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The Politics of M&A Antitrust

JAR Data Policy Disclosure

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1. A description of which author(s) handled the data and conducted the analyses.

   For this study, Zhao and Mehta collected the raw data and Zhao collated the data and conducted all empirical analyses.

2. A detailed description of how the raw data were obtained or generated, including data sources, the date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated *source* of the raw data.

   We have obtained data from multiple sources. We collected all relevant data in July 2015. We collected additional data in January 2018. All the authors can vouch for the sources of the raw data.

   a. We obtain firm-level financial data from Compustat and stock return data from CRSP.

   b. We obtain M&A data from Thomson Reuters.

   c. We obtain data on congress members from Professor Charles Stewart.

   d. We obtain congressional district data from the U.S. Census Bureau's website (www.census.gov/geo/maps-data/data/cd_state.html) and the University of Missouri's Census Data Center (http://mcdc2.missouri.edu/).

   e. We obtain firms' political contribution data and lobbying data from the Federal Election Commission (FEC) and Political Money Line (PML) from the Center for Responsive Politics (CRP), respectively.

   f. We use data from BoardEx for the business connections between the companies and the politicians.

   g. We obtain politician ideology data from VoteView (http://voteview.com/dwnomin.htm).

   h. We obtain data on congressional judiciary committee member stock ownership data from Professors Adam Aiken, Jesse Ellis and Minjeong Kang.

3. If the data are obtained from an organization on a proprietary basis, the authors should *privately* provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to

the editors about the data sharing agreement with the organization (e.g., non-disclosure agreement, any restrictions imposed by the organization on the authors with respect to publishing certain results).

No proprietary data are used in this study.

4. A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental papers, we require information about subject eligibility and/or selection, as well as any exclusion criteria.

   We describe our data in Section 2.1 of the paper and provide further details under point (5) below.

5. Prior to final acceptance of the paper, the computer program used to convert the raw data into the dataset used in the analysis plus a brief description that enables other researchers to use this program. *Instead of the program*, researchers can provide a detailed step-by-step description that enables other researchers to arrive at the same dataset used in the analysis. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the sample was formed, including the treatment of outliers, winsorization, truncation, etc. This programming is in most circumstances not proprietary. However, we recognize that some parts of the data generation process may indeed be proprietary or otherwise cannot be made publicly available. In such cases, the authors should inform the editors upon submission, so that the editors can consider an exemption from this requirement.

   a. *We classify vertical M&A deals into high and low contest risk type based on the industry input-output method following Ahern and Harford (2014). Specifically, we first match the BEA industry codes in the BEA Industry IO Input Table with SIC codes in Compustat. Then we match industries by commodity type. As one industry's output is used by another industry as the input, we then calibrate the importance of the vertical relation between industries. If the importance of the relationship is in the top quartile of sample firms, then M&A between two firms in those industries is classified as high contest risk.*

   b. *We obtain the zip code-congressional district link data file from the Census Bureau. We then use each firm's headquarters zip code to identify the House committee member representing that district during out sample period.*

   c. *To obtain political contribution data, we use a fuzzy match to link Compustat company names with FEC political contribution data. We then manually review the matches and make corrections as needed. We then use fuzzy matching to match politician names in the House and Senate committee data files and the FEC contribution data file. This allows us to determine firm contributions at the politician year level.*

d. *c. We aggregate lobbying data from PML by agency ("agencyid"). For instance, the SEC's agencyid is "088" and the House (Senate) agencyid is "001" ("002").*

e. *We hand-collect merger antitrust review approval announcement date by searching multiple sources including corporate disclosures, Early Termination notices from the FTC, NewsBank, and LexisNexis.*

f. *To determine the reason for each committee member departure case, we first review Charles Stewart's House and Senate membership datasets to evaluate if the departure is due to committee transfer or because of departure from Congress. For the latter cases, we then review NewsBank, LexisNexis, and Wikipedia to identify the reason for the departure.*

g. *We use a fuzzy match to identify congressional committee members' historical links to firms in BoardEx. We also use BoardEx to obtain the historical connections between companies and the FTC/DOJ as well as the committee members. Specifically, BoardEx "SMDE's Profile" and "Director Profile" datasets contain directors' historical affiliation with government agencies. We restrict the "company_type" variable to be "Government". We use the keywords "FTC", "Federal Trade", "DOJ", "Justice" in "company_name" variable to obtain such information.*

The text file "gvkey.csv" provides the company identifiers of the acquirer and target firms in the final dataset.

The do file "MSZ code.do" provides the code used for the analyses.

6. Data and programs should be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.

   Zhao will maintain all the data and program used in this study until at least 2025.