

APPENDIX A. SAMPLE CONSTRUCTION AND CHARACTERISTICS

Sample Selection Criteria: We focus exclusively on public-to-public transactions, as deal terminations primarily occur between public company headquarters. Consistent with prior literature, we include only three transaction types: mergers, acquisitions of major interest, and acquisitions of assets between different firms, while excluding spin-offs, repurchases, recapitalizations, divestitures, leveraged buyouts, and self-tender offers.

Filtering Process: Our sample construction begins with 5,712 initial observations (4,633 completed deals and 1,079 terminated deals) and applies the following sequential filters: (i) transactions announced from 1984 onwards (227 deletions); (ii) availability of Compustat stock information linkage (277 deletions); (iii) exclusion of non-qualifying transaction types (22 deletions); (iv) exclusion of block trades where announcement and completion dates are identical (107 deletions); (v) transactions with cash, stock, or cash-stock combination payment methods only, excluding other/unknown payment types necessary for DAR calculation (1,361 deletions); (vi) availability of both acquirer and target GVKEY identifiers (491 deletions); (vii) US-headquartered target firms only (285 deletions); (viii) availability of exchange ratio information from regulatory filings and news sources (77 deletions); and (ix) availability of Compustat accounting and financial information prior to deal termination (132 deletions). This process yields our final sample of 2,733 deals (2,287 completed and 446 terminated).

Industry Distribution Analysis: Our sample demonstrates broad industry diversification across sectors, spanning over 300 distinct four-digit SIC codes in manufacturing, technology, healthcare, financial services, and other industries. The largest categories include computer programming and data processing (SIC 7372: 10.3% of acquirers, 10.4% of targets), semiconductors (SIC 3674: 4.7% of acquirers, 4.0% of targets), and pharmaceutical preparations (SIC 2834: 5.3% of acquirers, 3.7% of targets). The top three SIC codes collectively represent only 20.3% of acquirers and 18.1% of targets, indicating balanced cross-industry activity.

Additionally, 62.9% of deals are cross-industry transactions while 37.1% occur within the same industry. The most frequent same-industry combinations include computer programming (7372-7372: 6.37%), semiconductors (3674-3674: 3.07%), and pharmaceuticals (2834-2834: 2.41%). Notable cross-industry patterns include technology convergence deals and pharmaceutical-medical device combinations, confirming that our sample encompasses diverse M&A transactions rather than specific industry concentrations.

APPENDIX B. SPECIFICATION CURVE MAPS

FIGURE A1a: Specification Map of Coefficient Under Different Parameters (Clogit Models)

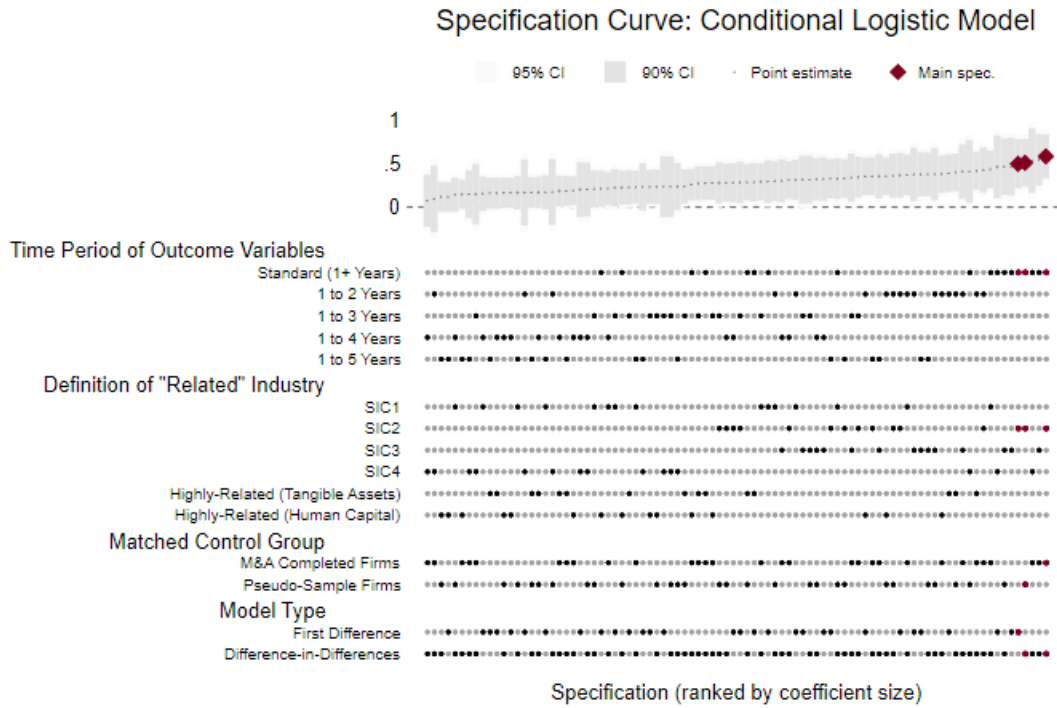


FIGURE A1b: Specification Map of Coefficient Under Different Parameters (OLS Models)

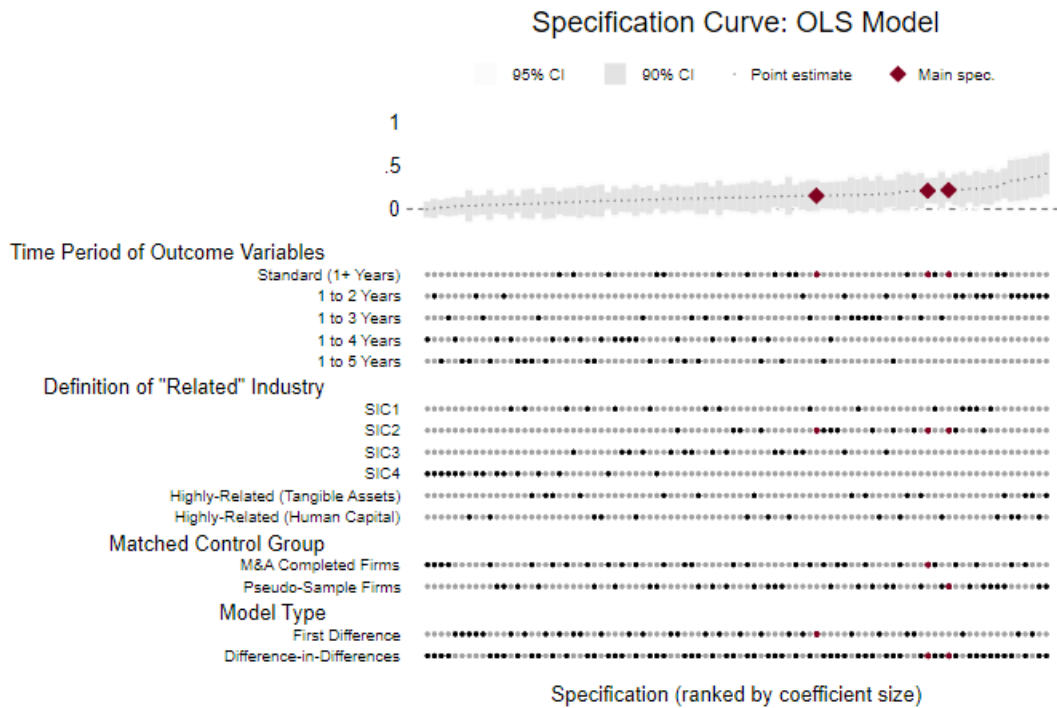


FIGURE A1c: Specification Map of Coefficient Under Different Parameters (Clog-log Models)

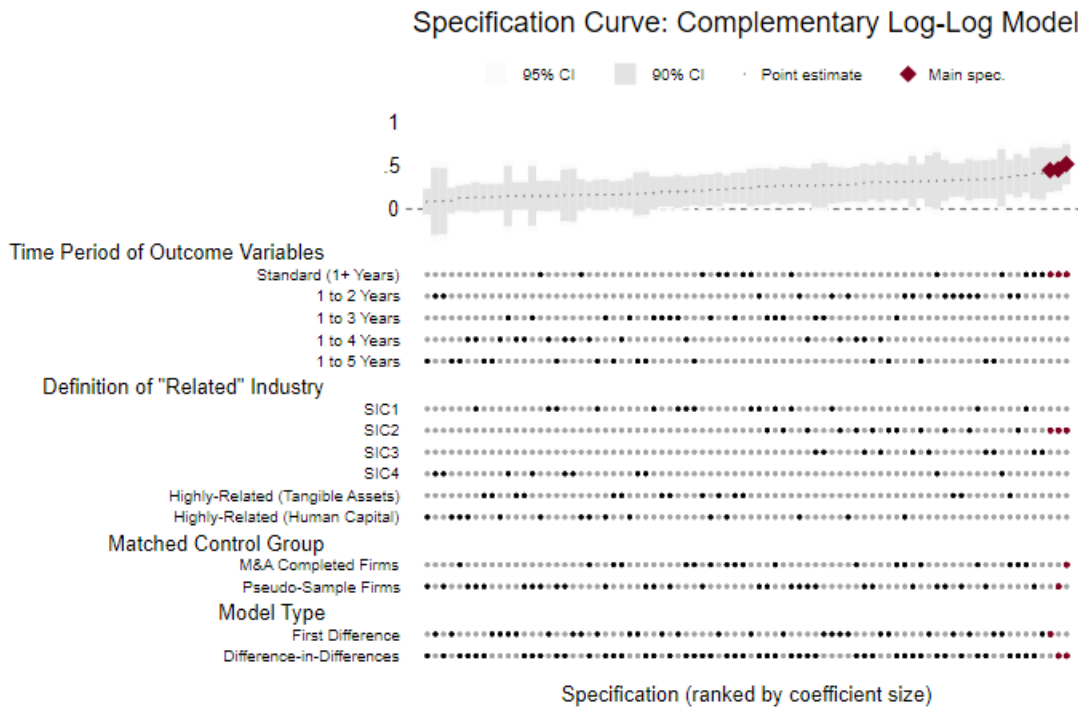
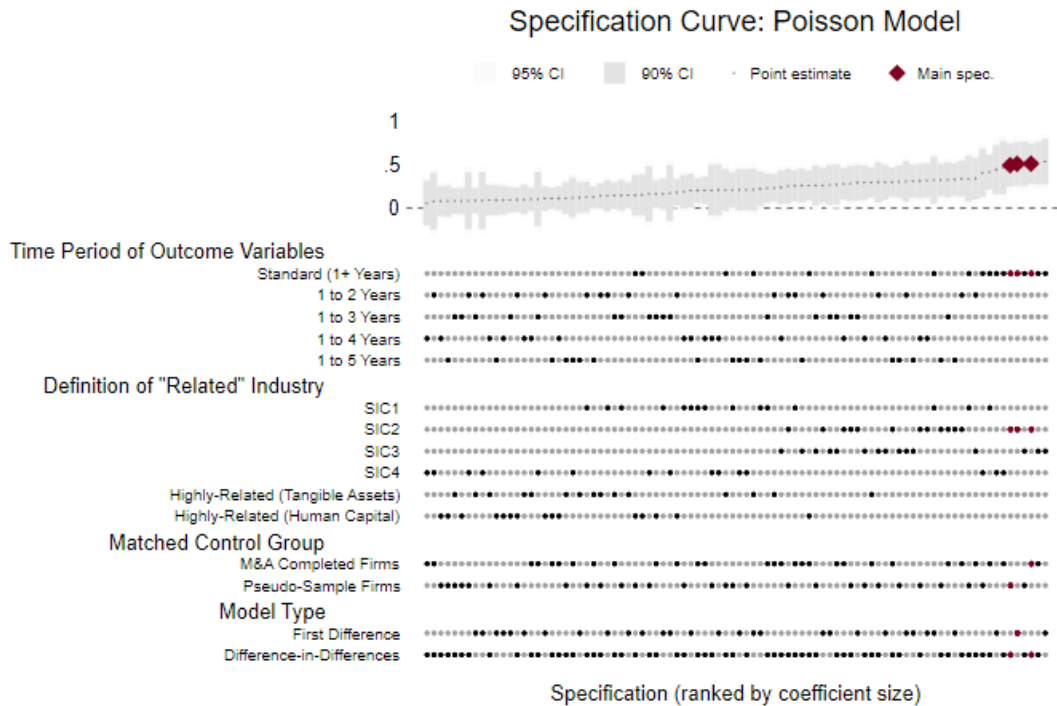


FIGURE A1d: Specification Map of Coefficient Under Different Parameters (Poisson Models)



APPENDIX C. ADDITIONAL TABLES

TABLE A1: Summary of Variables

Outcome Variable	
Target-Related Business Divestiture	1 if focal firm undertakes any divestiture during the year in industries/sectors related to the target firm based on target's primary SIC code from Refinitiv (former SDC) at two-digit level; 0 otherwise.
Explanatory Variables	
Post-Termination (or Post)	1 from the year following deal termination onwards in First Difference Model; interaction between post-termination period and treatment group for terminated deals in Difference-in-Difference Model; 0 otherwise.
Moderator Variables	
Resource Complementarity Motive	1 if deal is motivated by leveraging complementarity between bidder's and target's resources through (1) economies of scale or scope, (2) innovation and R&D synergies, or (3) explicit complementary asset acquisition, manually identified through SEC filings, newspaper databases, and press releases; 0 otherwise.
Target Rejection	1 if bidder firm was unable to complete the acquisition due to target-related resistance, manually identified through systematic searches of SEC filings, newspaper databases, and press releases, including (1) target management or board rejection, (2) target shareholder rejection, (3) disagreement on transaction price, or (4) inability to agree on management terms; 0 otherwise.
Target Firm Uniqueness	Target firm uniqueness measured as the distance between the target's sales distribution across three-digit SIC segments and the industry centroid of its primary SIC industry in the year prior to deal announcement (Litov <i>et al.</i> , 2012).
Relative Market Demand	Three-year moving average growth rate of acquirer primary market minus target primary market following Wu (2013) to measure opportunity costs, calculated using WRDS Compustat's sales data where primary markets are defined by Refinitiv Mergers and Acquisitions dataset.
Distance to Acquisition Target (Technological Asset-Based)	One minus the relative overlap of two companies' patent portfolios, based on patents filed during the five years before deal announcement, adapting Schildt <i>et al.</i> (2012).
Distance to Acquisition Target (Tangible Asset-Based)	One minus cosine similarity of tangible resources between bidder and target primary businesses, calculated using 1997 Bureau of Economic Analysis (BEA) capital flow table.
Distance to Acquisition Target (Human Capital-Based)	One minus cosine similarity of human capital used between bidder and target primary businesses, calculated using Bureau of Labor Statistics (BLS) occupational profile table.
Control Variables	
Business Size	Natural log of total assets.
Profitability	Earnings before interest and taxes (EBIT) over total assets.
Capital Expenditures	Capital expenditures over total sales.
Financial Leverage	Debt to equity ratio.
Diversification	Entropy index of sales by operating segment.
Acquisition Experience of Focal Firm	Natural log of total number of acquisition transactions (+1) over the five years prior to the focal year.
Alliance Experience of Focal Firm	Natural log of total number of strategic alliance transactions (+1) over the five years prior to the focal year.
Divestiture Experience of Focal Firm	Natural log of total number of divestitures transactions (+1) over the five years prior to the focal year.
Bankruptcy Risk	1 if Altman's Z-score is below 1.8; 0 otherwise.
Industry Growth (Bidder)	Average sales growth rate in the bidder's industry over the three years prior to the focal year.
Industry Growth (Target)	Average sales growth rate in the target's industry over the three years prior to the focal year.
Additional Matching Variable	
Deal Arbitrage Risk (DAR)	Relative gap between offer price for target and spot price of target's common stock. Main specification is one day after deal announcement, but DAR measured at different times (e.g., one month after announcement) tested for robustness.

TABLE A2: Descriptive Statistics for First Difference Models

Variables	Mean	SD	Min	Max	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) Post-Termination	0.36	0.48	0.00	1.00										
(2) Target-Related Business Divestiture	0.06	0.23	0.00	1.00	0.15									
(3) Target-Unrelated Business Divestiture	0.08	0.28	0.00	1.00	0.18	0.17								
(4) Business Size	6.28	2.39	1.21	11.47	0.35	0.23	0.29							
(5) Profitability	0.04	0.42	-3.14	0.43	-0.01	0.04	0.05	0.26						
(6) Capital Expenditures	0.09	0.16	0.00	1.19	-0.07	0.00	-0.05	-0.02	-0.34					
(7) Financial Leverage	0.76	1.95	-7.39	11.01	0.03	0.01	0.03	0.09	0.04	0.05				
(8) Diversification	0.32	0.45	0.00	1.61	0.03	0.08	0.23	0.34	0.12	-0.09	0.06			
(9) Acquisition Experience of Focal Firm	0.85	0.91	0.00	3.18	0.29	0.25	0.31	0.50	0.17	-0.14	0.02	0.21		
(10) Alliance Experience of Focal Firm	0.60	0.90	0.00	3.69	0.16	0.22	0.25	0.45	0.06	-0.06	-0.02	0.14	0.44	
(11) Divestiture Experience of Focal Firm	0.31	0.61	0.00	2.48	0.29	0.31	0.34	0.46	0.10	-0.06	0.02	0.24	0.47	0.33
(12) Bankruptcy Risk	0.33	0.47	0.00	1.00	0.16	0.09	0.03	0.23	-0.07	0.27	0.09	-0.03	0.04	0.04
(13) Industry Growth (Bidder)	0.09	0.12	-0.15	0.59	-0.19	-0.04	-0.09	-0.16	-0.06	0.10	-0.01	-0.15	-0.12	-0.01
(14) Industry Growth (Target)	0.09	0.13	-0.16	0.70	-0.17	-0.04	-0.08	-0.14	-0.03	0.08	-0.01	-0.08	-0.08	0.01
(15) Resource Complementarity Motive	0.37	0.48	0.00	1.00	-0.03	0.01	-0.01	-0.02	-0.07	0.05	-0.01	-0.06	-0.03	0.06
(16) Target Rejection	0.36	0.48	0.00	1.00	-0.02	0.00	-0.04	-0.11	-0.07	-0.01	-0.02	-0.08	-0.02	-0.06
(17) Target Firm Uniqueness	0.10	0.15	0.00	0.70	0.02	0.02	0.04	0.04	0.01	-0.04	0.02	0.08	0.05	-0.02
(18) Relative Market Demand	0.00	0.08	-0.30	0.28	-0.02	-0.01	-0.02	-0.02	0.00	0.01	-0.01	-0.03	-0.02	-0.01
(19) Distance to Acquisition Target (Technological Asset-Based)	0.86	0.26	0.00	1.00	0.09	-0.06	-0.04	-0.15	0.00	0.02	0.06	-0.01	-0.18	-0.29
(20) Distance to Acquisition Target (Tangible Asset-Based)	0.34	0.25	0.00	0.99	0.04	-0.08	0.01	-0.01	0.06	0.02	0.03	-0.01	-0.02	-0.03
(21) Distance to Acquisition Target (Human Capital-Based)	0.52	0.30	0.00	1.00	0.03	-0.09	0.06	-0.02	0.05	-0.14	0.01	0.12	0.06	-0.02
Variables	Mean	SD	Min	Max	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
(12) Bankruptcy Risk	0.33	0.47	0.00	1.00	0.11									
(13) Industry Growth (Bidder)	0.09	0.12	-0.15	0.59	-0.15	-0.03								
(14) Industry Growth (Target)	0.09	0.13	-0.16	0.70	-0.12	-0.05	0.42							
(15) Resource Complementarity Motive	0.37	0.48	0.00	1.00	-0.01	0.02	0.05	0.03						
(16) Target Rejection	0.36	0.48	0.00	1.00	-0.04	-0.02	0.01	0.00	0.00					
(17) Target Firm Uniqueness	0.10	0.15	0.00	0.70	0.03	-0.05	-0.01	-0.06	0.04	0.06				
(18) Relative Market Demand	0.00	0.08	-0.30	0.28	-0.02	-0.02	0.02	0.01	0.00	0.00	0.01			
(19) Distance to Acquisition Target (Technological Asset-Based)	0.86	0.26	0.00	1.00	-0.08	0.06	-0.04	-0.04	-0.10	0.07	0.09	-0.01		
(20) Distance to Acquisition Target (Tangible Asset-Based)	0.34	0.25	0.00	0.99	-0.05	0.12	0.04	0.04	0.00	0.00	-0.05	0.01	0.17	
(21) Distance to Acquisition Target (Human Capital-Based)	0.52	0.30	0.00	1.00	-0.01	-0.12	-0.03	0.00	-0.15	0.10	0.07	0.00	0.22	0.54

Note. N=9,581. This table lists descriptive statistics for the sample of US publicly-listed firms that terminate M&A between 1984 and 2019. All continuous variables are winsorized at the 1st and 99th percentiles.

TABLE A3: Descriptive Statistics for Diff-in-Diff Models CEM vs. Successful M&A Firms

Variables	Mean	SD	Min	Max	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) Post-Termination	0.19	0.39	0.00	1.00													
(2) Target-Related Business Divestiture	0.06	0.24	0.00	1.00	0.08												
(3) Target-Unrelated Business Divestiture	0.09	0.28	0.00	1.00	0.10	0.14											
(4) Business Size	6.29	2.29	1.21	11.47	0.20	0.22	0.28										
(5) Profitability	0.03	0.43	-3.14	0.43	0.00	0.02	0.04	0.26									
(6) Capital Expenditures	0.10	0.17	0.00	1.19	-0.05	0.01	-0.05	-0.04	-0.33								
(7) Financial Leverage	0.73	1.83	-7.39	11.01	0.02	0.00	0.02	0.09	0.04	0.04							
(8) Diversification	0.29	0.43	0.00	1.61	0.04	0.06	0.20	0.32	0.11	-0.11	0.04						
(9) Acquisition Experience of Focal Firm	0.89	0.91	0.00	3.18	0.13	0.21	0.28	0.48	0.14	-0.15	0.01	0.18					
(10) Alliance Experience of Focal Firm	0.61	0.87	0.00	3.69	0.06	0.18	0.19	0.39	0.03	-0.07	-0.04	0.04	0.40				
(11) Divestiture Experience of Focal Firm	0.30	0.59	0.00	2.48	0.16	0.25	0.31	0.42	0.09	-0.06	0.01	0.20	0.44	0.26			
(12) Bankruptcy Risk	0.33	0.47	0.00	1.00	0.10	0.08	0.05	0.19	-0.11	0.23	0.09	-0.06	0.05	0.04	0.13		
(13) Industry Growth (Bidder)	0.08	0.12	-0.15	0.59	-0.11	-0.03	-0.08	-0.18	-0.06	0.10	-0.02	-0.14	-0.12	0.04	-0.14	-0.05	
(14) Industry Growth (Target)	0.09	0.13	-0.16	0.70	-0.10	-0.03	-0.07	-0.14	-0.04	0.08	-0.02	-0.07	-0.08	0.05	-0.12	-0.07	0.42

Note. N=18,402. This table lists descriptive statistics for the CEM-matched sample of US publicly-listed firms that complete or terminate M&A between 1984 and 2019. All continuous variables are winsorized at the 1st and 99th percentiles.

TABLE A4: Descriptive Statistics for Diff-in-Diff Models CEM vs. Pseudo Sample Firms

Variables	Mean	SD	Min	Max	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) Post-Termination	0.25	0.43	0.00	1.00													
(2) Target-Related Business Divestiture	0.05	0.21	0.00	1.00	0.16												
(3) Target-Unrelated Business Divestiture	0.07	0.26	0.00	1.00	0.18	0.17											
(4) Business Size	5.44	2.70	0.18	11.44	0.40	0.23	0.26										
(5) Profitability	-0.39	2.40	-19.43	0.45	0.08	0.04	0.04	0.24									
(6) Capital Expenditures	0.11	0.23	0.00	1.73	-0.07	-0.01	-0.03	-0.05	-0.49								
(7) Financial Leverage	0.71	2.47	-9.23	15.76	0.03	0.01	0.03	0.11	0.04	0.02							
(8) Diversification	0.24	0.40	0.00	1.58	0.13	0.10	0.22	0.37	0.11	-0.08	0.07						
(9) Acquisition Experience of Focal Firm	0.55	0.81	0.00	3.04	0.41	0.26	0.32	0.52	0.12	-0.11	0.03	0.26					
(10) Alliance Experience of Focal Firm	0.41	0.75	0.00	3.37	0.26	0.23	0.26	0.42	0.04	-0.05	-0.01	0.17	0.46				
(11) Divestiture Experience of Focal Firm	0.19	0.49	0.00	2.30	0.36	0.31	0.35	0.42	0.06	-0.05	0.02	0.25	0.50	0.35			
(12) Bankruptcy Risk	0.34	0.47	0.00	1.00	0.11	0.07	0.02	0.13	-0.08	0.15	0.03	-0.02	0.03	0.03	0.09		
(13) Industry Growth (Bidder)	0.08	0.12	-0.17	0.57	-0.10	-0.01	-0.04	-0.11	-0.04	0.05	0.01	-0.11	-0.08	0.03	-0.09	-0.07	
(14) Industry Growth (Target)	0.08	0.12	-0.17	0.64	-0.11	-0.02	-0.06	-0.12	-0.01	0.04	-0.01	-0.06	-0.08	0.00	-0.10	-0.07	0.30

Note. N=16,690. This table lists descriptive statistics for the CEM-matched pseudo sample of US publicly-listed firms between 1984 and 2019. All continuous variables are winsorized at the 1st and 99th percentiles.

TABLE A5: Descriptive Statistics for Samples Before and After CEM Matching (vs. Successful M&A Firms)

Variables	Pre-CEM							Post-CEM						
	Failed M&A (Treatment)			Completed M&A				Failed M&A (Treatment)			Completed M&A			
	Mean	S.D	N	Mean	S.D	N	t-stat	Mean	S.D	N	Mean	S.D	N	t-stat
DAR (at <i>t</i> -1)	0.087	0.128	446	0.056	0.105	2,287	-5.53	0.089	0.128	431	0.087	0.128	431	-0.16
Total Assets (\$000)	5244	26274	446	9991	29641	2,287	3.15	2129	5890	431	2497	6068	431	0.90
Total Sales (\$000)	3339	10858	446	7346	17993	2,287	4.54	1810	4915	431	2187	5479	431	1.07
Net Income (\$000)	293	1581	446	678	2027	2,287	3.78	107	593	431	146	659	431	0.92
Market Value (\$000)	6452	30441	446	15568	39703	2,287	4.59	2766	11035	431	3801	11261	431	1.36

TABLE A6: Descriptive Statistics for Samples Before and After CEM Matching (vs. Pseudo Sample Firms)

Variables	Pre-CEM							Post-CEM						
	Failed M&A (Treatment)			Completed M&A				Failed M&A (Treatment)			Completed M&A			
	Mean	S.D	N	Mean	S.D	N	t-stat	Mean	S.D	N	Mean	S.D	N	t-stat
Total Assets (\$000)	5244	26274	446	4327	22434	51,711	-0.86	5244	26274	446	5031.2	26288.8	446	-0.12
Total Sales (\$000)	3339	10858	446	2490	8897	51,711	-2.00	3339	10858	446	3165.6	10906.1	446	-0.24
Net Income (\$000)	293	1581	446	241	1309	51,711	-0.85	293	1581	446	294.9	1579.4	446	0.01
Market Value (\$000)	6452	30441	446	6239	28416	51,711	-0.16	6452	30441	446	6460.7	30457.8	446	0.00

TABLE A7: Robustness Tests with Alternative Estimation Methods

Sample: DV Type:	CEM Firms with Successful M&A			CEM Pseudo Sample		
	Dependent Variables (Dummy)	Dependent Variables (Count)	Dependent Variables (Dummy)	Dependent Variables (Dummy)	Dependent Variables (Count)	Dependent Variables (Dummy)
Estimator:	Cloglog	Poisson	OLS	Cloglog	Poisson	OLS
	(1)	(2)	(3)	(5)	(6)	(7)
Post-Termination	0.519*** (0.141)	0.512*** (0.141)	0.021** (0.008)	0.457*** (0.150)	0.495*** (0.151)	0.022*** (0.008)
Business Size	0.267*** (0.073)	0.278*** (0.073)	0.009*** (0.003)	0.250** (0.107)	0.285*** (0.109)	0.006** (0.003)
Profitability	-0.227* (0.124)	-0.291*** (0.103)	-0.014* (0.007)	-0.007 (0.045)	-0.042 (0.043)	-0.001 (0.001)
Capital Expenditures	-0.442 (0.375)	-0.962*** (0.303)	-0.011 (0.019)	-0.340 (0.421)	-0.854** (0.383)	-0.003 (0.009)
Financial Leverage	-0.044* (0.023)	-0.042** (0.017)	-0.003** (0.001)	-0.015 (0.025)	-0.024 (0.027)	-0.001 (0.001)
Diversification	0.361** (0.156)	0.315** (0.143)	0.023** (0.011)	0.300 (0.205)	0.257 (0.178)	0.014 (0.012)
Acquisition Experience of Focal Firm	0.173*** (0.055)	0.149*** (0.050)	0.022*** (0.004)	0.256*** (0.082)	0.244*** (0.078)	0.025*** (0.005)
Alliance Experience of Focal Firm	0.164*** (0.064)	0.224*** (0.059)	0.027*** (0.005)	0.115 (0.098)	0.202** (0.094)	0.024*** (0.005)
Divestiture Experience of Focal Firm	0.041 (0.059)	0.000 (0.054)	0.043*** (0.007)	-0.050 (0.089)	-0.023 (0.083)	0.052*** (0.009)
Bankruptcy Risk	0.145 (0.094)	0.074 (0.095)	0.004 (0.006)	0.307** (0.126)	0.233** (0.118)	0.005 (0.005)
Industry Growth (Bidder)	0.364 (0.341)	0.175 (0.431)	0.011 (0.020)	-0.129 (0.444)	0.092 (0.402)	0.009 (0.016)
Industry Growth (Target)	0.017 (0.350)	-0.016 (0.360)	-0.009 (0.018)	0.231 (0.421)	0.170 (0.474)	0.004 (0.014)
Deal FE (or Deal Dummies)	Yes	Yes	Yes	Yes	Yes	Yes
Year FE (or Year Dummies)	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R2	-	0.238	-	-	0.287	-
R2	-	-	0.196	-	-	0.235
Observations	11,378	11,050	18,399	7,005	6,790	16,684

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Our main specification uses conditional logit (clogit) to estimate the likelihood of divestiture outcomes with dummy dependent variables. For robustness, we test alternative estimators: complementary log-log (cloglog) with dummy dependent variables accounts for the asymmetric probability distribution of rare events, Poisson regression (PPMLHDFE) with count dependent variables models divestiture frequencies while handling zero values, and OLS (REGHDFE) with dummy dependent variables provides linear probability estimates. We note that conditional logit uses conditional fixed effects. Poisson specifications estimated using PPMLHDFE with high-dimensional fixed effects. OLS specifications estimated using REGHDFE with high-dimensional fixed effects. Complementary log-log specifications include deal and year dummy variables.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A8: Robustness Checks with SIC-Based Measurement

Sample: DV Measure Level:	Dependent Variables (Dummy)							
	CEM Firms with Successful M&A				CEM Pseudo Sample			
	Target-Related Business Divest (SIC 4-Digit)	Target-Related Business Divest (SIC 3-Digit)	Target-Related Business Divest (SIC 2-Digit)	Target-Related Business Divest (SIC 1-Digit)	Target-Related Business Divest (SIC 4-Digit)	Target-Related Business Divest (SIC 3-Digit)	Target-Related Business Divest (SIC 2-Digit)	Target-Related Business Divest (SIC 1-Digit)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Post-Termination	0.537** (0.225)	0.546*** (0.181)	0.585*** (0.154)	0.434*** (0.132)	0.411* (0.219)	0.466** (0.197)	0.511*** (0.167)	0.327** (0.143)
Business Size	0.278*** (0.096)	0.246*** (0.086)	0.270*** (0.077)	0.237*** (0.070)	0.414** (0.163)	0.302** (0.133)	0.250** (0.116)	0.252** (0.103)
Profitability	-0.034 (0.139)	-0.048 (0.131)	-0.228* (0.131)	-0.217* (0.127)	0.033 (0.046)	0.039 (0.044)	-0.007 (0.051)	0.003 (0.050)
Capital Expenditures	-0.104 (0.446)	-0.003 (0.396)	-0.381 (0.399)	-0.262 (0.376)	-0.474 (0.559)	-0.352 (0.495)	-0.278 (0.462)	-0.036 (0.390)
Financial Leverage	-0.038 (0.032)	-0.017 (0.027)	-0.045* (0.024)	-0.036* (0.020)	-0.011 (0.037)	-0.004 (0.029)	-0.012 (0.025)	-0.015 (0.020)
Diversification	0.499** (0.236)	0.377* (0.197)	0.430** (0.168)	0.421*** (0.151)	0.081 (0.321)	0.188 (0.260)	0.351 (0.225)	0.287 (0.195)
Acquisition Experience of Focal Firm	0.148* (0.084)	0.209*** (0.067)	0.207*** (0.060)	0.284*** (0.054)	0.215* (0.124)	0.256*** (0.092)	0.283*** (0.087)	0.383*** (0.082)
Alliance Experience of Focal Firm	0.341*** (0.087)	0.259*** (0.077)	0.193*** (0.071)	0.195*** (0.063)	0.160 (0.129)	0.148 (0.118)	0.162 (0.109)	0.214** (0.087)
Divestiture Experience of Focal Firm	0.019 (0.091)	0.061 (0.077)	0.088 (0.066)	0.129** (0.060)	0.054 (0.142)	0.073 (0.113)	-0.003 (0.100)	0.127 (0.085)
Bankruptcy Risk	0.197 (0.139)	0.137 (0.115)	0.146 (0.102)	0.223** (0.096)	0.374* (0.206)	0.276* (0.160)	0.317** (0.133)	0.257** (0.125)
Industry Growth (Bidder)	0.220 (0.931)	0.181 (0.529)	0.460 (0.382)	0.809** (0.339)	0.895 (0.881)	0.050 (0.585)	-0.043 (0.514)	0.224 (0.401)
Industry Growth (Target)	-0.225 (0.865)	0.031 (0.505)	-0.056 (0.392)	-0.427 (0.317)	-0.682 (0.942)	0.071 (0.610)	0.192 (0.474)	-0.512 (0.415)
Deal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R2	0.104	0.113	0.117	0.124	0.145	0.151	0.153	0.142
Observations	7,473	9,538	11,378	12,881	3,925	5,368	7,005	8,629

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Stata's clogit command may exclude observations with uniform outcomes, which can result in a different number of observations when a different dependent variable is used. Our main specification uses two-digit SIC codes based on target firms' primary SIC from the Refinitiv (formerly SDC) M&A dataset. For robustness, we test alternative SIC classifications at the one-, three-, and four-digit levels.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A9: Robustness Checks with Resource Similarity-based Measurement

Sample: DV Measure Level:	Dependent Variables (Dummy)							
	CEM Firms with Successful M&A				CEM Pseudo Sample			
	Highly Target- Related Business Divest (Tangible Assets)	Lowly Target- Related Business Divest (Tangible Assets)	Highly Target- Related Business Divest (Human Capital)	Lowly Target- Related Business Divest (Human Capital)	Highly Target- Related Business Divest (Tangible Assets)	Lowly Target- Related Business Divest (Tangible Assets)	Highly Target- Related Business Divest (Human Capital)	Lowly Target- Related Business Divest (Human Capital)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Post-Termination	0.276** (0.118)	0.160 (0.208)	0.259** (0.110)	0.158 (0.253)	0.286** (0.127)	0.066 (0.200)	0.223* (0.120)	0.112 (0.256)
Business Size	0.224*** (0.057)	-0.007 (0.110)	0.207*** (0.055)	0.057 (0.131)	0.170** (0.078)	0.012 (0.128)	0.162** (0.076)	0.008 (0.152)
Profitability	-0.215** (0.106)	0.083 (0.227)	-0.181* (0.098)	-0.041 (0.314)	-0.058* (0.030)	-0.027 (0.049)	-0.038 (0.028)	-0.127*** (0.031)
Capital Expenditures	-0.286 (0.323)	-0.569 (0.739)	-0.194 (0.293)	-1.961 (1.323)	-0.110 (0.299)	-0.469 (0.571)	0.014 (0.244)	-1.369 (1.660)
Financial Leverage	-0.025 (0.017)	-0.011 (0.028)	-0.030* (0.017)	-0.034 (0.033)	-0.019 (0.016)	-0.020 (0.027)	-0.013 (0.015)	-0.048* (0.027)
Diversification	0.334*** (0.125)	0.256 (0.199)	0.320*** (0.124)	0.075 (0.244)	0.390** (0.156)	0.416* (0.235)	0.335** (0.154)	0.888*** (0.302)
Acquisition Experience of Focal Firm	0.350*** (0.047)	0.623*** (0.099)	0.362*** (0.047)	0.613*** (0.114)	0.460*** (0.068)	0.699*** (0.136)	0.475*** (0.070)	0.792*** (0.155)
Alliance Experience of Focal Firm	0.188*** (0.057)	0.245** (0.099)	0.187*** (0.056)	0.121 (0.122)	0.200** (0.080)	0.331*** (0.118)	0.221*** (0.079)	0.015 (0.167)
Divestiture Experience of Focal Firm	0.109* (0.058)	0.309*** (0.095)	0.143** (0.057)	0.311*** (0.105)	0.103 (0.082)	0.126 (0.112)	0.110 (0.077)	0.243* (0.141)
Bankruptcy Risk	0.261*** (0.079)	0.118 (0.171)	0.285*** (0.080)	0.056 (0.206)	0.312*** (0.100)	0.136 (0.211)	0.318*** (0.101)	0.363 (0.278)
Industry Growth (Bidder)	0.551* (0.307)	-0.022 (0.660)	0.418 (0.311)	0.156 (0.701)	0.075 (0.350)	1.638** (0.724)	0.274 (0.344)	0.320 (1.014)
Industry Growth (Target)	-0.457 (0.284)	-0.775* (0.454)	-0.478* (0.264)	-0.235 (0.752)	-0.711** (0.352)	-1.407** (0.678)	-0.774** (0.340)	-1.053 (0.887)
Deal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R2	0.133	0.124	0.135	0.132	0.148	0.168	0.154	0.172
Observations	14,583	7,454	14,804	5,400	10,270	5,200	10,601	3,522

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Stata's clogit command may exclude observations with uniform outcomes, which can result in a different number of observations when a different dependent variable is used. To address potential limitations of SIC-based relatedness measures, we employ alternative resource similarity measures using BEA capital flow and BLS occupational profile data across all three-digit SIC code pairs. Divestitures are classified as *Highly* or *Lowly Target-related* based on whether relatedness exceeds the comprehensive market median. ***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A10: Robustness Checks with Acquirer-related Divestitures

Sample:	Dependent Variables (Dummy)					
	Termination Sample Only (First Difference Model)		CEM Firms with Successful M&A (Diff-in-Diff Model)		CEM Pseudo Sample (Diff-in-Diff Model)	
DV:	Acquirer- Related Business Divest	Acquirer- Unrelated Business Divest	Acquirer- Related Business Divest	Acquirer- Unrelated Business Divest	Acquirer- Related Business Divest	Acquirer- Unrelated Business Divest
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Termination	0.159 (0.146)	0.214 (0.158)	0.198 (0.141)	0.256** (0.130)	0.170 (0.142)	0.163 (0.146)
Business Size	0.281** (0.120)	0.169* (0.091)	0.259*** (0.073)	0.130** (0.059)	0.223** (0.104)	0.095 (0.078)
Profitability	0.093 (0.305)	-0.559*** (0.208)	-0.196 (0.124)	-0.199 (0.138)	-0.013 (0.046)	-0.082*** (0.028)
Capital Expenditures	-0.290 (0.560)	-1.193 (0.803)	-0.112 (0.390)	-0.775 (0.493)	-0.094 (0.379)	-0.329 (0.420)
Financial Leverage	-0.019 (0.025)	-0.033 (0.025)	-0.025 (0.019)	-0.022 (0.022)	-0.010 (0.019)	-0.017 (0.020)
Diversification	0.055 (0.191)	0.665*** (0.177)	0.076 (0.136)	0.439*** (0.123)	-0.024 (0.174)	0.641*** (0.161)
Acquisition Experience of Focal Firm	0.321*** (0.090)	0.555*** (0.092)	0.249*** (0.059)	0.444*** (0.055)	0.308*** (0.085)	0.557*** (0.082)
Alliance Experience of Focal Firm	0.122 (0.100)	0.141* (0.083)	0.173*** (0.065)	0.201*** (0.059)	0.156 (0.096)	0.185** (0.078)
Divestiture Experience of Focal Firm	-0.015 (0.095)	0.232*** (0.089)	0.096 (0.065)	0.177*** (0.063)	-0.018 (0.089)	0.207** (0.083)
Bankruptcy Risk	0.132 (0.128)	0.066 (0.149)	0.213** (0.087)	0.202** (0.100)	0.292** (0.117)	0.207 (0.127)
Industry Growth (Bidder)	-0.067 (0.442)	-0.103 (0.516)	0.423 (0.335)	0.457 (0.390)	0.173 (0.426)	0.119 (0.437)
Industry Growth (Target)	-0.175 (0.428)	-0.446 (0.499)	-0.536* (0.321)	-0.186 (0.301)	-0.069 (0.393)	-1.093** (0.444)
Deal FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R2	0.156	0.148	0.123	0.116	0.145	0.135
Log Likelihood	6,171	6,225	12,468	12,309	7,936	8,680

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Stata's clogit command may exclude observations with uniform outcomes, which can result in a different number of observations when a different dependent variable is used. To ensure our results are driven by target-related considerations rather than acquirer-related factors, we test whether divestitures occur within the same two-digit SIC code as the acquirer's primary business.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A11: Robustness Checks with Various Time Periods Pre- and Post-Announcement

Sample:	Dependent Variables (Dummy)			
	CEM		CEM	
	Firms with Successful M&A		Pseudo Sample	
	Target-Related Business Divest	Target-Unrelated Business Divest	Target-Related Business Divest	Target-Unrelated Business Divest
DV:	(1)	(2)	(3)	(4)
Treat × Pre (-5+ to -5 years)	-0.349 (0.238)		-0.382 (0.243)	
Treat × Pre (-4 to -2 years)	0.023 (0.218)		-0.012 (0.213)	
Treat × Post (1 to 2 years)	0.566*** (0.214)		0.459** (0.201)	
Treat × Post (3 to 4+ years)	0.403** (0.202)		0.370* (0.209)	
Treat × Before Announcement		0.045 (0.191)		-0.030 (0.187)
Treat × Negotiation Period		-0.437 (0.500)		-0.248 (0.415)
Treat × Post (1 to 3 years)		0.493*** (0.157)		0.408*** (0.157)
Treat × Post (4 to 6 years)		0.555*** (0.186)		0.513*** (0.180)
Treat × Post (7 to 9 years)		0.486** (0.190)		0.391** (0.191)
Controls	Yes	Yes	Yes	Yes
Deal FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Pseudo R2	0.118	0.118	0.154	0.155
Observations	11,378	11,378	7,005	7,005

Note. In Models 1 and 3, the baseline coefficient corresponds to *Treat × Pre (-1 to 0 years)*. In contrast, for Models 2 and 4, the baseline coefficient is *Treat × Before Announcement (-3 to -1 years)*. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Stata's clogit command may exclude observations with uniform outcomes, which can result in a different number of observations when a different dependent variable is used.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A12: Analyses with Diversified vs. Single Business Firms

DV:	Dependent Variables (Dummy)			
	Target-Related Business Divest		Target-Unrelated Business Divest	
Diversification Level:	Diversified (Prior to Deal Announcement)	Non-Diversified (Prior to Deal Announcement)	Diversified (Prior to Deal Announcement)	Non-Diversified (Prior to Deal Announcement)
	(1)	(2)	(3)	(4)
Post-Termination	0.600** (0.233)	0.446 (0.283)	0.047 (0.162)	0.384 (0.303)
Business Size	0.414** (0.164)	0.195 (0.265)	0.079 (0.113)	0.311** (0.154)
Profitability	-0.430 (0.495)	0.399 (0.402)	-0.559*** (0.205)	-0.008 (0.356)
Capital Expenditures	-0.928 (1.247)	-0.192 (0.796)	-1.864 (1.173)	1.188* (0.719)
Financial Leverage	-0.024 (0.040)	-0.014 (0.055)	-0.012 (0.026)	-0.075* (0.039)
Diversification	0.548* (0.296)	0.879* (0.474)	0.407** (0.187)	0.451 (0.450)
Acquisition Experience of Focal Firm	0.278** (0.120)	0.274* (0.154)	0.535*** (0.109)	0.687*** (0.174)
Alliance Experience of Focal Firm	0.029 (0.153)	0.217 (0.197)	0.180** (0.083)	-0.003 (0.159)
Divestiture Experience of Focal Firm	-0.013 (0.141)	-0.094 (0.177)	0.270*** (0.095)	-0.192 (0.183)
Bankruptcy Risk	-0.111 (0.206)	0.597** (0.232)	0.114 (0.162)	0.122 (0.293)
Industry Growth (Bidder)	-0.697 (0.712)	1.150 (0.719)	-0.276 (0.627)	0.247 (0.794)
Industry Growth (Target)	-0.209 (0.755)	-0.310 (0.803)	-0.432 (0.499)	-0.817 (0.889)
Deal FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Pseudo R2	0.189	0.169	0.159	0.161
Observations	3,495	1,970	4,204	2,224

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. Stata's clogit command may exclude observations with uniform outcomes, which can result in a different number of observations when a different dependent variable is used. "Diversified" firms are defined as companies with more than one business segment (based on WRDS COMPUSTAT's segment data) in any year during the five years prior to deal announcement, while "Non-Diversified" business firms maintained only one segment throughout this period. Results remain significant when examining other time-windows pre-deal termination.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A13: DID Validation - Sun and Abraham (2021) Results with CEM

Sample: DV:	Dependent Variables (Dummy)			
	CEM Firms with Successful M&A		CEM Pseudo Sample	
	Target-Related Business Divest	Target-Unrelated Business Divest	Target-Related Business Divest	Target-Unrelated Business Divest
	(1)	(2)	(3)	(4)
Post-Termination	0.021** (0.008)	-0.001 (0.009)	0.022*** (0.008)	0.008 (0.009)
Controls	Yes	Yes	Yes	Yes
Deal FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Pseudo R2	0.196	0.233	0.235	0.248
Observations	18,399	18,399	16,684	16,684

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. We employ the Sun and Abraham (2021) interaction-weighted estimator using Stata's `EVENTSTUDYINTERACT` package to address potential contamination bias in traditional two-way fixed effects regressions with staggered treatment timing. This method avoids the problem where treatment effect coefficients can be contaminated by effects from other periods when there is variation in treatment timing across units. The estimator provides causally interpretable dynamic treatment effects by using cohort shares as weights, ensuring estimates represent meaningful weighted averages of underlying treatment effects rather than potentially misleading linear combinations.

***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A14: DID Validation - de Chaisemartin and D'Haultfoeuille (2024) Results with CEM

Sample: DV:	CEM Firms with Successful M&A									
	Target-Related Business Divest (Dummy)					Target-Unrelated Business Divest (Dummy)				
	Coef	Std. Err.	CI Low	CI High	N	Coef	Std. Err.	CI Low	CI High	N
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Average Total Effect	0.04	(0.014)	0.01	0.07	13,466	0.00	(0.017)	-0.03	0.03	13,466
p-value of Effects	0.05	-	-	-	-	0.73	-	-	-	-
Effect $t+1$	0.03	(0.016)	-0.01	0.06	11,862	0.01	(0.020)	-0.03	0.05	11,862
Effect $t+2$	0.05	(0.019)	0.01	0.09	11,060	0.01	(0.021)	-0.03	0.05	11,060
Effect $t+3$	0.02	(0.019)	-0.02	0.06	10,344	0.01	(0.024)	-0.04	0.06	10,344
Effect $t+4$	0.04	(0.022)	-0.01	0.08	9,677	-0.03	(0.023)	-0.07	0.02	9,677
Effect $t+5$	0.06	(0.025)	0.01	0.11	8,711	-0.01	(0.029)	-0.07	0.05	8,711
p-value of Placebos	0.41	-	-	-	-	0.25	-	-	-	-
Placebo $t-1$	0.02	(0.015)	-0.01	0.05	11,202	-0.01	(0.018)	-0.04	0.03	11,202
Placebo $t-2$	0.01	(0.015)	-0.02	0.04	9,911	0.00	(0.019)	-0.04	0.04	9,911
Placebo $t-3$	0.03	(0.017)	-0.01	0.06	8,827	-0.04	(0.021)	-0.08	0.00	8,827
Placebo $t-4$	0.03	(0.022)	-0.01	0.08	7,895	-0.01	(0.029)	-0.07	0.04	7,895
Placebo $t-5$	0.04	(0.024)	0.00	0.09	6,821	-0.03	(0.027)	-0.08	0.03	6,821
Controls			Yes					Yes		
Deal FE & Year FE			Yes					Yes		

Sample: DV:	CEM Pseudo Sample									
	Target-Related Business Divest (Dummy)					Target-Unrelated Business Divest (Dummy)				
	Coef	Std. Err.	CI Low	CI High	N	Coef	Std. Err.	CI Low	CI High	N
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Average Total Effect	0.05	(0.014)	0.02	0.07	11,718	0.01	(0.018)	-0.03	0.04	11,718
p-value of Effects	0.02	-	-	-	-	0.96	-	-	-	-
Effect $t+1$	0.03	(0.016)	0.00	0.06	10,231	0.01	(0.020)	-0.03	0.05	10,231
Effect $t+2$	0.06	(0.019)	0.02	0.09	9,372	0.01	(0.021)	-0.03	0.05	9,372
Effect $t+3$	0.03	(0.019)	-0.01	0.06	8,614	0.01	(0.025)	-0.04	0.06	8,614
Effect $t+4$	0.05	(0.022)	0.01	0.09	7,915	-0.01	(0.026)	-0.06	0.04	7,915
Effect $t+5$	0.07	(0.025)	0.02	0.12	7,001	0.00	(0.031)	-0.06	0.06	7,001
p-value of Placebos	0.67	-	-	-	-	0.14	-	-	-	-
Placebo $t-1$	0.02	(0.015)	-0.01	0.05	9,566	-0.02	(0.019)	-0.06	0.02	9,566
Placebo $t-2$	0.00	(0.016)	-0.03	0.03	8,246	-0.02	(0.020)	-0.06	0.01	8,246
Placebo $t-3$	0.01	(0.018)	-0.02	0.05	7,150	-0.06	(0.022)	-0.10	-0.02	7,150
Placebo $t-4$	0.00	(0.023)	-0.05	0.04	6,216	-0.04	(0.030)	-0.10	0.02	6,216
Placebo $t-5$	0.00	(0.025)	-0.05	0.05	5,226	-0.06	(0.028)	-0.12	-0.01	5,226
Controls			Yes					Yes		
Deal FE & Year FE			Yes					Yes		

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. We employ the de Chaisemartin and D'Haultfoeuille (2024) estimator using `DID_MULTIPLEGT_DYN` package to address potential contamination bias in staggered treatment settings. This approach resolves contamination bias where traditional TWFE coefficients can be contaminated by treatment effects from other periods, and provides more interpretable estimates under treatment effects heterogeneity. The estimator computes event-study effects that avoid contamination from treatment effects heterogeneity across adoption cohorts. *Effects $t+\ell$* measure the dynamic treatment impacts ℓ periods following deal termination, while *Placebos $t-\ell$* measure pre-treatment differences ℓ periods before deal termination to test parallel trends assumptions. The *p-value of Effects* shows the joint F-test that all treatment effects equal zero, while the *p-value of Placebos* shows the joint test that all placebo effects equal zero, providing evidence for the parallel trends assumption.

TABLE A15: Bacon Decomposition Results

Sample: DV:	Dependent Variables (Dummy)							
	CEM Firms with Successful M&A				CEM Pseudo Sample			
	Target-Related Business Divest		Target-Unrelated Business Divest		Target-Related Business Divest		Target-Unrelated Business Divest	
	(1)	(2)	(3)	(4)				
Post-Termination	0.0211** (0.009)	-0.001 (0.009)	0.0219*** (0.008)	0.008 (0.009)				
Controls	Yes	Yes	Yes	Yes				
Deal FE	Yes	Yes	Yes	Yes				
Year FE	Yes	Yes	Yes	Yes				
Observations	18,402	18,402	16,690	16,690				
	Beta	Weight	Beta	Weight	Beta	Weight	Beta	Weight
Timing Groups	0.035	26.30%	0.022	26.30%	0.022	35.10%	0.007	35.10%
Never vs. Timing	0.016	73.10%	-0.012	73.10%	0.054	61.60%	0.047	61.60%
Always vs. Timing	-0.012	0.22%	-0.047	0.22%	-0.046	0.33%	-0.071	0.33%
Always vs. Never	2.739	0.00%	-1.031	0.00%	-0.408	0.01%	-0.826	0.01%
Within (Residual)	-0.043	0.41%	0.026	0.41%	-0.473	3.02%	-0.694	3.02%

Note. Robust standard errors in parentheses. Standard errors clustered by acquisition deal. We employ Stata's BACONDECOMP package for the Bacon decomposition (Goodman-Bacon, 2021), which decomposes the TWFE estimate into weighted components: *Timing Groups* compares units treated at different times as controls for each other. *Never vs Timing* uses never-treated units as controls for timing groups. *Always vs Timing* uses always-treated units as controls for timing groups. *Always vs Never* directly compares always-treated versus never-treated units. *Within (Residual)* captures within-unit variation over time. This decomposition reveals potentially problematic comparisons where treatment effects vary over time, as already-treated units acting as controls may bias TWFE estimates. ***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.

TABLE A16: OLS Regression Results on the Relationship between DAR and the likelihood of M&A Deal Termination

DV:	M&A Deal Termination	
	(1)	(2)
DAR (at $t+1$)	0.311*** (0.082) [0.000]	0.259*** (0.078) [0.001]
Year FE	Yes	Yes
Bidder Industry FE	Yes	No
Target Industry FE	No	Yes
R-squared	0.067	0.074
Observations	2,733	2,733

Note. DAR is measured on the date following the deal announcement. The dependent variable, *M&A Deal Termination*, takes a value of 1 if the focal deal is terminated, and 0 otherwise. The selection of control variables mirrors that in our main estimation. Robust standard errors in parentheses and P-values in brackets. Standard errors clustered by industries. ***, **, and *Statistical significance based on two-sided tests at the 1%, 5%, and 10% levels, respectively.