (ii) the acquirer gained control over the target company, (iii) the deal value, as reported by SDC, was at least \$10 million, and at least 1% of the value of the acquirer at the time of the announcement, (iv) the deal was completed, (v) the acquirer had data available from Compustat for the fiscal year preceding the merger, and (vi) biographical information on board members was available in either BoardEx or public filings.

NOTE: Compustat variable names are in parentheses.

<i>Δ Income (×100)</i>	is the industry-adjusted three-year income growth used by Morck et al. (1990). It is defined as $\log(I(t - 1)) - \log(I(t - 4))$, where $I(t - 1)$ is the sum of net income, interest, and deferred taxes for the fiscal year preceding the announcement.
<i>Advice Factor</i>	is the first, rotated, principal-component factor (PCF) associated with the advising benefits proxies. The construction of this factor is described in the data section.
<i>Analyst Coverage</i>	represent deals in which the number of analysts following the acquirer during the period ranging from 360 to 11 days before the announcement is above the median.
<i>Any Social Tie</i>	correspond to cases where the CEO and board member share at least one of the social ties described above, excluding employment ties.
<i>Board Size</i>	is the number of directors on the board (from BoardEx).
<i>CEO Age</i>	represents the age of the CEO.
<i>CEO Centrality</i>	is the (eigenvalue) CEO centrality measure on the network, as in Barnea and Guedj (2009) (in %). See <i>Centrality</i> .
<i>CEO Degree</i>	is the number of outside connections for the CEO, as in Barnea and Guedj (2009) (in %). Specifically, the number of outside that each director has to other directors in the network is the sum of each row (or column) of the symmetric matrix described under <i>Centrality</i> .
<i>Centrality</i>	is the average (eigenvalue) centrality measure for the board (in %). Centrality is computed as in Barnea and Guedj (2009). Specifically, for each firm and each year in the sample, I build matrix of director networks. The matrix maps the connections among the different directors in the sample. Rows and columns represent all directors in the sample for a specific year. If director i and director j sit together on at least one board, the value of cell (i, j) in the matrix is 1, otherwise it is 0. The diagonal of the matrix (the link between director i and herself) is equal to 0 by definition.
<i>Clubs</i>	represents clubs and fraternities.

Table J.8 Variable Definitions, Continued

<i>Diversifying × Low Δ Inc</i>	represents diversifying acquisitions following prior three-year below median income growth. See $\Delta Income$.
<i>E-index</i>	is the entrenchment index of Bebchuk et al. (2009).
<i>Education</i>	represents education ties, constructed as in Cohen et al. (2008).
<i>Employment Ties</i>	represents connections through prior and current employment.
<i>Excess Cash</i>	is defined as in Dittmar and Mahrt-Smith (2007). Each year, the following regression is estimated (using all companies in Compustat): $\ln\left(\frac{Cash_i}{NA_i} + 1\right) = \beta_0 + \beta_1 \ln(NA_i) + \beta_2 \frac{FCF_i}{NA_i} + \beta_3 \frac{NWC_i}{NA_i} + \beta_4 (IndSigma_i) + \beta_5 \frac{\widehat{MV}_i}{NA_i} + \varepsilon_i$, where <i>Cash</i> is cash and equivalents (che), <i>NA</i> represents net assets (invt - che), <i>FCF</i> is operating income (oibdp) minus current liabilities (lct) minus cash (che), <i>IndSigma</i> is the industry average of prior ten-year standard deviation of <i>FCF/NA</i> , \widehat{MV} represents past three-year sales growth and is used as an instrument for market-to-book, <i>RD</i> stands for R&D expenditures (xrd) and is set to zero when missing. The residuals are used to compute excess cash at time $t + 1$.
<i>High E-index</i>	represents high entrenchment levels as measured by the E-index of Bebchuk et al. (2009). It is equal to 1 when the E-index is greater than 2.
<i>Industry Leverage</i>	represents the acquirer's industry median leverage across all Compustat firms (classified using four-digit SIC codes). Leverage is defined as represents the sum of long-term debt (dltt) and debt in current liabilities (dlc) over common equity (ceq).
<i>Inst Ownership</i>	is the (industry-adjusted) proportion of shares outstanding (in %) in the hands of US independent, non-transient, long-term institutional investors, as defined by Chen et al. (2007).
<i>Larger Deals</i>	represent deals in which the acquirer is on the acquirer belongs to the top quintile in terms of market equity and the deal represents at least 5% of the acquirer.
<i>Leverage</i>	represents the sum of long-term debt (dltt) and debt in current liabilities (dlc) over common equity (ceq).
<i>Log Total Assets</i>	is the logarithm of total assets (at).
<i>Low R&D</i>	indicates <i>R&D</i> below the industry median for that year. <i>R&D</i> is the ratio of R&D expenses (xrd) over book assets (at), set to zero if missing.
<i>Market Timers</i>	indicates deals in which outside board members' average 180-day buy and hold returns are above the median (over the previous three years). Trading returns are computed as in Ravina and Sapienza (2010).

Table J.8 Variable Definitions, Continued

<i>Media Coverage</i>	is an indicator as to whether either the acquirer or target was covered in the WSJ during the period ranging from 360 to 11 days before the announcement. I impose the same relevancy requirements as in Tetlock et al. (2008).
<i>Merger Wave</i>	identifies merger waves using the procedure in Harford (2005).
<i>Monitor Factor</i>	is the first, rotated, principal-component factor (PCF) associated with the individual monitoring costs proxies. The construction of this factor is described in the data section.
<i>N Outside Dirs</i>	is the number of outside directors on the board.
<i>Network Clubs</i>	consist of the following organizations: Young Presidents, World Presidents, Rotary Club and Junior Achievement.
<i>Not-for-Profit</i>	represents Not For Profit (NFP) organizations such as foundations, art, museums and humanitarian organizations.
<i>Pay-Performance Sensitivity</i>	is the fractional equity ownership (Jensen and Murphy (1990)) computed as in Frydman and Jenter (2010). It is the change in executive wealth driven by revaluations of stock and option holdings. The sensitivity of options to stock price is approximated by the method developed by Core and Guay (2002).
<i>Price Run-up</i>	is the bidder's buy and hold abnormal return from 230 to 11 days before the announcement. The CRSP value-weighted index is used the benchmark.
<i>Relative Deal Size</i>	is the value of the deal as reported by SDC over the market value of the acquirer measured at the end of the fiscal year preceding the announcement.
<i>Same Background</i>	represents religious and military organizations, as well as "scouts" groups.
<i>Social Tie</i>	is a dummy variable equal to 1 if the CEO is socially connected to at least one outside board member, and 0 otherwise. Only social connections that are above what would be expected if connections were random are included. See the data section for more details.
<i>Total Assets</i>	represents total book assets (at) in \$ Bil.
<i>Well Connected Board</i>	indicates boards with outside connections above the industry median for that year. Outside connections is defined as is the logarithm of the per-outside-director advising quality measure developed by Coles et al. (2012). It consists of the average number of outside board connections for outside board members.
<i>% Expert Outsiders</i>	is the proportion of outside board members who have either served on the board (as an insider) or held an executive position in a financial company (SIC codes 6000-6999) other than the acquirer.

Table J.8 Variable Definitions, Continued

<i>% Friendly Board</i>	represents the net proportion of the bidder's board socially connected to the CEO. It is the difference between the actual proportion of the directors with ties to the CEO and the average proportion from 10,000 simulated boards.
<i>% Informed Outsiders</i>	is the proportion of outside board members who have either served on the board (as an insider) or held an executive position in another company in the same four-digit SIC industry code as the target.
<i>% of Outside Dirs</i>	is the proportion of outside directors on the board (in %).

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