

Valuing Corporate Governance in Politically Connected Firms: A Study of Thailand

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ABSTRACT

Thailand underwent intensive corporate governance reforms following the Asian financial crisis making it a good setting to test the joint effects of corporate governance and political connections on firm value. Using data from listed firms in Thailand from 2001 to 2006, this dissertation finds that political connections add value to connected firms, as reflected in their traded share prices. Moreover, political connections and corporate governance tend to be complementary. That is, rather than subtract value from firms through the greater transparency that might conflict with the process of political connection value extraction, better corporate governance adds value to minority shareholders as it might re-distribute benefits away from majority shareholders' expropriation and into minority shareholders' hands. This dissertation also finds that the nature of cash flows from political connections and good corporate governance are different; cash flows from political connections are much larger and more tangible than cash flows from better corporate governance which are usually intangible and not immediately measurable, rendering disproportionate values between the two. In addition, industry effects also play an important role in political concentration, political connection value, and complementarity between political connections and corporate governance.

EXECUTIVE SUMMARY

The corporate governance literature establishes that good corporate governance adds value to firms. In countries with widespread political connections, the political connections literature also establishes that firms benefit from their political connections, resulting in higher firm value. In the aftermath of the Asian financial crisis of 1997-1998, many countries with widespread political connections needed to adopt good corporate governance in order to enhance transparency and maintain their ability to access international capital. However, it is possible that the greater transparency that comes with better corporate governance will conflict with the process of benefit extraction from political connections, thus subtracting from firm value. This dissertation explores the joint effects of political connections and corporate governance on firm value.

In this dissertation, I propose two hypotheses. Hypothesis 1 proposes that, in fact, political connections add value to connected firms. Next, I test the joint effects of political connections and corporate governance by formulating two separate hypotheses under Hypothesis 2. H2a proposes that the presence of good corporate governance neutralizes or offsets the benefits from political connections; hence, corporate governance and political connections are substitutes. In H2b, I propose that the implementation of good corporate governance does not conflict with the process of political connection benefit extraction, and might even jointly add value to the firm; hence, corporate governance and political connections are complementary.

I test these hypotheses using Thailand as the setting, in the period between 2001 and 2006, i.e. during the Thaksin administration. This period is widely known as one of high political connections. It is the same period during which Thailand underwent rigorous corporate governance reforms following the Asian financial crisis.

I test these hypotheses using a combination of both econometric model testing and case-style analyses. Logit and multiple linear regression models are employed in the econometric model testing on data from listed companies on the Stock Exchange of Thailand. The use of data from listed companies is to facilitate the estimation of the value effects as reflected in the traded stock prices. The Logit model estimates the relationship between ownership structure and political connectedness, the gap in both corporate governance and political connection literature. Multiple linear regressions estimate both the individual effects of political connections on firm value and the joint effects of political connections and corporate governance on firm value.

Case analyses are then utilized to complement the analysis of the results from econometric model testing. Six well-known politically connected firms in five different industries are studied. In each case, political and/or corporate governance events are introduced and an event study conducted to isolate the value effects of the event. Where available, the nature and amount of cash flows associated with the event are also explored and value added to shareholders estimated.

The results from the econometric models demonstrate significantly that political connections add value to connected firms, supporting Hypothesis 1. The

results also suggest that political connections and corporate governance tend generally to be complementary. However, a definitive conclusion in this regard is not supported through statistical significance. The detailed case analyses also lend support to the complementarity hypothesis, posed H2b. Conversely, with regard to the substitution hypothesis (H2a), there is little empirical evidence from the case analyses that corporate governance subtracts from the value of politically connected firms. The case analyses further reveal that cash flows from political connections are much larger and more tangible than those from good corporate governance, rendering disproportionate values between the two, with political connections providing much larger value than corporate governance. In addition, the results from both the econometric models and case analyses provide evidence that industry effects play an important role in the degree of political connection concentration, the size of economic benefits from political connections, and the complementarity between political connections and corporate governance. Industries with high political connection concentration (Technology, Manufacturing, and Property) were also vested with high political connection benefits and, thus, had high political connection value. Corporate governance did not subtract from firm value in those industries where political connection value was high. The results from the banking industry are interesting. Although the industry was highly politically concentrated, it was among those industries that were least impacted by the loss of political connection. In addition, the adoption of good corporate governance measures did not add materially to firm value. Both results might be due to the stricter corporate governance in the industry.

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I. INTRODUCTION

Good corporate governance has increasingly become a topic of keen interest in capital markets the world over, especially in the aftermath of the Asian financial crisis of 1997-1998. Studies show that good corporate governance helps protect minority shareholders' rights, and, thus, contributes positively to the share value of a firm. However, in countries where political connections are widespread, management of politically connected firms may hesitate to implement good corporate governance practices if such measures – for example, greater transparency - reduce the benefits they receive from their political connections. In such cases, the net benefit to shareholders is reflected in the higher firm value attributable to the economic benefits from political connections.

Widespread “cronyism” and weak corporate governance are widely considered— separately and jointly —important factors precipitating the Asian financial crisis. In order to ensure an adequate supply of foreign capital after the crisis, governments in affected countries resolved to quickly address shortcomings. As a result, a series of corporate governance measures have been introduced in these countries. All publicly-traded firms in these markets affected by the crisis are required to adopt these measures to enhance transparency and ensure continued access to capital market financing.

The question of whether politically connected firms benefit from the adoption of good corporate governance thus becomes important empirically. If firms lose the benefits associated with political connections by adopting corporate

governance measures, the result may be wealth-destroying, even though shareholders' rights are better protected.

Thailand, with its long history of widespread, high-degree of political connections, is an appropriate setting to the test of this question.

In this dissertation, I propose two core hypotheses. The first hypothesis proposes that political connections add value to connected firms. The results of the test of this hypothesis answer the empirical question of whether political connections, which are not cost-free, actually add value – as measured by stock returns - to connected firms. The joint impact of political connections and corporate governance on firm value is then proposed in the second set of hypotheses. Here, I hypothesize that political connections and corporate governance are either substitutes or complements. They are substitutes if the presence of good corporate governance detracts from the political connection value of the firm. They are complements if the adoption of good corporate governance either adds or does not detract from firm value.

The results from this dissertation support the first hypothesis that political connections add value to connected firms. The results also provide evidence that in an emerging economy with widespread political connections, politically connected firms do not lose connection benefits even when the economy is more open with greater transparency. In fact, the connection benefits are still economically significant for these connected firms. This dissertation further provides evidence that the shareholders of these firms actually benefit complementarily from the firm's implementation of good corporate governance

measures because they are better protected. This supports the hypothesis that political connections and corporate governance are complementary.

This dissertation is divided into the following chapters. The next chapter provides a literature review pertaining to the theories and arguments in this dissertation. Chapter III gives background on political connections and capital markets in Thailand. Chapter IV develops the arguments and hypotheses that lead to the findings above. Chapter V explains the data and methodology used in analyzing the proposed hypotheses. Chapter VI presents the results of econometric model testings of the hypotheses, together with descriptive statistics and robustness checks. Chapter VII presents the case analyses of political connections and corporate governance. Chapter VIII concludes.

II. LITERATURE REVIEW

In this literature review, I focus on two factors affecting firm value that are of interest to this dissertation: (1) corporate governance and (2) political connections. Section A provides a broad definition of corporate governance, employing the agency theory as a framework. Section B continues with studies on how corporate governance translates into firm value. Section C explores studies that emphasize the value derived from political connections. Section D brings in arguments supporting the reluctance of politically connected firms to adhere to good corporate governance.

A. AGENCY THEORY AND CORPORATE GOVERNANCE

The OECD Principles of Corporate Governance 2004 (page 12) states that¹

While a multiplicity of factors affect the governance and decision-making processes of firms, and are important to their long-term success, the Principles focus on governance problems that result from the separation of ownership and control. However, this is not simply an issue of the relationship between shareholders and management, although this is indeed the central element. In some jurisdictions, governance issues also arise from the power of certain controlling shareholders over minority shareholders. In other countries, employees have important legal rights irrespective of their ownership rights. The Principles therefore have to be complementary to a broader approach to the operation of checks and balances. Some of the other issues relevant to a company's decision-making processes, such as environmental, anti-corruption or ethical concerns, are taken into account but are treated more explicitly in a number of other OECD instruments (including the Guidelines for Multinational Enterprises and the Convention on Combating Bribery of Foreign

¹ OECD, *OECD Principles of Corporate Governance* (Paris: OECD Publications Service, 2004).

Public Officials in International Transactions) and the instruments of other international organizations.

The OECD, in its Principles of Corporate Governance, explains that the definition of corporate governance provided by the OECD Principles of Corporate Governance involves the interplay between a firm's management, board, shareholders, and other stakeholders. Corporate governance provides the structure through which firms set objectives and determine the means to achieve those objectives and monitor performance. Good corporate governance structure should facilitate and provide incentives for board and management to operate the firm in the best interest of its shareholders and should facilitate monitoring process.

Relationships among participants in the corporate governance system, thus, affect corporate governance. There are multiple participants involved in the governance system of a firm. The OECD provides examples of these relationships. Governments and regulatory agencies develop the overall institutional and legal frameworks of corporate governance. Controlling shareholders, however, can significantly influence corporate behavior, whether they be an individual, family holding, bloc alliance, or another corporation acting through a holding company or cross shareholding. Institutional investors, such as banks, insurance companies, and mutual funds, are increasingly demanding involvement in corporate governance as they are equity-holders. Individual shareholders may not pursue active participation in governance, but may have concerns that need to be addressed regarding the influence of controlling shareholders and management. Creditors can be involved as external monitors

over corporate performance. Employees and other stakeholders are key players in the long-term success and performance of the firm.

The key purpose of corporate governance is to provide a framework to ensure accountability by management and the board in protecting firm and shareholder interests, and reducing or eliminating the principal-agent problem. In modern corporations, where there is a separation of ownership and control, an agency problem arises. In these corporations, the shareholders are the owners of the firm. These owners, however, are not involved in the day-to-day operations of the company. They, instead, delegate that task to the company's board of directors, who, in turn, appoints a management team to carry out that task. The board of directors is responsible for the broader strategic decisions of the company, rather than the day-to-day decision making of the company's operations. In this situation, the shareholders/owners are the principal delegating the power to run the operations of the company to management through the company's board of directors. Management, therefore, is the agent.

The management/agent is hired to run the day-to-day businesses of the company in the interests of the shareholders/owners/principal. However, in carrying out this task, the management/agent has access to detailed information about the company to which the shareholders/owners/principal are not privy. Information asymmetry thus arises between the management/agent and the shareholders/owners/principal. The management/agent, who is closer to the company's information, may pursue the operations of the company according to his own interests, which might conflict with the interests of the

shareholders/owners/principal. This conflict of interest leads to the agency problem between the management/agent and the shareholders/owners/principal. This is where corporate governance comes into play.

The agency problem described above is between the management/agent and the diffuse shareholders/owners/principal.² Berkman et al. point out that diffuse ownership is relatively uncommon, according to recent international studies, with most corporations found to be controlled by large block-holders.^{3, 4} Berkman et al. then present evidence that, as a result, the focus of corporate governance has broadened from addressing the agency conflicts between management and diffuse shareholders⁵ to protecting minority shareholders from expropriation by management and controlling shareholders⁶.

² Diffuse ownership is characterized as a large number of shareholders with small holdings.

³ Henk Berkman, Rebel A. Cole, and Jiang Lawrence Fu, "Political Connections and Minority-Shareholder Protection: Evidence from Securities-Market Regulation in China," *Journal of Financial and Quantitative Analysis*, 45.6 (2010): 1391-417.

⁴ Berkman et al. provide evidence of studies on ownership as follow: Rafael La Porta, "Law and Finance," *Journal of Political Economy*, 106.6 (1998): 1113-55 studies firm ownership in 49 countries; Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, "Corporate Ownership around the World," *Journal of Finance*, 54 (1999): 471 – 517 look at firm ownership in 27 wealthy countries; Stijn Claessens, Simeon Djankov, and Larry H. P. Lang, "The Separation of Ownership and Control in East Asian Corporations," *Journal of Financial Economics*, 58.1-2 (2000): 81-112 focus on 9 countries in East Asia; and Mara Faccio and Larry H. P. Lang, "The Ultimate Ownership of Western European Corporations," *Journal of Financial Economics*, 65.3 (2002): 365-95 focus on 13 countries in Western Europe. Clifford G Holderness, "The Myth of Diffuse Ownership in the United States," *The Review of Financial Studies*, 22 (2009): 1377-408 studies US listed firms and finds large block-holders to be prevalent.

⁵ A. A. Berle, Jr. and G. C. Means, *The Modern Corporation and Private Property* (Commerce Clearing House, Inc., 1932); Michael C. Jensen and William H. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," *Journal of Financial Economics*, 3.4 (1976): 305-60.

⁶ Andrei Shleifer and Robert W. Vishny, "A Survey of Corporate Governance," *Journal of Finance*, 52.2 (1997): 737-83.

There are many methods by which controlling shareholders expropriate wealth. Morck et al. give examples of such expropriation.⁷ Controlling shareholders may appropriate corporate property for personal use. They may use their influence with management or the board of directors to advance personal projects or otherwise benefit themselves or their friends. They may use transfer pricing to shift wealth from the publicly traded firms they control to their own private firms. Examples of transfer pricing include payments for intermediate goods, royalty payments for patent or brand name use, or the private placement of one firm's securities with another. Whenever controlling shareholders pursue an agenda that is in their own best interests without regard to the effect on minority shareholders, the result may be a mis-allocation of resources and potential economic detriment to minority shareholders.

The OECD Principles of Corporate Governance cover the following areas: (1) Ensuring the basis for an effective corporate governance framework; (2) The rights of shareholders and key ownership functions; (3) The equitable treatment of shareholders; (4) The role of stakeholders; (5) Disclosure and transparency; and (6) The responsibilities of the board. The OECD Principles of Corporate Governance have been used worldwide as best practice guidelines for corporate governance. Many countries, including Thailand, have used the OECD Principles as the base in formulating their own principles of good corporate governance.

⁷ Randall K. Morck, David A. Stangeland, and Bernard Yeung, "Inherited Wealth, Corporate Control and Economic Growth: The Canadian Disease?," *Concentrated Corporate Ownership* (University of Chicago Press, 2000).

B. CORPORATE GOVERNANCE AND FIRM VALUE

As corporate governance aims to protect the interests of shareholders, adherence to good corporate governance practices by corporations helps to improve investor confidence. In this section, I present evidence that good corporate governance leads to higher firm value. This means cheaper costs of capital to firms. Ultimately, adhering to good corporate governance induces more stable sources of financing.

Johnson et al., in their “Corporate Governance in the Asian Financial Crisis”, find that corporate governance measures, especially the effectiveness of minority shareholders protection, explain the extent of the depreciation in exchange rates and the decline in the stock markets during the Asian financial crisis better than do standard macroeconomic variables.⁸

Defining “corporate governance” as the effectiveness of mechanisms that minimize appropriation by management and controlling shareholders, with particular emphasis on the legal mechanisms, Johnson et al. reason that if probability of appropriation increases when expected rate of return on investment falls, then appropriation will increase when there is an adverse shock to investor confidence.⁹ The increase in expropriation and poor governance in a country results in lower capital inflow and greater attempted capital outflow as agency costs of equity are high, thus lowering the value of the firm. This, in turn, translates into lower stock prices and a depreciated exchange rate as capital flies

⁸ Simon Johnson, Peter Boone, Alasdair Breach, and Eric Friedman, "Corporate Governance in the Asian Financial Crisis," *Journal of Financial Economics*, 58.1-2 (2000): 141-86.

⁹ See also Lemmon and Lins below for more explanation.

out. In the case of the Asian financial crisis of 1997, they find that corporate governance could explain the extent of exchange rate depreciation and stock market decline at least as convincing as any or all of the usual macroeconomic arguments.

Using data gathered from 25 emerging countries from the end of 1996 to the beginning of 1999, Johnson et al. find that corporate governance in general, and the protection of minority shareholders' rights in particular, greatly contributed to the extent of exchange rate depreciation and stock market decline during the Asian financial crisis. The reason could be that the increased probability of expropriation by management or controlling shareholders during the crisis triggered capital flight. They conclude that in a crisis situation, when there is an increase probability of appropriation by management or controlling shareholders, corporate governance could be very important in determining the extent of macroeconomic problems. In this situation, good corporate governance would have a prominent role in protecting investors' rights and suppressing the capital outflows that put downward pressure on exchange rates.

Mitton, in "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis", argues that if corporate governance was a significant factor in the crisis, then corporate governance should explain not just cross-country differences in performance during the crisis, but also cross-firm differences in performance within countries.¹⁰

¹⁰ Todd Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis," *Journal of Financial Economics*, 64.2 (2002): 215-41.

Mitton points out that Johnson et al. emphasize legal protection, which is country-specific measure of corporate governance. He, therefore, introduces other corporate governance measures that vary at the firm level. He shows that the three aspects of corporate governance with a significant impact on the stock price performance of firms during the crisis are: disclosure quality, ownership structure, and corporate diversification.

Mitton explains that higher disclosure quality enhances transparency, minimizing appropriation during a crisis period. Mitton proposes two indicators for a firm to be considered as having higher disclosure quality: (1) if the firm has a listed American Depository Receipt (ADR) and (2) if the firm hires a Big 6 international accounting firm as its auditor.

For ownership structure, Mitton considers level of ownership concentration. Mitton explains that concentration of “outside” shareholders would benefit minority shareholders as these large “outside” shareholders have incentive and power to prevent expropriation.¹¹

For the third aspect, corporate diversification, Mitton reasons that although it is not a corporate governance mechanism in itself, previous research suggests that diversified firms face different kinds of agency problems. In emerging markets, these diversified firms have low transparency, resulting in increased probability of expropriation by management or controlling shareholders.

Mitton uses a sample of 398 firms from Indonesia, Korea, Malaysia, the Philippines, and Thailand during the Asian financial crisis of 1997 and finds that

¹¹ Large “outside” shareholders are large block-holders who are *not* associated with the management of the firm. Examples are institutional investors such as banks, insurance companies, and mutual funds.

differences in the level of these firm-specific corporate governance measures contributed greatly to differences in firm performance during the crisis. Firms with indicators of higher disclosure quality, higher outside ownership concentration, and focused rather than diversified firms experienced significantly better stock price performance.

By focusing at the firm level, this study extends Johnson et al. by suggesting that *individual firms* have some power to preclude expropriation of minority shareholders if legal protection is inadequate, thus contributing to differences in firm value.

Lemmon and Lins, in “Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis”, also study the effect of ownership structure on firm value during the Asian financial crisis.¹² Mitton finds that firms with large shareholders had better stock price performance during the Asian financial crisis, probably due to the perception that these large shareholders could help prevent expropriation. It is important to emphasize that the better performance in Mitton’s findings is from large “outside” shareholders who are not involved with the management. As discussed in Section A “Agency Theory and Corporate Governance”, large shareholders can themselves engage in appropriation, especially, if they are large “inside” shareholders.¹³ La Porta finds

¹² Michael L. Lemmon and Karl V. Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance*, 58.4 (2003): 1445-68.

¹³ “Inside” shareholders are shareholders who are involved with the management of the firm. In East and Southeast Asian countries, this is often founding family members whose family still owns a large percentage of shares in a firm. The founding family usually places members in top positions to manage and control the company. In contrast, “outside” shareholders are shareholders who are not involved with the management of the firm. Large outside block-holders are often related to big institutional investors who are not a member of the founding family and, thus, have more incentive to protect their investment from expropriation by a large family shareholder.

an association between firms with high concentration of large “inside” shareholders and weak shareholder protection infrastructure in the country where the firm resides.¹⁴ He points out that in these countries, corporate governance problems arise from conflicts between these large “inside” shareholders and minority shareholders.

Lemmon and Lins reason that the widespread use of pyramidal structure and cross-holdings in East Asia, relative to the US and other well-developed countries, allows insiders to gain effective control over a company although having relatively few of the company’s cash flow rights. Coupled with poor shareholder protection and a lack of external governance mechanisms (such as takeovers), the agency problems between controlling shareholder and minority shareholders/outside investors increase in severity. In these corporations, where controlling shareholders have less than full ownership of the cash flow rights, face more severe divergence of interests between these controlling shareholders and minority shareholders than in corporations where controlling shareholders actually own a majority of the stocks. The probability of expropriation by these controlling shareholders is greater since expropriation would provide greater wealth than they would have gained in proportion to the relatively low rights on firm’s future cash flows. This, thus, has important implications on firm value.

Lemmon and Lins reason that during a crisis, the returns on investment opportunities drop sharply, lowering the marginal cost to insiders of diverting resources away from profitable investment projects and increasing the probability of expropriation. Lemmon and Lins, thus, propose that during a crisis, firms that

¹⁴ La Porta, “Law and Finance”.

employ ownership structure that allows controlling shareholders to effectively control the firm while reducing their cash flow rights associated with their control rights should experience the decline in firm value the most.

Using a sample of 800 firms in eight East Asian countries comprising of Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand, Lemmon and Lins study the effect of ownership structure on firm value during the Asian financial crisis from 1997 to 1998. They find that firms whose management has high control rights, but relatively low cash flow rights, experienced 10 – 20 percentage point lower stock returns than other firms during the crisis. This finding supports the view that ownership structure plays an important role in determining whether insiders expropriate minority shareholders and, thus, extends Mitton's findings.

The three papers presented above provide evidence that good corporate governance improves investor confidence, which, in turn, translates into higher firm value.

C. POLITICAL CONNECTIONS AND FIRM VALUE

Political connections are considered to be those linkages between individual business leaders and political actors such as party leaders, senior government officials, or elected legislators.¹⁵ The social network literature views these

¹⁵ Raymond Fisman, "Estimating the Value of Political Connections," *The American Economic Review*, 91.4 (2001): 1095-102; Jordan Siegel, "Contingent Political Capital and International Alliances: Evidence from South Korea," *Administrative Science Quarterly*, 52.4 (2007): 621-66.

relationships as providing resources and influence and, thus, facilitating political favors.¹⁶

Numerous empirical studies document the different government favors resulting from these political connections. Examples include preferential access to financing, government bailouts, and granting of licenses. Preferential access to financing in China, Malaysia, Pakistan, Korea, and Thailand by connected firms is documented by Fan, Rui, and Zhao; Johnson and Mitton; Khwaja and Mian; Chiu and Joh; and Charumilind, Kali, and Wiwattanakantang, respectively.¹⁷ Faccio, Masulis, and McConnell find that politically connected firms are more likely to benefit from government bailout.¹⁸ In Indonesia, Mubarak and Purbasari find that import licenses are more likely to be granted to those firms connected to President Suharto.¹⁹

In addition, controlling shareholders often invest to preserve the status quo and may use their political influence to manipulate politicians to that end.²⁰ They may also use their influence to lobby for a low level of investor protection,

¹⁶ James S. Coleman, "Social Capital in the Creation of Human Capital," *The American Journal of Sociology*, 94 (1988): 26; Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology*, 91.3 (1985): 481-510.

¹⁷ Joseph P. H. Fan, O. M. Rui, and M. Zhao, "Public Governance and Corporate Finance: Evidence from Corruption Cases," *Journal of Comparative Economics*, 36.3 (2008): 343-64; Simon Johnson and Todd Mitton, "Cronyism and Capital Controls: Evidence from Malaysia," *NBER Working Paper Series*, 2001; Asim Ijaz Khwaja and Atif Mian, "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market," *Quarterly Journal of Economics*, 120.4 (2005): 1371-411; Ming Ming Chiu and Sung Wook Joh, "Bank Loans to Distressed Firms: Cronyism, Bank Governance and Economic Crisis," *CEI Working Paper Series*, 2004; Chutatong Charumilind, Raja Kali, and Yupana Wiwattanakantang, "Connected Lending: Thailand before the Financial Crisis," *Journal of Business*, 79.1 (2006): 181 - 217.

¹⁸ Mara Faccio, Ronald W. Masulis, and John J. McConnell, "Political Connections and Corporate Bailouts," *Journal of Finance*, 61.6 (2006): 2597 - 635.

¹⁹ Ahmed Mushfiq Mobarak and Denni Purbasari, "Political Trade Protection in Developing Countries: Firm Level Evidence from Indonesia," *SSRN Working Paper Series*, Rochester 2005.

²⁰ Randal Morck, Daniel Wolfenzon, and Bernard Yeung, "Corporate Governance, Economic Entrenchment, and Growth," *Journal of Economic Literature*, 43.3 (2005): 655-720.

effectively preventing entrants from raising capital.²¹ Morck, Stangeland, and Yeung and Johnson and Mitton, in studying Canada and Malaysia, respectively, document the implementation of international trade and finance policies designed to steer resources to connected firms.²²

Family owned business groups are prevalent in Japan, Korea, Thailand, Malaysia, Russia, China, and Chile. There are many studies that provide evidence that this phenomenon is a result of political connections. See Khanna and Yafeh for a detailed literature review on this topic.²³

A detailed literature review of studies on the relationship between political connections and firm value is presented below.²⁴

Fisman, in “Estimating the Value of Political Connections”, points out that much of the discussions of the reasons behind the Asian financial crisis claim that the crisis was due to political connections driving investment decisions, rather than fundamental factors such as productivity.²⁵ This resulted in distorted investment decisions that much contributed to the crisis. Fisman argues that the

²¹ Enrico C. Perotti and Paolo F. Volpin, "Lobbying on Entry," *SSRN Working Paper Series*, Rochester 2004.

²² Morck, Stangeland, and Yeung, "Inherited Wealth, Corporate Control and Economic Growth: The Canadian Disease?"; Johnson and Mitton, "Cronyism and Capital Controls: Evidence from Malaysia".

²³ Tarun Khanna and Yishay Yafeh, "Business Groups in Emerging Markets: Paragons or Parasites?," *Journal of Economic Literature*, 45 (2007): 331-72.

²⁴ The literature review on political connections in this dissertation focuses on studies related to political connections in East and Southeast Asia. Research on political connections in the US focuses on connections formed through campaign contributions. Research in non-US countries generally focuses on connections formed through means other than campaign contributions. Fisman, "Estimating the Value of Political Connections" concentrates on political connections in Indonesia, primarily through established friendship with President Suharto. Johnson and Mitton, "Cronyism and Capital Controls: Evidence from Malaysia" study political connections in Malaysia in firms whose officers or major shareholders are affiliated to top government officials. Morck, Stangeland, and Yeung, "Inherited Wealth, Corporate Control and Economic Growth: The Canadian Disease?" examine the political influence of prominent business families in Canada.

²⁵ Fisman, "Estimating the Value of Political Connections".

degree to which political connectedness was truly responsible for the Asian collapse depends very much on the extent to which connectedness really was the primary determinant of firm value. Therefore, Fisman studied Indonesia, a country with a strong system of political connections, to measure the extent to which firms rely on political connections for their profitability.

During President Suharto's final years in office, rumors abounded related to his failing health. Utilizing event study methodology, Fisman identified a number of occurrences of such rumors and compared the returns of firms with differing degrees of political connections to Suharto. He finds that in every case, the returns of firms with a high degree of political connection were considerably lower than firms with low connection. This confirms the value of political connections and that this value declines when the connected official (in this case, Suharto) is expected to step out of his position or is losing political power.

While Fisman looks at political connections within an authoritarian system, **Johnson and Mitton**, in "Cronyism and Capital Control: Evidence from Malaysia", turn to a democracy to study the interaction of "cronyism" and capital controls.²⁶ Johnson and Mitton point out that according to Rajan and Zingales, an essential part that allows "relationship-based" capitalism to function is capital control.²⁷ In "relationship-based" capitalism, the informal relationships between politicians and banks ease the lending approval process for connected firms. These processes are easier to sustain in countries that are relatively isolated from international capital flows. Johnson and Mitton explain that, in this context, Rajan

²⁶ Johnson and Mitton, "Cronyism and Capital Controls: Evidence from Malaysia".

²⁷ Raghuram G. Rajan and Luigi Zingales, "Which Capitalism? Lessons from the East Asian Crisis," *Journal of Applied Corporate Finance*, 11 (1998): 40 - 48.

and Zingales suggest that re-imposing capital controls may be attractive to politicians wishing to support the financing of particular firms.²⁸ However, this type of directed lending may result in bad loans and distorted incentives.

Johnson and Mitton see two implications from Rajan and Zingales's view that can be tested at the firm level. Firms that have stronger political connections should (1) suffer more when the government's ability to provide favors to these firms reduces after an economic shock and (2) benefit more after the imposition of capital controls transferring resources to these firms.

Using data from Malaysia before and after the imposition of capital controls, Johnson and Mitton report strong support for both hypotheses. In the initial phase of the crisis from July 1997 to August 1998, when the government's ability to provide support to connected firms reduced, politically connected firms lost around \$60 billion in market value, roughly 9% of which can be attributed to the loss of connection value. After the imposition of capital controls in September 1998, politically connected firms gained around \$5 million in market value, roughly 32% of which can be attributed to the increase from political connection value. The value of political connections was approximately 16% of connected firm's market value at the end of September 1998.

Using a unique and newly collected database covering 19,884 firms across 42 countries, **Faccio**, in "Politically Connected Firms", studies firms whose controlling shareholders or top management are also members of national

²⁸ Raghuram G. Rajan and Luigi Zingales, "The Great Reversals: The Politics of Financial Development in the Twentieth Century," *Journal of Financial Economics*, 69 (2003): 5-50.

parliaments or governments.²⁹ She finds a widespread overlap in these positions: top directors or shareholders of 532 firms, representing 7.76% of the world's market capitalization and 2.68% of listed corporations, also serve in national parliaments or governments. In Indonesia, Italy, Malaysia, Russia, and Thailand, over 10% of listed corporations are politically connected. In Ireland, Malaysia, Russia, Thailand, and the UK, politically connected corporations account for more than 20% of market capitalization. She also finds that the diffusion of connections varies widely across countries, with connections especially widespread in countries perceived as highly corrupt.

Through a set of regressions, Faccio shows that the intents behind firms' political connections are to gain easier access to debt financing (i.e. undue credit), lower income taxation, and stronger market power. These benefits are pervasive. Faccio finds that benefits are greater when political links are stronger. That is, firms that are connected through owners gain greater benefits than those connected through directors, and, similarly, firms that are connected with a minister receive greater benefits than those connected with a member of parliament.

Faccio further points out that there is not agreement in the literature that the benefits of political connections add value to firms. Some research suggests that the benefits of these relationships add value to connected firms.³⁰ Other research

²⁹ Mara Faccio, "Politically Connected Firms," *The American Economic Review*, 96 (2006): 369-86.

³⁰ Brian E. Roberts, "A Dead Senator Tells No Lies: Seniority and the Distribution of Federal Benefits," *American Journal of Political Science*, 34.1 (1990): 31; Fisman, "Estimating the Value of Political Connections"; Johnson and Mitton, "Cronyism and Capital Controls: Evidence from Malaysia".

points to the cost of such connections.³¹ Politicians do not provide these benefits gratis. In return for their services, politicians generally expect bribes or campaign contributions. In some cases, the cost of political connections may exceed any potential benefits.

Using an event study around announcement of directors or dominant shareholders entering politics and of politicians joining boards, Faccio finds that connected firms in highly corrupt countries experience a significant increase in value. This reflects that they obtain the greatest benefits when the countries are highly corrupt. In countries with low level of corruption, connection does not add value to firms, reflecting the small benefits these firms obtain. Firms in these countries, therefore, optimally choose not to become connected.

Establishing political connections can be arranged in a number of ways ranging from bribing government officials to lobbying politicians to directly holding public office. These activities are not without costs. And the costs can be very high, especially when management/controlling shareholders themselves enter politics.

Bunkanwanicha and Wiwattanakantang, in “Big Business Owners and Politics: Investigating the Economic Incentives for Holding Public Office”, point out that although there are many studies showing that politically connected firms enjoy various benefits from their connections, very few are done on the motivations behind the selection of political connection mechanisms - lobbying

³¹ Andrei Shleifer and Robert W. Vishny, "Politicians and Firms," *The Quarterly Journal of Economics*, 109.4 (1994): 995 – 1025.

public officials versus holding office.³² Therefore, they study the economic incentives behind big business owners' seeking top public office through national elections.

Using Thailand as a research setting, Bunkanwanicha and Wiwattanakantang find that the likelihood of business tycoons getting elected increases with (1) their wealth and (2) the proportion of his family's revenue that is from concession contracts in regulated industries (e.g. information and telecommunications industry).

They find that there is a greater likelihood of business tycoons seeking public office when expected economic rents are large and the competition among dominant businesses for those economic rents is severe. In this case, the benefits from getting these rents outweigh the cost of running an election campaign. Hence, the more the family's revenue depends on these rents, the greater probability that the tycoon will seek public office. In addition, these tycoons cannot rely solely on lobbying politicians because there is a high chance that lobbied politicians will not deliver the promised favorable treatment.

Bunkanwanicha and Wiwattanakantang explain that the ability of a business tycoon to run for top office depends on his wealth. Election campaigns are very costly. They find that the more corporate assets the tycoon owns, the stronger the incentive to acquire political power through direct election.

Bunkanwanicha and Wiwattanakantang find economic benefits are channeled to connected firms through various mechanisms including corporate

³² Pramuan Bunkanwanicha and Yupana Wiwattanakantang, "Big Business Owners and Politics: Investigating the Economic Incentives of Holding Public Office," *Center for Economic Institutions Working Paper Series*, No. 2006 - 10 (2006).

tax reduction, new state contracts, and license fee cuts. Moreover, these firms benefit from measures of entry barrier, effectively expanding their market power. They further investigate the results of business owners holding office and find that connected firms' market value increases significantly, in fact more than two-fold.

D. CORPORATE GOVERNANCE IN POLITICALLY CONNECTED FIRMS

The literature review in Sections A and B illustrates that corporate governance is a very important infrastructure in helping to prevent imprudent activities by firms that are not in the best interest of minority shareholders/investors, and, therefore, good corporate governance measures enhance a firm's value. The literature review in Section C provides evidence that in many jurisdictions, having political connections translates into tremendous firm value. However, for politically connected firms, it might not be easy to adhere to good corporate governance.

Leuz and Oberholzer-Gee point out that firms that do not have close political ties that could yield them benefits might strive to establish good corporate governance in order to attract investors and, thus, create value.³³ However, firms with strong political ties might not consider implementing good corporate governance measures because these measures are aimed to protect minority shareholders' rights and, thus, are at odds with

³³ Christian Leuz and Felix Oberholzer-Gee, "Political Relationships, Global Financing, and Corporate Transparency: Evidence from Indonesia," *Journal of Financial Economics*, 81.2 (2006): 411-39.

management's/controlling shareholders' extraction of private benefits of control. Leuz and Oberholzer-Gee explain that political connection literature finds systematic exchange of benefits between firms and politicians and, on average, firms gain from these political connections. They, thus, reason that because of the nature of the payments to politicians and the tremendous amount of gains from these connections, management/controlling shareholders may have incentives to expropriate or at least make this information less transparent.

Leuz and Oberholzer-Gee explain that the greater transparency of corporate governance would seem to be at odds with the system of political ties. Political ties may lead to preferential financing or to pressure on regulatory agencies to favor existing corporations or to make entry into an industry prohibitive in return for bribes, nepotism, or political support. As such, politically connected firms may want to shield their business dealings from the public scrutiny that would accompany better corporate governance.

It is also possible that if given political protection, e.g., through preferential bailouts, distress lending, government contracts, barriers to competition, etc., connected firms might care less about implementing good corporate governance to attract investors because the rents gained from the political connections are large enough. Moreover, politically connected firms generally face few negative consequences from their poor corporate governance. A potential effect that politically connected firms might experience from their lower transparency associated with weak corporate governance is the higher cost of debt. However, politically connected firms might not be penalized by lenders, despite their lack of

transparency. This is because these lenders, especially state-owned banks, are, in turn, pressured by the government to provide credits to these connected firms at lower cost.

Leuz and Oberholzer-Gee also present the case in which politically connected firms might not object to good corporate governance. They point out that if, in fact, better corporate governance does not pose legal or political risk to the firm and its connected politicians, politically connected firms might actually adopt good corporate governance measures to double their attractiveness.

The other situation that forces connected firms to adopt good corporate governance measures is when the high growth gained from their political connections necessitates them to seek external financing from capital markets, especially from developed countries.

Empirical evidence, however, seems to favor the case where politically connected firms might not want to adopt good corporate governance measures. Leuz and Oberholzer-Gee provide evidence from Indonesia, a country with tight political connections. They propose that firms in countries with weak legal institutions and weak corporate governance to protect investors' rights have difficulty in raising external capital. Firms can alleviate these problems and commit to greater transparency by issuing securities in capital markets with stringent legal standards. However, for politically connected firms, the greater transparency accompanied this practice might conflict with the political connection benefit extraction process, making the choice costly to these firms. Using data from Indonesia during the Suharto regime, Leuz and Oberholzer-Gee

find that politically connected firms are less likely to trade securities abroad. Moreover, they are also less likely to trade debt or equity securities on US exchanges.

Leuz and Oberholzer-Gee give three explanations for their results. First, connected firms in Indonesia usually receive financing from state-owned banks, making them less dependent on external financing from capital markets. Second, issuing securities abroad requires greater transparency, which conflicts with the covert operations with state-owned banks. And third, lower transparency is more friendly with management's and controlling shareholders' incentives to expropriate the tremendous benefits gained from political connections.

More recent evidence from a larger dataset is provided by Chaney, Faccio, and Parsley.³⁴ Chaney, Faccio, and Parsley use quality of reported accounting information as a proxy for quality of disclosed information. Based on an analysis of accounting data from almost 7,000 firms in 20 countries from 1996 to 2005, they find that politically connected firms have systematically poorer quality of reported accounting information than their non-connected counterparts. Additionally, firms with stronger political connections have the poorest accounting information quality.

³⁴ Paul K. Chaney, Mara Faccio, and David Parsley, "The Quality of Accounting Information in Politically Connected Firms," *Journal of Accounting & Economics*, 51 (2011): 58.

III. POLITICS AND CAPITAL MARKETS IN THAILAND³⁵

Thailand was under an absolute monarchy until 1932. During this period, all commercial trading was controlled by the King, the royal family, and high-ranking nobles. The King encouraged the immigration of Chinese, due to their skills in trading. These immigrants prospered with the granting of several privileges, including trading licenses, tax exemptions, investment loans, and political support, especially in rice trading which accounted for 70 percent of all exports in the 1910s. This original group of immigrants has grown into the “Big Five” dominant Chinese families who continue to lead prominent business groups in Thailand today.³⁶

After the absolute monarchy was overthrown in 1932, Thailand was ruled by the People’s Party. The People’s Party tried to promote the businesses of Thai nationals and lessen the control of the Chinese merchants. However, the “Big Five” had expanded and diversified their empire and investments to include rice milling, warehouses, shipping, banking, insurance, and foreign exchange.³⁷ They had become a large conglomerate. In addition, the government’s attempt to promote businesses by Thai nationals did not succeed, as Thais viewed owning a

³⁵ The information related to the legacy of political connections in Thailand and the Asian financial crisis is mainly from Piruna Polsiri and Yupana Wiwattanakantang, “Thai Business Groups: Crisis and Restructuring,” in *Business Groups in East Asia: Financial Crisis, Restructuring, and New Growth*, ed. Sae-Jin Chang (Oxford: Oxford University Press, 2006), 147-78 and from Sae-Jin Chang, “Introduction: Business Groups in East Asia,” in *Business Groups in East Asia: Financial Crisis, Restructuring, and New Growth*, ed. Sae-Jin Chang (Oxford: Oxford University Press, 2006), 1 - 26, respectively.

³⁶ Sungsidh Piriyaarangsarn, *Thai Bureaucratic Capitalism, 1932-1960* (Bangkok: Chulalongkorn University Social Research Institute, 1983) and Pasuk Phongpaichit and Christopher John Baker, *Thailand: Economy and Politics* (Kuala Lumpur: Oxford University Press, 1995).

³⁷ Phongpaichit and Baker, *Thailand: Economy and Politics*.

business as inferior to serving in government jobs.³⁸ In an attempt to lessen the role of the Chinese merchants, the government set up state-owned enterprises and semi-governmental companies, mainly in trading and financial services. The semi-governmental companies were jointly owned by the government and the private sector. These companies were run by dominant figures in the People's Party, government officials, and Chinese businessmen who had close relationships with the People's Party. Chinese businessmen and their close government associates also used their power to set up private businesses.³⁹ Therefore, instead of lessening the control of the Chinese merchants, their role became more prominent.

Between 1947 and 1973, the country was ruled by military officials. In order to finance both their political and personal activities, they monopolized major industries including sugar refining, tobacco, paper and plywood, and brewing, creating a total of 56 state-owned enterprises between 1947 and 1956.⁴⁰ The government also formed joint-ventures with Chinese businessmen and had ownership and directorship in all thirteen commercial banks.⁴¹ Government officials and Chinese businessmen became very rich. They owned businesses in banking, trading, mining, manufacturing, construction, and services sectors. In

³⁸ Krirkkiat Phipatseritham and Kunio Yoshihara, "Business Groups in Thailand" (Research Notes and Discussions Paper, No. 41, Institute of Southeast Asian Studies, 1983).

³⁹ Piriyaangsan, *Thai Bureaucratic Capitalism, 1932-1960* and Phongpaichit and Baker, *Thailand: Economy and Politics*.

⁴⁰ Fred W. Riggs, *Thailand: The Modernization of a Bureaucratic Polity* (Honolulu: East-West Center Press, 1966); Piriyaangsan, *Thai Bureaucratic Capitalism, 1932-1960*; and Kewin J. Hewison, "The State and Capitalist Development in Thailand," in *Southeast Asia: Essays in the Political Economy of Structural Change*, ed. R. Higgott and R. Robinson (London: Routledge & Kegan Paul, 1985), 266 - 94.

⁴¹ Akira Suehiro, *Capital Accumulation in Thailand, 1855-1985* (Tokyo, Japan: Centre for East Asian Cultural Studies, 1989).

this environment, business entrepreneurs feared that their businesses might be taken over by the government and, thus, had to seek alliances with government officials.⁴²

Close ties with government officials were crucial for business success. Government officials not only received capital from these businesses, but also trading expertise. The businessmen sat as managing directors or executive directors in state-owned enterprises. They often gave shares of their private companies to government officials in return for political support and favors, including monopolistic rights, quotas, licenses, contracts, financing, and government guaranteed foreign loans. Although management skills were crucial to the success of their businesses, government relationships were equally important. Chin Sophonpanich of Bangkok Bank has often been used as an example of an adept government relationship manager who positioned the bank to be the largest in Thailand and the largest business group in the country for three decades.⁴³ Chin appointed top government officials as directors of the bank and was able to convince the government to bail out the bank and direct various transactions of state-owned-enterprises to the bank, including deposits and loans. Bangkok Bank rose as the cornerstone of the Sophonpanich group. Chin continued to aptly manage relationships with the government, even as the new military regime took control in 1957. The collective government relationships of Thai Chinese controlled banks resulted in the Thai banking sector sustaining

⁴² Hewison, "The State and Capitalist Development in Thailand" and Suehiro, *Capital Accumulation in Thailand, 1855-1985*.

⁴³ Hewison, "The State and Capitalist Development in Thailand"; Suehiro, *Capital Accumulation in Thailand, 1855-1985*; and Phanni Bualek, *Wikhro Naithun Thanakhan Phanit Khong Thai, Pho. So. 2475-2516* (Bangkok: Siam, 2000).

oligopolistic profits and a barrier to new entries, with no new entrants and only fifteen banks for two decades, until 2004.

The legacy of close business-government relationships continued after the first National Economic Development Plan was implemented in 1961. It was still important that firms have close connections to government officials in order to receive government contracts and financial support. To promote investment, the Board of Investment (BoI) was established to provide investment incentives and privileges, including tax exemptions to large companies that could create jobs. This favored large connected firms. Since the evaluation process was rarely transparent, most of the privileges went to firms with good relationships with the government. In addition, the Industrial Finance Corporation of Thailand (IFCT) was established in 1959 to provide medium- and long-term credits to industrial companies. Since members of big business groups serve as directors of IFCT, these business groups were more likely to receive financing from IFCT.⁴⁴

Suehiro further explains that due to the government's industrialization policies, well-connected businesses grew rapidly and rose to form new business groups. Some families, such as Chearavanont of the Charoen Pokphand (CP) group, diversified away from agriculture to manufacturing.⁴⁵

Political connections are, thus, deeply rooted in the Thai economy and well-connected business groups have enjoyed growth over many years.

⁴⁴ Hewison, "The State and Capitalist Development in Thailand".

⁴⁵ Suehiro, *Capital Accumulation in Thailand, 1855-1985*.

A. THE ASIAN FINANCIAL CRISIS AND CORPORATE GOVERNANCE

The Asian financial crisis originated in Thailand when the Thai baht was devalued on 2 July 1997. The crisis spread as unstable exchange rates caused an exodus of foreign capital. Indonesia and Malaysia were next affected. South Korea, regarded as example of great economic development, was soon affected. Singapore, Hong Kong, Taiwan, and Japan survived the crisis owing to their stronger financial systems and relatively high levels of foreign reserves. China, too, was less affected because of its closed economy.

There are two theories explaining the emergence of the crisis. The first theory places the burden on international capital flows and contagion, which in part stemmed from the deregulation of financial markets. The second theory, supported by Krugman, among others, emphasizes the weaknesses of crisis countries specifically related to the financial sector, their regulations, and the practices of poor governance and political “cronyism.” The governments of these countries had also used pegged exchange rates to create a competitive advantage in the export sector.

Both theories are valid. The countries affected by the crisis in East and Southeast Asia had several weaknesses that made them particularly vulnerable. The practice of establishing close business-government relations generated a moral hazard to connected firms based on government bailouts. When combined with pegged exchange rates and prolonged currency overvaluation, the result was a distortion in the allocation of capital. When these countries liberalized their

economies in the 1980s and 1990s, capital inflows grew. However, most of the inflows were short-term speculative funds, not long-term foreign direct investments. Moreover, short-term foreign borrowings also increased sharply. Globalization thus resulted in an environment ripe for currency speculation, especially when exchange rates were pegged. Therefore, these countries became very vulnerable to fluctuations in short-term capital flows.

Financial liberalization was not accompanied by adequate supervision. Capital inflows were misallocated. They were used to finance projects that were not economically viable. For example, Korean Chaebols used the funds to expand their empires into unrelated businesses. Most countries in East and Southeast Asia did not have strong corporate governance to prevent such investments. They depended on banks for their financing. However, banks could not provide effective monitoring of the use of borrowed funds as they were often owned by the same owner as the borrowing firms. State-owned banks were also pressured to lend to connected firms and also could not provide effective monitoring

A general economic slowdown deteriorated exports of these countries. When combined with the Japanese yen depreciation that reduced the price competitiveness of these countries, they fell into current account deficit. Foreign investors recognized these structural weaknesses and began to withdraw their investments and loans. Net capital inflows soon reversed. This put downward pressure on exchange rates precipitating the Asian financial crisis.

Close business-government relations distorted the liberalization process and made countries in East and Southeast Asia vulnerable to the crisis. This was

reinforced by weak corporate governance. Inadequate corporate governance in both the financial and corporate sectors allowed banks to lend and firms to borrow beyond a prudent limit, and allowed firms to invest in projects that were not economically viable. Adding to these weaknesses, countries in this region lacked adequate “external” corporate governance mechanisms. Firms in East and Southeast Asia relied mainly on bank financing. Securities markets were not well developed since they required a more sophisticated institutional and regulatory infrastructure. Financial firms were not sufficiently regulated, and many East and Southeast Asian governments allocated capital, further undermining the development of banks’ lending function. Interlocking ownership and other interrelationships between banks and corporations also reduced market discipline. Other supporting institutions, such as credit agencies and regulatory agencies, were not yet fully developed.

Thailand, Indonesia, and Korea received large support packages from the International Monetary Fund (IMF). In return for these packages, these countries were required to adopt draconian restructuring measures targeted to restore investor confidence and to fundamentally restructure these countries’ financial and corporate sectors. The IMF prescribed an increase in short-term interest rates and an adoption of a floating exchange rate regime for these countries to achieve the first goal. To achieve the second goal, the IMF pushed the governments in these countries to restructure their corporate sectors, which included an emphasis on corporate governance reforms.

Right after the crisis, the need to address shortcomings in good corporate governance practices was widely emphasized, both within the region and beyond. In addition, East and Southeast Asian governments realized they needed to install these good corporate governance mechanisms to ensure access to adequate supplies of foreign capital.

Thailand, Thailand had excessive investment during the period before the crisis, between 1990 and 1996.⁴⁶ The investment ratio (the ratio of gross domestic investments as a percentage of GDP) was around 40% - 44%, compared to 25% and 30% from 1980 to 1984 and 1985 to 1989, respectively. Most of these investments were too unproductive. Moreover, the funds used in these investments were often from short-term foreign borrowings, as business borrowers could borrow at much lower interest rates, 5% - 8% abroad compared to 13% domestically. The pegged exchange rate desensitized borrowers to exchange rate risk, resulting in a heavy use of foreign debts. Foreign lenders were cautious and lent short-term. As a result, external debt increased from US\$40 billion in 1992 to US\$80 billion in March 1997. The ratio of total debts as a percentage of GDP rose from 34% in 1990 to 51% in 1996, with most of the increase from the private sector. Of total debt, 80% was private sector and 36% short-term (i.e. maturing within twelve months).

The massive inflows of capital resulted in careless lending to less productive projects and already appreciated assets in the property sector, as

⁴⁶ Information related to Thailand during the Asian financial crisis in the paragraphs that follow is from Lauridsen, Laurids S. "The Financial Crisis in Thailand: Causes, Conduct and Consequences?," *World Development* 26.8 (1998): 1575-91 and Pasuk Phongpaichit, and Christopher John Baker, *Thai Capital after the 1997 Crisis* (Chiangmai: Silkworm Books, 2008).

people speculated on the increasing price of real estate. When the crisis erupted and the middle-class experienced reduced purchasing power, the bubble burst, leaving a build-up of bad debts on banks' balance sheets. Foreign investors recognized these structural weaknesses and began to withdraw their money, putting downward pressure on the Thai baht.

After exhaustive efforts to maintain the pegged exchange rate at 25 baht to the dollar, the Bank of Thailand floated the baht on 2 July 1997. The Thai baht depreciated to half of its value over the next five months. This inflated the Thai baht value of foreign debt, destroying firms' balance sheets. Foreign lenders hastened to collect their loans. Coupled with the IMF's contractionary policy and the lower buying power of the people, many firms throughout the country failed. Some families faced heavy debts and tragically committed mass suicide. Default became commonplace, and bad debts rose to around half of total credits granted. Firms were left with excess capacity and tried to cut costs. Workers were laid off, resulting in over two million people falling below the poverty line. The crisis resulted in massive destruction to the country's social and economic fabric.

Thaksin Shinawatra was among those who survived the crisis.⁴⁷ Thaksin's businesses historically involved getting contracts or concessions from close government connections. His wealth resulted from getting a concession to provide mobile communication services. The destruction of the crisis led him to conclude that the way to protect his businesses from future collapse was to be directly

⁴⁷ Information related to Thaksin Shinawatra in the paragraphs that follow is from Pasuk Phongpaichit and Christopher John Baker, *Thaksin*, 2nd ed. (Chiangmai: Silkworm Books, 2009) and Duncan McCargo and Ukrist Pathmanand, *The Thaksinization of Thailand* (Copenhagen: NIAS, 2005).

involved in politics in order to ensure the highest possible rents from political connections. Thaksin formed the Thai Rak Thai party on 14 July 1998. Among the founding members were two big property developers. Two years later, other prominent businessmen who suffered from, but survived, the crisis joined the party as they realized the importance of actively participating in politics. The contractionary policy after the crisis created room for Thaksin's successful populist expansionary election campaign, resulting in his party winning the 2001 elections and electing him Prime Minister.

Ironically, while the crisis led the Thai government to actively focus on developing better corporate governance, it also reinforced the role of political connections.

B. CORPORATE GOVERNANCE DEVELOPMENT IN THE THAI CAPITAL MARKET⁴⁸

Since the Asian financial crisis in 1997, there has been a rising trend in corporate governance. Alba, Claessens, and Djankov point out that deficiencies in the corporate governance and financing structure of Thai firms played a significant role, leading to inefficient investment, excessive corporate diversification, and declines in profitability in the years prior to the crisis.⁴⁹ To improve the confidence of both local and international investors, the Thai

⁴⁸ Information in this section is from Office of Thai SEC, "Corporate Governance Development in the Thai Capital Market" (investor education document, Office of Thai Securities and Exchange Commission, 2010).

⁴⁹ Pedro Alba, Stijn Claessens, and Simeon Djankov, "Thailand's Corporate Financing and Governance Structure," *Policy Research Working Paper* (1999): 31.

Securities and Exchange Commission (Thai SEC) set on a mission to improve corporate governance practices in the capital market.

In 1998, the year after the crisis, the Thai SEC set up a corporate governance working group. The working group developed a strategic outline for corporate governance improvement of listed companies on the Stock Exchange of Thailand (SET). The strategic outline covered five key areas:

- (1) *Regulatory Reform* with special emphasis on the protection of investors' rights;
- (2) *Checks and Balances* on company boards in the best interest of stakeholders;
- (3) *Information Disclosure* with more transparency, accuracy, and sufficiency;
- (4) *Market Mechanisms* such as corporate governance ratings and educational programs for both company directors and investors; and
- (5) *Effective Enforcement*.

In 1998, the SET required all listed companies to establish an audit committee. In the same year, the SET also issued a code of best practices for board members.

On the national level, the government promoted corporate governance by deeming 2002 as the Year of Good Corporate Governance. Later that year, the Cabinet appointed the National Corporate Governance Committee (NCGC). The committee was chaired by the Prime Minister and consisted of representatives from both the public and private sectors. The purpose of the committee was to

head the overall effort related to corporate governance in order to strengthen the confidence of investors, synchronize corporate governance development plans across various agencies, and monitor performance of those agencies in carrying out the corporate governance plans.

Another important milestone occurred in March 2002, when the SET introduced a corporate governance code for listed companies. The code, The Principles of Corporate Governance, consisted of fifteen principles of good governance, similar to existing codes in developed markets (e.g. the UK). The code addresses the protection of rights of minority shareholders and other stakeholders, the importance of independent directors, and the disclosure of potential conflicts of interest, among other issues. Adoption of the policies was voluntary. However, the SET required listed companies to disclose their implementation of these principles in their annual reports. The code was introduced on a “comply or explain” basis; that is, if a listed firm did not adopt a particular policy recommended by the code, it is expected to provide an explanation in its annual report or information disclosure form.

In July 2002, the SET set up the Corporate Governance Center with the purpose of providing consultation to listed companies’ directors and executives regarding corporate governance matters.

In 2005, Thailand underwent a corporate governance assessment by the World Bank under the Corporate Governance Report on the Observance of Standards and Codes (CG-ROSC). In April 2006, the SET published an updated corporate governance code, “The Principles of Good Corporate Governance.”

The new code was more comprehensive and comparable to the OECD's Principles of Corporate Governance and also included recommendations made by the World Bank in its CG-ROSC for Thailand. Listed firms are required by the SET to provide an explanation in cases of non-compliance with any of the principles.

From 2006 onwards, the SEC, in cooperation with the Thai Investor Association (TIA) and the Thai Listed Companies Association (TLCA), has conducted an assessment of Annual General Meetings (AGM). The assessment is to make listed companies aware of the importance of AGMs and also to promote participation by shareholders. The SEC also provides an AGM checklist to be used as best practice guidelines for listed firms.

Another important development during this period was a gradual strengthening of enforcement and disclosure requirements by the SEC. Between its establishment in 1992 and 2003, the SEC referred more than 25 criminal cases to the police and the courts with none resulting in conviction. The first successful conviction for a securities law violation occurred in 2004, when the former CEO and the vice-chairman of a listed firm were sentenced to five years in prison for expropriation of company assets. Two other successful cases followed in 2005 and 2007.

Another organization that has been actively helping to develop the corporate governance of listed firms is the Thai Institute of Directors (Thai-IOD). Thai-IOD was founded in 1999 with the aim of improving the professionalism of directors and corporate governance in Thailand. Thai-IOD has provided best practice guidelines for company directors, as well as director training and certification.

Since 2001, Thai-IOD has held several surveys among listed firms to measure the adoption of recommended corporate governance policies. Published as the Corporate Governance Report (CGR), the CGR is available to the public. Since 2008, the SEC has taken the further step of requesting that every securities company include reference to a firm's CGR in their securities analysis reports. This has made the CGR more valuable and widely used.

The regulatory framework of the Thai capital market is based on the Securities and Exchange Act (SEA), the Public Company Act (PCA), and regulations under the SEC and the SET. Within these regulatory structures, steps have been taken to improve the corporate governance effectiveness of these laws. An amendment of the SEA came into effect in 2008 which provides a clearer scope of fiduciary duties, stipulates sanctions for breaches of these duties, strengthens the rules governing related-party transactions, and provides stronger protection of investors' interests. An amendment to the PCA is under review by the Council of State.⁵⁰ The amendment would provide additional mechanisms to protect investors' rights. A class action bill was also proposed by the SEC in order to allow investors to conveniently and cost-effectively bring lawsuits against directors who breach their fiduciary duties. The draft bill is being reviewed by the Council of State.⁵¹

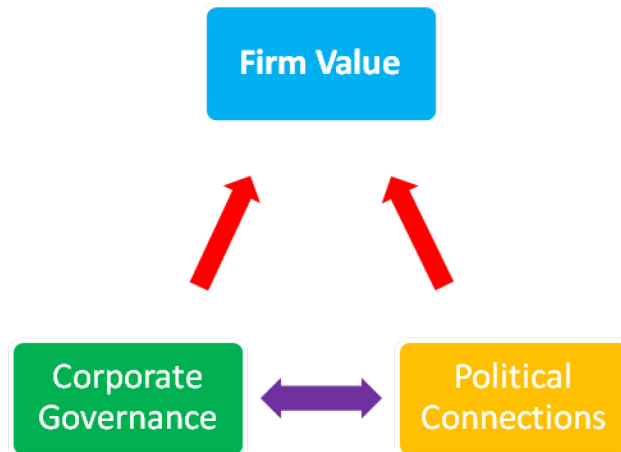
⁵⁰ As of May 2010.

⁵¹ Ibid.

IV. HYPOTHESES DEVELOPMENT

This chapter synthesizes the findings in the literature review and discusses the relationship between corporate governance, political connections, and firm value. I begin with an explanation of how corporate governance translates into higher firm value. Then, I explore the interplay of political connections on firm value in economies where political connections are widespread, and how such connections represent another factor contributing to firm value. Finally, I raise the possibility that politically connected firms might not be incented to adopt a culture of good corporate governance as well as presenting the reasons politically connected firms might need to adopt good corporate governance measures after the Asian financial crisis of 1997.

The graphic below illustrates the basic relationships between the three key variables in this dissertation: corporate governance, political connections, and firm value. Corporate governance and political connections can separately contribute to firm value. However, corporate governance and political connections, when jointly exercised, can interact with each other and so jointly impact firm value.



The central question of this dissertation arises from this point: politically connected firms are not incented to practice good corporate governance if the resulting greater transparency makes it harder for the politicians to allocate resources or support policies that benefit connected firms. This reduces a connected politician's scope of extracting rents and reduces the tangible benefits that politically connected firms gain from their political connections. Therefore, an ancillary question is when politically connected firms adopt good corporate governance measures – whether by choice or regulation – does shareholder value decline due to lower benefits from political connections or do they, instead, gain from the better protection afforded by enhanced governance?

To confront these questions, I first propose in Hypothesis 1 that in fact, politically connected firms enjoy higher values *ceteris paribus* owing to a close association with a senior politician.

In developing Hypothesis 2, I propose two separate hypotheses. Hypothesis 2a proposes that good corporate governance and political connections are incompatible, and, thus, they are substitutes; the structures of good corporate governance offset or neutralize any positive value effects of political connections.

In Hypothesis 2b, I propose that joint exercise of good corporate governance and political connections are not incompatible. They can co-exist, either jointly adding to the firm value or otherwise not conflicting such that benefits deriving of political connections are reduced by the imposition of corporate governance practices.

Finally, to note, I intend to test these hypotheses using *both* multivariate regression models *and* selected case studies.

A. CORPORATE GOVERNANCE, POLITICAL CONNECTIONS, AND FIRM VALUE: A BACKGROUND

CORPORATE GOVERNANCE AND FIRM VALUE

Many factors affect the value of a firm. However, in this dissertation, I focus on two variables: corporate governance and political connections.

The corporate governance literature suggests that the corporate governance mechanisms represent an important infrastructure to help prevent imprudent acts by controlling shareholders and management. Therefore, they have important implications for the performance of both the countries and the firms within these countries.

In the context of the Asian financial crisis of 1997, Johnson et al. show that *country-specific* measures of corporate governance, particularly the legal mechanisms that prevent the expropriation of minority shareholders, perform better than standard economic measures at explaining the extent of currency

depreciation and stock market decline of emerging markets during the crisis.⁵² Mitton and Lemmon and Lins find that *firm-specific* measures of corporate governance, such as better disclosure and transparency and the presence of large “outside” block-holders, also explain cross-firm differences in firm value within countries during the crisis.⁵³

POLITICAL CONNECTIONS AND FIRM VALUE

In countries with widespread political connections, political connections also contribute to differences in firm value among firms. The political connection literature confirms that establishing political networks is a highly profitable investment because it facilitates political favors, especially in countries perceived as highly corrupt. This can translate into higher net cash flows and, subsequently, higher firm value. It follows that in many countries, political connection is an important factor contributing to firm value.

CORPORATE GOVERNANCE AND POLITICALLY CONNECTED FIRMS

The political connection literature further suggests that since the benefits from political connections are tangible and substantial, politically connected firms

⁵² Simon Johnson, Peter Boone, Alasdair Breach, and Eric Friedman, "Corporate Governance in the Asian Financial Crisis," *Journal of Financial Economics*, 58.1-2 (2000): 141-86.

⁵³ Todd Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis," *Journal of Financial Economics*, 64.2 (2002): 215-41; Michael L. Lemmon and Karl V. Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance*, 58.4 (2003): 1445-68.

are not usually incented to adhere to good corporate governance. Transactions flowing from political ties, which may be completely legal, are usually geared to favor connected firms. Thus, greater transparency from establishing better corporate governance might increase public scrutiny of these transactions, limiting the benefits from political connections. In addition, if controlling shareholders have an incentive to expropriate minority shareholders, they will want to obscure information available to minority shareholders.

Importantly, politically connected firms in countries with a system of political connections may not be penalized for their lack of transparency. For example, they may not face a higher cost of capital from their lack of transparency if lenders - especially government-owned banks - face political pressures to give them loans.

Empirical evidence confirms that politically connected firms exhibit less transparency than non-connected firms. Leuz and Oberholzer-Gee find that, in Indonesia, firms connected to President Suharto were less likely to issue securities abroad.⁵⁴ They were also less likely to list debt and equity securities on US exchanges. Issuing securities abroad requires higher disclosure and greater transparency, conflicting with the process of extracting economic benefits from their political connections. Chaney, Faccio, and Parsley find that the quality of disclosed information in connected firms is systematically poorer than in non-

⁵⁴ Christian Leuz and Felix Oberholzer-Gee, "Political Relationships, Global Financing, and Corporate Transparency: Evidence from Indonesia," *Journal of Financial Economics*, 81.2 (2006): 411-39.

connected firms.⁵⁵ Moreover, firms with stronger political connections exhibit the poorest quality of disclosed information.

POLITICALLY CONNECTED FIRMS AND GOOD CORPORATE GOVERNANCE

A detailed review of the development of corporate governance in the Thai capital market is given in the Politics and Capital Markets in Thailand chapter. After the Asian financial crisis, the need to reform corporate governance is widely recognized both within the crisis countries and outside. In order to ensure access to foreign capital, corporate governance reforms are especially important.

There are several ways to improve investor protection and, hence, corporate governance at the country-level. Proper legal institutions and enforcement mechanisms need to be developed in order to better protect minority shareholders' rights. Capital market institutional and regulatory infrastructure needs to be developed further in order for the capital markets to help balance the banking system and discipline the governance of firms. Governments need to stop the capital allocation that undermines the efficiency of banks' lending functions. Other supporting institutions, such as credit rating agencies and regulatory agencies, need to be more fully developed.

As illustrated in the review of the development of corporate governance in the Thai capital market, many of the corporate governance measures can only be applied to listed companies on the Stock Exchange of Thailand. This includes

⁵⁵ Paul K. Chaney, Mara Faccio, and David Parsley, "The Quality of Accounting Information in Politically Connected Firms," *Journal of Accounting & Economics*, 51 (2011): 58.

both politically connected and non-connected firms. Therefore, although politically connected firms might be less willing than non-connected firms to adopt good corporate governance measures, they now have to abide by these rules if they want to remain listed.

Politically connected firms have two main reasons to care about implementing good corporate governance measures. First, many family business groups in the region lost their financial bases during the crisis and, hence, may not be able to easily obtain funding as they did when they owned banks and financial institutions. Although easier access to preferential lending from state-owned banks is one major advantage to political connections, the growth resulting from political ties may make it necessary to depend on external funds from capital markets as well. In order to keep the costs of these funds low, these firms need to be more transparent and comply with good corporate governance principles. In other words, while politically connected firms are still protected by their connection to politicians and, hence, can derive added value to their firms, they can be penalized by the capital markets if they lack transparency and do not comply with good corporate governance principles.

Second, the corporate governance reforms following the Asian financial crisis put pressure on firms to establish good corporate governance. This pressure applies equally to both non-connected and politically connected firms, especially if they wish to obtain external funding from capital markets. As discussed earlier, it is in these markets that good corporate governance measures are most observed and enforced. As the role of capital markets increased after the crisis, firms

became dependent on access to these markets and, thus, had to comply with the good corporate governance rules required by these markets. However, a prevailing question is whether firms simply adopt governance rules or actually practice good governance and promote a culture consistent with good corporate governance.

B. TRANSPARENCY AND VALUE FROM POLITICAL CONNECTIONS

The greater transparency that comes with a more open economy and the institutionalization of corporate governance after the Asian financial crisis can be at odds with the favor-granting transactions that flow from political ties and, thus, might cancel out the benefits gained from those ties. This section explains why politically connected firms may still benefit from their connections, even after greater transparency. This leads to the formulation of Hypothesis 1.

VALUE OF POLITICAL CONNECTIONS UNDER GREATER TRANSPARENCY

Three main factors affect the amount of benefits a politically connected firm gains from its political connections: (1) whom the firm connects with; (2) the tie accountability of the connected politician; and (3) the degree of public scrutiny.

Chung, Mahmood, and Mitchell specifically emphasize the importance of the latter two.⁵⁶

In order to reap the economic benefits of political connections, a firm needs to connect with a political actor with the authority to allocate resources to the benefit of the firm. In other words, the firm needs to establish a connection with the right person. In addition, Chung et al. emphasize that the firm needs to make sure that the connected politician has *tie accountability* that limits the principal-agent conflict. They refer to Almond and Powell for the definition of tie accountability - the degree to which political actors can be held responsible for their actions.⁵⁷ As in Chung et al., we use tie accountability to describe the degree to which business executives can ensure that political actors will fulfill their agreements. Besides connecting with the right politician with the authority to allocate resources to the firm, in order to reap the economic rents from having the political connection, the firm needs to make sure that the connected politician has the tie accountability to fulfill the agreement of allocating resources, including supporting policies benefiting the firm.

Chung et al. add that whether the connected politician can easily allocate resources or support policies to the benefit of the firm also depends on the degree of public scrutiny. They explain that according to Peruzzotti and Smulovitz, active public scrutiny makes it difficult for politicians to be accountable only for narrow connected business leaders, rather politicians need to be accountable for

⁵⁶ Chi-nien Chung, Ishtiaq Mahmood, and Will Mitchell, "Political Connections and Business Strategy: The Impact of Types and Destinations of Political Ties on Business Diversification in Closed and Open Political Economic," *CEI Working Paper Series* 24 (2008): 47.

⁵⁷ Gabriel Almond and G. Bingham Powell, *Comparative Politics: A Theoretical Framework* (Longman Publishing, 2004).

the broader civil society.⁵⁸ Chung et al. reason that civil society generally views connections between business leaders and politicians illegitimate or illegal. Therefore, active scrutiny makes the rent extraction from political connections difficult.

In order to benefit the most from political connections, prudent business leaders must establish connections with the right political actors with enough authority to allocate resources or support policies to the benefit of their firms. In addition, these business leaders choose connection types that minimize the problem of tie accountability and public scrutiny. Chung et al. describe two major types of political ties: (1) formal position interlocks and (2) informal social relationships. According to Chung et al., formal position interlocks arise when “the same person occupies two distinct positions, thereby creating a linkage between different domains.” A major corporate shareholder who holds a central position in the dominant political party or government is an extreme example of a formal position interlock. In Taiwan, for example, the chairman of the China Trust Group, Koo Chenfu, was a member of KMT Central Standing Committee during Chiang Kaishek’s presidency. Silvio Berlusconi was the owner of three nationwide commercial television stations, a prominent newspaper, and Italy’s largest publishing company while serving as Prime Minister of Italy from 1994 to 1995 and 2001 to 2006.⁵⁹ Less extreme forms of formal position interlocks

⁵⁸ E. Peruzzotti and C. Smulovitz, *Enforcing the Rule of Law: Social Accountability in the New Latin American Democracies*, Pitt Latin American Series (Pittsburgh: University of Pittsburgh Press, 2006).

⁵⁹ These extreme forms of formal position interlocks may be viewed as “beyond” political connections. However, most research in the political connection literature also includes these forms when defining political connections because they also represent a “linkage” between the two domains involved in political connections - business and government.

include a major corporate shareholder or director who is also a minister or member of parliament.

Referring to Adler and Kwon, Chung et al. explain that, by contrast, informal social ties are “based on face-to-face interactions involving *different* people.”⁶⁰ An example of informal social tie would be the golf club based friendship between Koo Chenfu and Li Denghui (the fourth KMT President of Taiwan). An example in the US would be the friendship between former President Bill Clinton and Vernon Jordan, who served as a board member on about a dozen Fortune 500 companies.

From studies on social networks, Chung et al. point out that there are different advantages and disadvantages to formal position interlocks and informal social ties. Position interlocks provide greater tie accountability as there is no principal-agent problem between the business executive and political actor because the principal (corporate executive) and the agent (politician) are the same person. Informal social ties, on the other hand, are more difficult to enforce and require constant maintenance through gifts and face-to-face interactions. They are more volatile and lack accountability.

Chung et al. find the inconspicuousness of informal social ties to be a benefit. It is harder for the media and others concerned with political bias to track and, thus, there is less public scrutiny of these activities than for formal position interlocks.

⁶⁰ Paul S. Adler and Seok-Woo Kwon, "Social Capital: Prospects for a New Concept," *The Academy of Management Review* 27.1 (2002): 17-40.

In the literature review, Bunkanwanicha and Wiwattanakantang find that politically connected firms optimally choose the types of connections that yield the greatest future economic benefits.⁶¹ Therefore, besides establishing political connections with political actors with enough authority to allocate resources or support policies to the benefit of their firms, business leaders optimally choose the types of connections that would minimize the problems of tie accountability and public scrutiny, depending on their specific situations. When competition for economic rents among dominant businesses is severe and when a large share of revenue of the firm will be from that rent, business leaders enter into a formal position interlock to secure the rents and escape the tie accountability problem.⁶²

However, in this case, the firm is more exposed to public scrutiny. This is especially true after the Asian financial crisis when the economy of the crisis countries became more open. In open economies, the greater presence of financial press, market analysts, rating agencies, accounting firms, and shareholder activism groups requires higher disclosure that facilitates public scrutiny.⁶³ Chung et al. explain that according to Besley and Burgess, business leaders will deter leveraging their position interlocks that would be easily spotted.⁶⁴ They reason that as civil society often views political favors to connected firms illegitimate or even illegal, business leaders limit their leveraging of formal interlocks due to the cost of public sanction.

⁶¹ Pramuan Bunkanwanicha and Yupana Wiwattanakantang, "Big Business Owners and Politics: Investigating the Economic Incentives of Holding Top Office," *Center for Economic Institutions Working Paper Series*, No. 2006 - 10 (2006).

⁶² Ibid.

⁶³ Tarun Khanna and Krishna Palepu, "The Future of Business Groups in Emerging Markets: Long-Run Evidence from Chile," *The Academy of Management Journal* 43.3 (2000): 268-85.

⁶⁴ Timothy Besley and Robin Burgess, "The Political Economy of Government Responsiveness: Theory and Evidence from India," *The Quarterly Journal of Economics* 117.4 (2002): 1415-51.

Nevertheless, Bunkanwanicha and Wiwattanakantang find that even after the Asian financial crisis, as the Thai economy became more open, market valuation of firms with formal position interlocks increased dramatically, in fact more than doubled, after the firms had established the interlocks.⁶⁵ Political connection benefits were transferred to connected firms through various mechanisms including corporate tax reduction, new state contracts, license fee cuts, and entry barrier measures. In addition, Chung et al. find that in an emerging market context that retains limits to transparency, firms still gain from their formal position interlocks.

Chung et al. point out that the success of a formal interlock depends on the politician having direct influence on resource allocation. Party leaders of the dominant political party are generally in the position of setting agendas on the development and implementation of regulatory frameworks impacting the business activities of firms, and, thus, resource allocation. Senior government officials also influence resource allocation, due to their position of making day-to-day decisions on licenses, investment credits, and other benefits to firms.

Chung et al. continue that there is a benefit to informal ties, over position interlocks, in situations in which there are many players influencing the decisions on allocation of resources. Such indirect influence includes legislators in national and local assemblies. These legislators indirectly influence resource allocation by shaping laws, regulations and financial benefits.

⁶⁵ Bunkanwanicha and Wiwattanakantang, "Big Business Owners and Politics: Investigating the Economic Incentives of Holding Top Office".

In addition, Chung et al. find that when there is greater diffusion of power, there is greater tie accountability. When businesses have more options of politicians to support, those politicians that are dependent on businesses for contributions, for elections, or are looking to entice businesses to their districts must have greater accountability to those businesses with which they have ties. The greater diffusion of power among politicians, thus, reduces the agency costs related to informal social relationships, increasing the benefits of informal social ties.

Chung et al. further explain that as an economy becomes more open, this diffusion of power becomes more prominent. Economic deregulation opens previously monopolized industries, allowing new players to enter. New laws and regulations are developed creating a wider range of policy influencers. As the economy continues to open, there is a diffusion of power away from party officials and senior administrators as more legislative positions are created responsible for the development and regulation of policy. This diffusion of power creates a situation in which it is more beneficial for firms to have social ties to a greater range of political players.

Another result of an open economy is increased public scrutiny of political ties. Chung et al. point out that in such a situation, there is a benefit to the low public scrutiny afforded by informal ties. It is more difficult to find evidence for informal social ties as opposed to formal interlocks, giving more value to informal social ties in an open economy. They also present evidence supporting the

increased economic benefits from informal social ties when an economy becomes more open.

C. CORE HYPOTHESES

At the outset, I seek to establish the role of political connections in the valuation of publically traded firms in Thailand. Based upon prior studies of the region and country, strong anecdotal evidence, and the theoretical foundation defined above, I first establish a baseline hypothesis:

H1: Political connections add value to connected firms

In Section B, I proposed that politically connected firms still gain benefits from their political connections even in a more open and transparent economy with the implementation of good corporate governance. I refer to the institutionalization of good corporate governance as the development of “external” governance structures. This contrasts with the self-selected adoption of good corporate governance measures, herein referred to as “internal” corporate governance.

CONTROLLING MINORITY SHAREHOLDERS EXPROPRIATION IN POLITICALLY CONNECTED FIRMS

In corporations with diffuse shareholding and a separation of ownership and control, agency problems can arise. Shareholders elect members of the board of

directors to represent them. The board of directors, in turn, selects management to run the day-to-day operations of the firm. The incentives of management, as agents, may diverge from those of shareholders, as principals. This, furthermore, is facilitated by management's proximity to information about the firm and its performance that might not be accessible to shareholders.

Recent research suggests that globally, most corporations are controlled by large block-holders.⁶⁶ In contrast to diffuse shareholder structures, large block-holders control sizable percentages of a firm's outstanding shares, resulting in better access to information and greater influence, or even control, over management. Such structures can mitigate agency costs of equity. However, if large block-holders are also controlling shareholders whose interests diverge from those of minority shareholders, they, too, can expropriate value from minority shareholders by influencing firm decisions to the detriment to minority shareholders' rights.

In Southeast Asia, widespread political connections increase the severity of the agency problem between the controlling shareholders and outside investors/minority shareholders. As discussed earlier, politically connected firms may be incented to be less transparent in order to protect the firm's relationship with the connected official and/or to facilitate the transfer of rents to the official. Given the scale of benefits from political connections, controlling shareholders may have a higher incentive to leverage political connections even to the detriment of minority shareholders/outside investors. As such, politically connected firms face a more extreme divergence of interests between the

⁶⁶ See also in the Literature Review chapter.

insiders/controlling shareholders and the outside investors than non-connected firms. If minority shareholders also benefit from political connections, they may view the adoption of enhanced corporate governance practices that detract from exploiting such benefits as a trade off.

This leads to Hypothesis 2a:

H2a: Political connections and good corporate governance are mutually exclusive substitutes when adding value to connected firms.

CORPORATE GOVERNANCE AND THE VALUE OF POLITICALLY CONNECTED FIRMS

Since politically connected firms face a more severe divergence of interests between controlling shareholders and minority shareholders/investors, better corporate governance may indeed contribute to the value of the firm. However, because the greater transparency that comes with better corporate governance is often at odds with the flows of favors from political connections, the introduction of good corporate governance measures can offset the benefits of political ties.

The substitution hypothesis (H2a) proposes that the joint exercise of political connections and good corporate governance is incompatible. Good corporate governance requires transparency and accountability which is not conducive to the exercise of political connections. This would affect the value extraction process from political connections and, thus, result in a reduction of the value of political connection to the firm. If the value loss is greater than the gains from better corporate governance, the overall firm value will decrease.

However, whether firms leverage political connections through formal position interlocks or through informal social ties, politically connected firms may still be able to reap economic benefits from their political connections even with the improved transparency that comes with a more open economy and the institutionalization of corporate governance.

The complementary hypothesis (H2b) proposes that joint exercise of political connections and good corporate governance are thus not incompatible. If politically connected firms do not lose the benefits from their political connections, good corporate governance measures will add value to minority shareholders because these measures help prevent imprudent acts by the controlling shareholders that conflict with the interests of the minority shareholders/investors. In this case, political connections and good corporate governance co-exist, and good corporate governance adds more value to connected firms than it loses from the scrutiny of its political connections.

This leads to Hypothesis 2b:

H2b: Political connections and corporate governance are complementary in adding value to connected firms

V. METHODOLOGY AND DATA

This chapter describes the various methods used to test key hypotheses. It focuses particularly on the scope of the quantitative tests used in this dissertation and how they are performed. The chapter opens, in section A, with a description and explanation of Thailand as the laboratory for the tests. Section B describes the types of firms in Thailand included in the sample, while section C continues with the test dates and data range. In section D, I explain the definition of “political connections” used in this dissertation. Section E introduces the econometric models used to analyze the panel data. Section F describes the standard event studies model used repeatedly in the case analysis. A description of the variables and sources of data is also provided.

A. COUNTRY STUDIED

Various operational and financial factors affect firm value. These include competitive positioning, identified brand quality, overall quality of management, proprietary technology or expertise, efficient capital budgeting and investment, and effective financial and capital structure management. This dissertation identifies two complementary sources of firm value. These are (1) corporate governance and (2) political connections. It is the valuation of the intercept of these two variables that is of interest in this dissertation, and specifically the value

of corporate governance in firms that through choice are the “politically connected” firms.

The testing of the hypotheses in this dissertation requires a setting in which business is highly politicized, but also one in which corporate governance structures and practices have been implemented at both the firm and the system levels. Thailand is an ideal setting for the purpose. As the launch pad of the Asian financial crisis in 1997, Thailand subsequently experienced a thorough restructuring of its corporate governance framework. The Asian Corporate Governance Association (ACGA)’s corporate governance survey results released in October 2012 confirms that Thailand was among those with improved CG ratings, with Singapore at the top, followed by Hong Kong and then Thailand. According to the World Bank’s Report on Observance of Standards and Codes released in April 2013, Thailand is a regional leader in corporate governance. According to the Corporate Governance Scorecard released by ASEAN (Association of Southeast Asian Nations) Capital Markets Forum in June 2013, Thailand’s 50 largest companies averaged the highest scores in corporate governance compared to their peers in Southeast Asia. According to the report, Thailand also had 20 companies listed among the top 50 for corporate governance in the region, more than any other country.

In Thailand, the practice of the business community establishing connections with the ruling class dates back to 1820 when the Chinese merchants were given privileges, patronized with trading licenses, tax farms, and investment loans, and provided political support. This practice is therefore deeply-rooted

historically and widespread in Thailand. During the period of interest in this dissertation, between January 2001 and September 2006, the two anchor episodes when Thaksin Shinawatra - a business tycoon cum politician – is first elected as the Prime Minister (January 2001) and deposed via coup (September 2006), politically connected firms represented around 24% of market capitalization in Thailand. In January 2001, there were 29 connected firms out of 427 listed firms on the Stock Exchange of Thailand, representing 6.79% of total listed firms. In September 2006, connected firms accounted for 9.62% of total listed firms (55 out of 572 firms).⁶⁷

For these reasons, this dissertation will use post-crisis Thailand – specifically the period of Thaksin’s rule from 2001 to 2006 – to conduct a detailed analysis of the valuation of corporate governance in politically connected firms.

B. FIRMS INCLUDED

This dissertation studies the valuation of corporate governance on politically connected firms, using the data from all listed companies on the Stock Exchange of Thailand (SET). This is because the quality of data available from both SETSMART (SET Market Analysis and Reporting Tool) and Datastream, the two main sources of data in this dissertation, is higher among listed firms than non-listed firms and affords practical estimates of firm value based upon market-determined pricing.

⁶⁷ See Descriptive Statistics section under Results chapter.

Moreover, although the institutionalization of good governance is very difficult in practice because it relies less on enforcement and more on building an appropriate culture of governance, the introduction of good corporate governance measures into the capital markets is more easily enforced on listed firms. The Exchange can set rules for listed firms to comply while non-listed firms do not have to follow these rules although they can choose to opt-in good governance if they see the benefits of doing so. However, it is likely that listed firms will benefit more from good governance since they are large firms who need large external capital. Using listed companies as the population thus makes the incidence of firm's adopting good governance measures increase, facilitating the tests in this dissertation.

C. TESTING PERIOD

To measure the effect of corporate governance on politically connected firm value in Thailand, this dissertation focuses on a period expected to more readily exhibit and so reveal the value of political connections. It has been demonstrated that political connections in Thailand heightened during the Thaksin administration. For example, Pasuk Phongpaichit and Chris Baker, in their book "*Thaksin*", define this period as "Big Money Politics".⁶⁸ As the authors point out, in the aftermath of the Asian financial crisis in 1997, which shook away many firms out of business, many members of the Thai business community learnt that

⁶⁸ Pasuk Phongpaichit and Christopher John Baker, *Thaksin*, 2nd ed. (Chiangmai: Silkworm Books, 2009).

in order to survive the worst or to resurrect they had to insure the firm's health by establishing connections with politicians. Some members of the Thai business community with access to sizeable financial resources directly entered into politics to bypass other politicians/agents and the need to channel rents to them. These businessmen, led by Thaksin Shinawatra, thus formed a political party – Thai Rak Thai (TRT) – which won the general elections in January 2001. His government was widely accused of corruption and conflicts of interest, which nonetheless may have benefitted the firms with whom he was connected both directly and indirectly through his surrogates. Therefore, with the assumption of Thaksin of the premiership, this dissertation assumes the onset of a period of very close government-business relationships.

It is also interesting that Thaksin rule occurred simultaneously with the systematic institutionalization of governance structures in the Thai capital markets. Since weak corporate governance was mentioned as one of the important factors underlying the crisis, a major corporate governance reform started right after, with the Thai SEC establishing of a CG working group in 1998. In 2002, under the Thaksin administration, the government designated the year as the “Compass for Good Corporate Governance”. A series of good governance measures thus followed. In contrast to the drastic change of the Sarbanes-Oxley Act in the US, the scope and speed of Thai corporate governance process is not revolutionary, but evolutionary. More and stricter corporate governance measures are introduced into the market with time.⁶⁹

⁶⁹ See Corporate Governance Development in Thailand section under Politics and Capital Markets in Thailand chapter.

Corresponding with the period of very close business-government relationships, this dissertation uses the election of Thaksin in January 2001 and the deposition of Thaksin via coup in September 2006 as anchor episodes in valuing corporate governance in politically connected firms in Thailand.

D. DEFINITION OF POLITICALLY CONNECTED FIRMS

In this dissertation, politically connected firms are firms that are connected with (1) Prime Minister, (2) Minister (including Deputy Prime Minister and Deputy Minister), or (3) friend of Prime Minister, including their close relatives such as spouse, children, parents, siblings, close cousins, and close in-laws. A firm is connected to these persons if one of the firm's large shareholders or directors is also (1) Prime Minister, (2) Minister (including Deputy Prime Minister and Deputy Minister) , or (3) friend of Prime Minister, including their close relatives. Friends of Prime Minister are persons with known close relationship with Prime Minister as evidenced in the newspapers, magazines, and the like. Large shareholders are defined as anyone directly or indirectly controlling at least 10% of shareholder votes. Directors include Chairman of the Board, Vice Chairman of the Board, directors, CEO, and President.

Data source for the cabinet is www.cabinet.thaigov.go.th. The SET database (SETSMART) provides information on directors and large shareholders. Information about family members of business leaders and the relationships

between these leaders and political actors is obtained from local newspapers, magazines, autobiographies, and corporate handbooks.

E. ECONOMETRIC MODELS FOR PANEL DATA ANALYSIS

The hypotheses in this dissertation are tested using a combined methodology of quantitative modeling and case analysis. For the quantitative models used for panel data analysis, two multivariate regression models are employed. The first is a Logit regression. The second is a standard multivariate liner regression.

LOGIT MODEL

The relation between ownership structure and agency costs of equity is nuanced. In modern corporations where there is a separation of ownership and control, agency problems arise. Shareholders exercise their control of the firm through management. However, management interests may conflict with those of outside shareholders. Concentrated share ownership structures can reduce agency costs of equity if large block-holders are not management/insiders. This is particularly relevant in the case of large institutional shareholders, who have the incentive and ability to protect their own interests, while also mitigating the agency costs of equity to other minority (outside) shareholders.

However, if ownership concentration takes the form of owner-managers (insiders), there is greater opportunity for minority shareholders to be disadvantaged. As share prices are determined in publicly traded markets in which minority shareholders participate, share values will reflect such risks in the form of higher agency costs of equity.

Lemmon and Lins suggest that in the presence of large controlling block-holders, particularly in cases where control rights significantly exceed cash flow rights, there is an increase in the potential for higher agency costs of equity, reflected in lower equity values of affected firms (see Literature Review chapter).⁷⁰ They find evidence of this during the Asian financial crisis, when controlling shareholders would have had a greater incentive to expropriate minority shareholder value. Similarly, Mitton, who studied the Asian financial crisis, found evidence of lower agency costs of equity in the presence of large external block-holders, but significantly higher agency costs of equity when block-holders were insiders, whose control rights exceeded their cash flow rights.⁷¹

Lemmon and Lins acknowledge that their findings – higher insider ownership (and control-cash flow rights divergence) detracted from firm value during the crisis could be partly attributable to political connections if in fact firms with greater owner-manager concentration were also those politically connected. However, neither Lemmon and Lins or Mitton either directly or

⁷⁰ Michael L. Lemmon and Karl V. Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance*, 58.4 (2003): 1445-68.

⁷¹ Todd Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis," *Journal of Financial Economics*, 64.2 (2002): 215-41.

indirectly addressed this question of the relationship between political connection and ownership concentration. This represents a gap in the empirical work on political connections. I, therefore, introduce a Logit analysis in order to examine, at the outset of the study period, the relationship between ownership structure and political connection in Thailand. Accordingly, the following Logit model is employed.

$$\text{Pol} = b_0 + b_1(\text{FirmChar}) + b_2(\text{Profitability}) + b_3(\text{Governance}) + b_4(\text{Ownership}) + e \quad \text{---(1)}$$

In this test, the dependent variable Pol is a qualitative binary variable with value equal to either 1 or 0 (i.e. whether the firm is politically connected or not). In appropriately dealing with binary dependent variable, I employ a Logit model instead of normal multiple linear regression. A Logit model is used to estimate the relationship between a set of explanatory variables and a categorical dependent variable. When a dummy variable is used as an explanatory variable, no particular problems arise. However, when a dummy variable is used as the dependent variable, it should be treated differently. As such, the coefficients given have a new interpretation with an implication about the probability that the dependent variable will equal 1 for a one-unit change in a given explanatory variable. Please refer to Box 1 for example of Logit model results interpretation.

Box1: Example of Logit Model Interpretation

Logit model function is defined as

$$\text{logit}(p) = \log\left(\frac{p}{1-p}\right)$$

where $p = P(Y=1)$ is the probability that the dependent variable Y will equal 1.

For $\log\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1(XHolding)$; where the dependent variable is political connection, which equal to 1 if the firms is politically connected, and 0 otherwise, and XHolding (Cross Shareholding) is the percentage of strategic holdings held by one company in another.

$\beta_1 = 0.010534$ indicates that for every percentage increase in cross shareholding, we expect a 0.010534 increase in the log odds of political connection, holding other things constant.

$$\begin{aligned} \text{Odds Ratio} &= \frac{\text{odds for one percent cross shareholding}}{\text{odds for no cross shareholding}} = \frac{e^{\beta_0 + \beta_1}}{e^{\beta_0}} = e^{\beta_1} \\ &= e^{0.010534} = 1.01059 \end{aligned}$$

The odds ratio suggests that the odds of the firm's being politically connected is around 1.011 time for firms with one percent cross shareholding over firms with no cross shareholding.

For firms with no cross shareholding, $P(Y=1)$ is calculated as $\frac{e^{\beta_0}}{1+e^{\beta_0}}$

$$\text{For } \beta_0 = -8.339; P(Y = 1) = \frac{e^{-8.339}}{1+e^{-8.339}} = \frac{0.00024}{1.00024} = 0.00024$$

For firms with one percent cross shareholding, $P(Y=1)$ is calculated as $\frac{e^{\beta_0 + \beta_1}}{1+e^{\beta_0 + \beta_1}}$

$$= \frac{e^{-8.32847}}{1+e^{-8.32847}} = \frac{0.00024154}{1.00024154} = 0.00024148$$

Therefore, a one percent increase in cross shareholding (from no cross shareholding) increases the probability that the firm will be politically connected by 0.00000148, an increase in the probability by 0.62%.

Logit Model (1) is intended to identify which explanatory variables most contribute to political connections and in particular to isolate the effects of ownership on a firm's propensity to be politically connected. The ownership variables – strategic shareholders versus free floats – were designed to gauge both concentration and the extent of insider control (see variable description below). In addition, it is important to note that in the current structure of the model, the reverse causation can be problematic, as also is the case with other similar studies – one of which is that of Boubakri et al. as illustrated below.⁷²

Boubakri et al., in their “Political Connections of Newly Privatized Firms” published in Journal of Corporate Finance in 2008, also use a Logit model to

⁷² Narjess Boubakri, Jean-Claude Cosset, and Walid Saffar, "Political Connections of Newly Privatized Firms," *Journal of Corporate Finance* 14.5 (2008): 654-73.

identify the determinants of political connections. In their model, the dependent variable is a dummy variable that is equal to one if the BOD or the supervisory board is politically-connected and zero otherwise. The independent variables include political and judicial independent variables (government tenure, political competition, extent of judicial independence) and control variables related to the macro-environment of the country (economic development, bureaucracy, corruption), to the firm (size, sector, location, leverage) and to the privatization process (residual government ownership, fraction held by foreigners, privatization method). Boubakri et al. acknowledge that the causality between political connection and firm performance is problematic. While they hypothesize that political connections in newly privatized firms would lead to poor performance, they also acknowledge the potential reverse causality that poorly performing firms may be more likely to retain or seek political connections.

The current structure in Model 1 implies that the explanatory variables (firm characteristics, profitability, governance, and ownership structure) cause or contribute to the incidence of the dependent variable happening. For example, level of firm's profitability is a determinant of whether the firm will be politically connected. As noted earlier, reverse causality can be problematic. It might be the other way around that, in fact, political connections vest a lot of benefits to the firm, resulting in large profitability.

Variable Description:

Pol: Political connection is a dummy variable equal to 1 if the firm is politically connected, and 0 otherwise.

FirmChar: Firm Characteristic is a set of firm-specific controls comprising of *Leverage*, as measured by total liabilities to total assets, and *Size*, as measured by natural log of total assets (*LnTotalA*).

Profitability: Firm profitability as measured by net income.

Governance: Governance is a set of firm's self-select adoption of good corporate governance measures. Governance comprises of *Audit4*, a dummy variable equal to 1 if the firm hires a Big 4 auditor, and *ADR*, a dummy variable equal to 1 if the firm has an ADR traded in the US. These governance variables represent disclosure quality, an important element in corporate governance.⁷³

Ownership: Ownership structure is measured in two ways: (1) *Free Float*, the percentage of total shares available to ordinary, non-strategic, investors, and (2) using a set of firm's strategic shareholdings comprising of (a) *XHolding*, Cross Shareholdings, the percentage of strategic holdings held by one company in another, and (b) *Family*, Family-Held Shares, the percentage of total shares held by family members.

Data:

The Logit model is used to establish the relationship between ownership structure and political connection earlier in the period of close business-government relationships. Since the data about ownership structure are available

⁷³ The **Big 6** international accounting firms existing at the time when the Asian financial crisis broke were Arthur Andersen, Coopers and Lybrand, Ernst & Young, Deloitte & Touche, Peat Marwick Mitchell, and Price Waterhouse. In July 1998, the merger of Price Waterhouse and Coopers & Lybrand formed PricewaterhouseCoopers, resulting in the remaining **Big 5**. Arthur Andersen was later indicted for obstruction of justice for shredding documents related to the audit in the 2001 Enron scandal. The resulting conviction meant an end to Arthur Andersen, and the **Final 4** in 2002.

since 30 April 2002 at the earliest, the data used in the Logit model are those on 30 April 2002 or closest to this date.

Data on FirmChar, Profitability, and Ownership are obtained from Datastream. Data about auditors are obtained from SETSMART. ADR data are retrieved from Bank of New York and Datastream.

Other Logit Model:

In order to establish the impact of industry on political connection, the following model is also employed:

$$\text{Pol} = b_0 + b_1(\text{FirmChar}) + b_2(\text{Profitability}) + b_3(\text{IND}) + b_4(\text{Governance}) + e \text{ ---(1a)}$$

Where IND is a set of industry dummies.

MULTIPLE LINEAR REGRESSION

After examining the relationship between ownership structure and political connections, I turn to a testing of an empirical question in this dissertation – whether political connections add value to connected firms.

In order to model firm value as a function of political connection, this dissertation employs the following model:

$$\begin{aligned} \text{Return} = & b_0 + b_1(\text{Mkt}) + b_2(\text{Pol}) + b_3(\text{FirmChar}) + b_4(\text{IND}) \\ & + \text{Governance}[b_5 + b_6(\text{Pol})] + \text{Event}[b_7 + b_8(\text{Pol})] + e \text{ ---(2)} \end{aligned}$$

From Mitton and Lemmon and Lins, I note that an important explanatory variable affecting stock returns is corporate governance. I, therefore, added the governance variables into the model.⁷⁴

Also, as in the model used by Mitton and Lemmon and Lins, in order to control for variables that differ across firms and that could affect stock returns, I include size, leverage, and industry dummies in the model.

From the results of the Logit model, I found that ownership was not substantially different in politically connected firms and non-connected firms. While the signs of the ownership coefficients suggested that, in fact, higher insider ownership was more (less) prevalent among connected (non-connected) firms – as noted by Lemmon and Lins, these results were not marginally significant (see Results chapter). Accordingly, I did not further filter on ownership in multiple linear regressions. Instead, I return to the issue of ownership concentration in the context of corporate governance in the case analysis.

The event window is employed in order to measure the effect of political connections on firm value around specific political connection events tested in this dissertation.

Variable Description:

Return is the dividend inclusive daily rate of return of firm's stock.

Mkt Market return is the daily rate of return of SET index, inclusive of dividend (daily rate of return of SET's Total Return Index).

⁷⁴ Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis" and Lemmon and Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis".

IND is a set of industry dummies.

Event is a dummy variable equal to 1 during the event window, and 0 for all other trading days.

Pol, *FirmChar*, and *Governance* are the same as in the Logit model.

Data:

The relationships between political connection, corporate governance, and firm value in this model are tested in two anchor episodes of the period of very close business-government relationships:

Episode 1: Thaksin elected as Prime Minister (Saturday, 6 January 2001).

The event window in this episode is the 4-trading day event window, with 3 days pre the event and 1 day post the event (Wednesday – Friday, 3 – 5 January 2001 and Monday, 8 January 2001).

Episode 2: Deposition of Thaksin via Coup (Tuesday, 19 September 2006).

The event window in this episode is the 2-day event window of trading days following the coup (Thursday – Friday, 21 – 22 September 2006; SET closed on Wednesday, 20 September 2006).

I used two trading days post event in Episode 2 because the coup was unexpected and its effects occurred “after” the event and faded in the weekend. This resulted in the two-day event window for Episode 2. However, in the Episode 1, there was high expectation of Thaksin’s rising to power prior to the elections. Accordingly, I used the 3-day pre event period to measure the effects of political connections on the “anticipated” rise of Thaksin and 1-day post event to measure the remaining effects after the elections result was formally reported.

In establishing the relationships between political connection, corporate governance, and firm value in these two episodes, this dissertation uses daily data of firms and the stock market for the 60-day period surrounding the event, with around 30 days pre the event, and 30 days post the event. An 11-day period (around 5 days pre and 5 days post) is also used in alternative tests in the two episodes in order to measure how political connections affect firm value in the narrower testing period.

Data on Return, Mkt, FirmChar, and IND are obtained from Datastream. Data about auditors are obtained from SETSMART. ADR data are retrieved from Bank of New York and Datastream.

Other Multiple Linear Regression Models:

In trying to establish the relationships between political connection, corporate governance, and firm value, the following model is also employed before reaching model (2):

$$\text{Return} = b_0 + b_1(\text{Mkt}) + b_2(\text{Pol}) + b_3(\text{FirmChar}) + b_4(\text{IND}) \\ + \text{Governance}[b_5 + b_6(\text{Pol})] + e \text{ ----(2a)}$$

In this model, the event window is not yet factored into the model and the relationship between political connections and firm value is measured over the 60-day period around the episodes. This model is revised to Model (2), which gives more meaningful results and explanatory power.

Model (2) was modified further to include the industry effects of political connections both within and without the event window. This results in the following model:

$$\begin{aligned} \text{Return} = & b_0 + b_1(\text{Mkt}) + b_2(\text{Pol}) + b_3(\text{FirmChar}) + \text{Governance}[b_4 + b_5(\text{Pol})] \\ & + \text{IND}[b_6 + b_7(\text{Pol})] + \text{Event}[b_8 + b_9(\text{Pol}) + b_{10}(\text{Pol})(\text{IND})] + e \text{ ----}(2b) \end{aligned}$$

In this model, the interaction variables between Pol and IND and between Pol, IND, and Event are added into the model.

F. ECONOMETRIC MODEL FOR CASES

A key empirical question raised in this dissertation is whether corporate governance and political connections are substitutes or complements. I attempt to answer this question by first testing the impacts of corporate governance on firm value using the multiple linear regression models described above. The effects of the corporate governance in politically connected firms are further explored using the case analysis.

To further isolate the value effects of discrete events related directly to both corporate governance and political connections, I have selected six firms on which to conduct more detailed case-style analyses. The objective of each case study is to understand the relationship between political connectedness and corporate governance at the firm level as a function of industry and to identify any peculiar features, which may define the connectedness-governance nexus. To accomplish this I have selected six politically connected firms, whose principal businesses differ. In addition, for each entity, I have identified a series of events in an attempt to more discretely measure the relative impact of governance versus political connections in influencing firm value. To execute this analysis, I use a

standard event study methodology as described in Simon Benninga's "*Financial Modeling*".⁷⁵

Each study first estimates a market model by regressing the daily returns of the case firm against the Stock Exchange of Thailand (SET) during a one-year estimation window prior to each event date. Abnormal returns (AR), associated T-statistics, and cumulative abnormal returns (CAR) are then calculated for dates during the event window. Event windows generally include the actual event date and the days immediately prior or post or both. Also, in several instances (e.g. the sale of a majority stake in Shin Corporation to Temasek or the sale of a sizable block of equity in Bank of Ayudhya to GE Capital), lengthy post event windows were employed to better capture mid-term impacts of the event on firm value.

The firms selected as case are widely known to have connections with the Thaksin administration. These firms are traded on Stock Exchange of Thailand and have good data availability and high information quality. They are also heavily covered by the media, resulting in even greater relative transparency. Moreover, they differ also in the types and degrees of political connections. These firms include: Shin Corporation, BEC World, Charoen Pokphand Food, Italian-Thai Development, Thai Military Bank, and Bank of Ayudhya.

⁷⁵ Simon Benninga, *Financial Modeling*, 3rd ed. (Mit Press, 2008).

VI. RESULTS OF ECONOMETRIC MODEL TESTING

In this chapter, I present the results of the econometric model testing of both the Logit models and the Multiple Linear Regression models. The results of the Logit model are presented in section A. Those of the Multiple Linear Regression model are presented in section B. Descriptive statistics of the data used in the regressions are also presented in each section. In section B, the robustness checks are also described.

A. RESULTS OF THE LOGIT MODEL TESTING

The Logit model was introduced in order to better understand the relationship between various descriptive variables – most especially ownership – and political connectedness. The data in the model are as of 2001-02, i.e. at the outset of test period and the commencement of Thaksin's formal period in office.

A1. DESCRIPTIVE STATISTICS

The sample data used in the regressions in the Logit model are listed companies on the Stock Exchange of Thailand on 30 April 2002, excluding delisted companies and companies with unavailable data. The sample consists of 201 firms, 24 of which were politically connected, representing 11.94% of the sample. Table A shows the detailed descriptive statistics.

Politically connected firms (versus non-connected firms) were larger (LnTotalA 16.3 vs 15.1), had marginally less leverage (total debts to total assets 37.4% vs 41.3%), were marginally less family held (family holdings 11.1% vs 13.3%), had fewer free float shares (43.8% vs 50.6%), and had greater cross shareholdings (41.0% vs 33.6%). They were also more likely to trade internationally (ADR 12.5% vs 2.3%) and were significantly more profitable. In addition, 58.3% of politically connected firms were audited by a Big 4.

For both politically connected and non-connected firms, the percentage of the companies audited by a Big 4 was greater than 50%, family ownership was relatively low (11.1% and 13.3%), although free float was not especially high at around 50% or less. In addition, leverage for both sets of firms was not excessive (37.4% and 41.3%).

A2. RESULTS

Table C reports the results of the Logit models. These are reflected in three columns. Column (1) shows the results of Logit Model (1) when ownership structure is measured by percentage of free floats. Column (2) shows the results of Logit model (1) when ownership structure is measured by percentage of strategic shareholdings (percentage of cross shareholdings and percentage of family-held shares). Column (3) shows the results of the Logit model (1a) when industry dummies are included.

The results indicate that the coefficients of LnTotalA (size) and Profitability are significantly positive in all model specifications. Coefficients of ADR are also positive, however, marginally significant in Model (1) (column (1) and (2)). Although insignificant, the coefficient of Free Float is negative and those of strategic shareholdings (Cross Holdings and Family Holdings) are positive. When industry dummies are included (column (3)), coefficients of the following industries are positively significant: Finance, Technology, Property, and Manufacturing (INDUST).

While it is difficult to assign causality based on the results of the Logit model, overall, the results indicate that politically connected firms are likely to be larger, more profitable, and trade internationally, than those not so connected. Also, politically connected firms tend to have lower free float and higher strategic shareholdings. In addition, industry is directly related to the degree of political connectedness. This dimension of the results will be explored further in both the multivariate models and through case analysis.

Lastly, with regard to ownership, the combination of relatively high strategic shareholdings and low free float could indicate a divergence in control and cash flow rights. This is consistent with, but not definitive, from our data or testing. Mitton and Lemmon and Lins have both found a significantly negative relationship between firm value and cash flow leverage, i.e. the separation of control and cash flow rights, during period of systemic financial distress.⁷⁶ This

⁷⁶ Todd Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis," *Journal of Financial Economics*, 64.2 (2002): 215-41; Michael L. Lemmon and Karl V. Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance*, 58.4 (2003): 1445-68.

is indicative of agency costs of equity attributable to the potential for controlling shareholders to expropriate assets from minority shareholders. Importantly, such agency costs can be, in part, managed by better governance controls, including those related to reporting and transparency. Our Logit model indicates a positive, but insignificant relationship between ownership (measured by strategic shareholdings) and political connections. The full impacts of political connections and corporate governance on firm value are empirically tested using a multivariate model, the results from which are reported in the next section.

B. RESULTS OF THE MULTIPLE LINEAR REGRESSION MODEL TESTING

B1. DESCRIPTIVE STATISTICS

The sample data used in the regressions in this dissertation are the listed companies on the Stock Exchange of Thailand, excluding delisted firms and firms with unavailable data. The detailed descriptive statistics are reported in Table B.

Sample data used in the regressions in Episode 1 when Thaksin was elected as Prime Minister on 6 January 2001 consist of 323 firms out of 427 total listed firms, representing 75.64% of total listed firms and 85.54% of total market capitalization. There were a total of 29 politically connected firms in the sample, representing 8.98% of the sample and 23.53% of market capitalization.

Of the total 29 connected firms, 4 were connected with Prime Minister Thaksin, 14 were connected with ministers, and 11 were connected with friends of

Prime Minister. Of the total 29 connected firms, 6 were connected through large shareholders, 20 were connected through directors, and 3 were connected through both. Connected firms were most concentrated in Technology industry, with 6 connected firms out of a total 32 firms in the industry, representing 18.75% of the firms in the industry. Connected firms were also very highly concentrated in Manufacturing and Finance industries, with 6 connected firms out of a total of 35 firms in the Manufacturing industry (17.14%) and 6 out of 44 firms in Finance industry (13.64%). Connected firms were also presented in Property (4 out of 49; 8.16%), Resource (1 out of 13; 7.69%), Service (4 out of 77; 5.19%), Consumer (1 out of 32; 3.13%), and Agro-business (1 out of 41; 2.44%) industries.

The descriptive statistics illustrate that politically connected firms (versus non-connected firms), on average, were much larger (total assets 43.8 vs 20.5 bn baht), had much more debts (8.3 vs 3.6 bn baht), but had marginally lower leverage (total debts to total assets 21% vs 26%). They tended to trade internationally more (ADR 7% vs 1%). The average daily return of their stocks was also a lot higher (0.45% vs 0.27%). For both connected and non-connected firms, at least 50% of the firms were audited by a Big 4 auditor.

Sample data used in the regressions in Episode 2 when Thaksin was deposed via coup on 19 September 2006 consist of 500 firms out of 572 listed firms, representing 87.41% of total listed firms and 98.46% of market capitalization.

Of the 500 sample firms, 55 were connected, representing 11.0% of the sample firms and 23.77% of market capitalization. Of 55 connected firms, 7 were

connected with the Prime Minister, 27 with ministers, and 21 with friends of Prime Minister. Of 55 connected firms, 17 were connected through large shareholders, 34 through directors, and 4 through both. Connected firms were most concentrated in Technology industry, with 9 connected firms out of a total of 56 firms, representing 16.07% of the total firms in the industry. Connected firms were also very highly concentrated in Finance (9 out of 63; 14.29%), Property (10 out of 82; 12.20%), Consumer (4 out of 34; 11.76%), Service (13 out of 129; 10.08%), and Manufacturing (7 out of 71; 9.86%) industries. Connected firms were less concentrated in Agro-business industry (3 out of 44; 6.82%).

The descriptive statistics further illustrate that politically connected firms (versus non-connected firms) were very much larger (total assets 75.0 vs 18.4 bn baht), had much more debts (8.1 vs 4.1 bn baht), but had marginally less leverage (total debts to total assets 25% vs 29%). Connected firms tended to trade internationally more (ADR 4% vs 1%). 45% of connected firms were audited by a Big 4 auditor, while only 32% of non-connected firms were. The average daily return of the stocks of connected firms during this period was much lower than that of non-connected firms, 0.05% vs 0.17%.

It is evident from the descriptive statistics that the number of connected firms increased from 29 in Episode 1 to 55 in Episode 2. The percentage of connected firms to total listed firms increased from 6.79% to 9.62%. Connected firms represented around 24% of market capitalization in both episodes. Most connections were with ministers and through directors. Connections were highly concentrated in Technology, Finance, and Property industries.

Connected firms (versus non-connected firms) were much larger and even very much larger in the latter episode. They had much more debts but marginally less leverage. They traded internationally more and around 50% of them were audited by a Big 4 auditor. The average daily return of the stocks of connected firms was larger than that of non-connected firms during Episode 1 when Thaksin got elected as Prime Minister, and smaller in Episode 2 when Thaksin was deposed via coup.

B2. RESULTS

Table D presents the results of the Multiple Linear Regression models. Table D-1 shows the results from Episode 1 when Thaksin was elected as Prime Minister on 6 January 2001. Table D-2 shows the results from Episode 2 when Thaksin was deposed via coup on 19 September 2006. In the tables, the results from 4 variations of Model (2) are presented in column (8) – (11). The results from Model (2b) are presented in column (12). The results presented in these tables are those from regressions with “Event Window” included in the models. In column (12), the interaction variables between Pol and IND are added.

In column (8) and (9), firm characteristics and industry are controlled in the models, while in column (10) and (11), they are not. Column (8) and (10) model the interaction of Pol and either Audit4 or ADR concurrently, while column (9) and (11) model the interactions of Pol and Audit4, and Pol and ADR, separately. The results of both 60-day and 11-day regressions are presented.

In both episodes, the coefficients of Mkt are positive (they are scalars) and very significant at 0.1% in all regression variations. Coefficients of Event in both episodes are negative and also very significant at 0.1%. This indicates that stock returns are very driven by market returns both within and outside the event window.

The key variable of interest in these models is the interaction between Pol and Event. With the onset of the period of very close business-government relationships with the assumption of Thaksin of the premiership, this dissertation assumes that politically connected firms (those with close relationships to Thaksin) would benefit from the election, and conversely such firms would be negatively impacted by the coup and Thaksin's fall. The regression results for Pol*Event are consistent with my first Hypothesis. In Episode 1, the coefficient is significantly positive, while in Episode 2, they are significantly negative. The significance in Episode 2 is very high at 0.1% in all regression variations.

In Episode 1, when IND (Industry) is added into the interaction, Pol*IND*Event coefficient is positively significant in Finance industry. In Episode 2, coefficients of Pol*IND*Event are significant in Consumer, Property, Agro-business, Finance, Services, and Manufacturing industries. They are all positive, except in Property industry.

If political connections on balance contribute to firm cash flows, they will have a positive impact on firm value. In Episode 1, the coefficients of Pol*Event are significantly positive, strongly suggesting that firm's political connection adds value. These effects are more pronounced in Finance industry. Conversely for

Episode 2, there is a distinct shift in the sign of the key coefficient. It becomes significantly negative, also strongly suggesting the existence of political connection value that is lost when the connected politician loses power. The combination of coefficients of Pol*Event and Pol*IND*Event in significant industries (Consumer, Property, Agro-business, Finance, Services, and Manufacturing) gives coefficients that are negative in all industries except Agro-business and Consumer, with Finance the least negative and Property the most negative in Episode 2 (the combined coefficients are not reported). The results from the industry effects suggest that property firms are those hurt most by the loss of political connection in Episode 2, or put differently, they are the ones with highest political connection value. While financial firms would be the ones with highest political connection value in Episode 1, they are among those with least connection value in the latter episode. These results also suggest that industry matters not only for the degree of political connectedness as suggested by the results of the Logit model, but also for the “value” of political connections.

The R-squared's of the regressions in Episode 1 are 3.27% for 60-day regression and 2.27% for 11-day regression, when the industry interaction variables are added into the model. The R-squared's of the regressions in Episode 2 is 5.36% for 60-day regression and is significantly higher at 11.5% for 11-day regression, when the industry interaction variables are added into the model. These R-squared's, although low, correspond with those of other researchers of the value of political connections in the region.⁷⁷

⁷⁷ Dusadee Chantrataragul, "Political Connection and Ownership Concentration: Evidence from Thailand" (Master's Thesis, Thammasat University, 2007) gives an R-squared of 0.02 when she

Before reaching the multiple linear regression models specified in Model (2) and Model (2b), this dissertation tries to establish relationships between political connection, corporate governance, and firm value by using variations of Model (2a). In these models, the “Event Window” is not yet included. The most important coefficient is thus that of Pol. The results of these models from Episode 1 show that coefficients of Pol are positive as expected; however, insignificant. However, when the event window is included, the interaction Pol*Event coefficients are significant as explained earlier. In Episode 2, the coefficients of Pol are negative (as expected) and significant; however, they lose significance once the event window is included in the models and thus the interaction Pol*Event coefficients are then significant as explained earlier. The results of these models are reported in Appendix A.

In this dissertation, governance quality is proxied using two variables: (1) Audit4 and (2) ADR. Both variables are intended to capture disclosure quality. I argue that enhanced disclosure, leading to greater managerial transparency, reduces the ability of controlling shareholders to expropriate value from minority shareholders through the biased distribution of assets or cash flows. Therefore, I suggest that enhanced disclosure quality is associated with improved wealth distribution to minority shareholders, which in turn will be linked to increased

studies the relationship between political connections and ROE. Oskar Nelvin, "Essays on Political Connections, Corruption and International Trade" (Doctoral Thesis, European University Institute, 2010) gives an R-Squared of 0.174 on an 11-day regression that establishes relationship between political connections and firms' stock returns. Nelvin studies the effects of political connections during Thai coup (Episode 2 in this dissertation). Although Model (2) in this dissertation is closest to Nelvin's model, they are quite different. Nelvin's model does not include corporate governance variables. In 11-day regression using the model closest to Nelvin's (regression 8) in the same coup episode, this dissertation gives an R-squared of 0.10 (Table D-2).

equity returns. Importantly, this improved distribution may well include benefits attributable to political connections.

Big 4 auditor firms insure that an audited firm's financial statements are transparent and correct because they have reputations to uphold and they may face potential legal liability from errors. Moreover, they are usually more independent than local firms. Similarly, a firm is also considered to have enhanced disclosure quality if it has issued an ADR traded in the US (or other well-regulated equity) market. The enhanced disclosure quality originates from presumed robust listing and reporting requirements of the overseas exchange, as well as from more effective monitoring and enforcement structures. However, an ADR can also contribute to the value of the firm by improving the global visibility of the firm and its products and also by increasing the trading liquidity of the firm's securities. Therefore, because the ADR's link to firm value can be somewhat ambiguous, we proxy for disclosure quality using both the ADR and Big 4 variables.

The results of the multiple linear regressions indicate that the joint effectives of Pol and ADR are generally positive in Episode 1 and are always positive in Episode 2. Conversely, the coefficients of the interaction variable Pol*Audit4 are always negative in Episode 1, but trend positive in Episode 2. In neither case, however, are the coefficients of the governance quality variables statistically significant.

The positive coefficient of Pol-ADR proxy implies a degree of complementarity between political connections and corporate governance. That is

the political connection value lost from greater transparency is offset by the value created from enhanced distributive justice enforced through improved corporate disclosures. This interpretation requires caution, however. The results from the Logit model indicate that politically connected firms are more likely to list internationally and are also generally larger than non-connected firms. Because firms with ADRs are not infrequently among the largest local firms, the signs of the Pol*ADR coefficient may also indicate a size effect.

The behavior of the joint Pol-Audit4 variable, also not significant, is likewise challenging to interpret definitively. While the negative sign of the interaction term in Episode 1 suggests a substitutive effect, its positive influence on value in Episode 2 suggests again that greater transparency may not materially reduce political connection value, but in fact may help to insure an unbiased distribution of benefits to minority shareholders.

Despite generally positive coefficients, their lack of statistical significance supports indicative conclusions only. I acknowledge that there is little independent support that internal structures of corporate governance discretely impact firm value. Nonetheless, the positive trend of coefficients on governance variables implies that enhanced disclosure quality also does not detract or materially offset value derived from political connections, i.e. that political connections do not substitute for governance. Rather, political connection and corporate governance tend to co-exist as complementary influencers of firm value.

The net marginal benefits (i.e. discrete cash flows) to political connections tend to be larger and more tangible, i.e. measurable, than those associated with enhanced governance. It is possible to extend my analysis of these relationships through specific case examples of these benefits and their distributions. Therefore, this dissertation will refocus on this issue of complementarity of political connections and corporate governance in the case analysis that follows.

B3. OTHER RESULTS AND ROBUSTNESS CHECKS

In addition to using variations of the models above in the regressions, this dissertation also checks the robustness of the results by (1) dropping the connections through “regular” directors, (2) dropping financial firms, and (3) subdividing political connections into different degrees. The results from these regressions all point to the same direction as in the results explained in the previous session. The results are more pronounced when connections through regular directors are “not” included in Episode 1. However, they are more pronounced when the connections through regular directors are “included” in Episode 2. This suggests that connections even through regular directors benefit connected firms in the latter episode, suggesting a more widespread benefits from political connections in the latter episode. The results from regressions that include financial firms are more pronounced in Episode 1 and less pronounced in Episode 2, confirming the more impact of Finance industry in Episode 1 as explained in the previous section. When political connections are sub-divided into

different degrees, connections with the Prime Minister (as opposed to those with ministers and friends of Prime Minister) always give the highest connection value. The results of these regressions are reported in Appendix B.

The regression results of Episode 2 presented in the previous section are those results when SHIN-group is treated as connected to the Prime Minister Thaksin, despite the fact that these firms were divested by the PM family shortly before the coup.⁷⁸ This dissertation also re-estimates the models by modifying the connected firms such that SHIN-group is treated as not connected. The results are similar to when SHIN-group is treated as connected; however, they are less pronounced, suggesting that the group was still traded with connection premium even after the divestment. The results of these regressions are reported in Appendix C.

In addition to testing the relationships of political connection, corporate governance, and firm value in the two anchor episodes explained in the previous sections. This dissertation also tests the relationships in the additional 3 episodes that occurred between the two anchor episodes: (a) Thaksin acquitted from the asset concealment case (3 August 2001), (b) Thaksin re-elected as the Prime Minister for the second term (6 February 2005), and (c) sale of Shin Corp to Temasek.

Around ten days before the general elections in January 2001, Thaksin was indicted by the National Counter Corruption Committee (NCCC). The charges involved millions of dollars of company shares, allegedly owned by Thaksin and his wife but held in names other than their own - including those of some of their

⁷⁸ Shin Group firms include Shin Corporation, ITV, Shin Satellite, and Advanced Info Service.

domestic help, that he failed to declare while serving as a minister during 1997 to 1998, as mandated by law.⁷⁹ The penalty, if found guilty, was a five year ban from politics.⁸⁰ By a narrow 8-7 margin, the judges ruled in Thaksin's favor on 3 August 2001.⁸¹ Although insignificant, the coefficients of Pol*Event from this episode surprisingly are negative. It is expected that the coefficients would be positive, since connected firms would continue to enjoy benefits from Thaksin's being in the power. The results, however, might be evidence that minority shareholders viewed the scrutiny as an obstacle to politicians channeling resources to connected firms.

On 6 February 2005, Thaksin's Thai Rak Thai (TRT) party won the general elections, giving Thaksin a second term as Prime Minister. In this episode, the coefficients of Pol*Event are positive, as expected, although insignificant.

On 23 January 2006, Temasek Holdings, the Singaporean government investment fund, bought a 49.59% shareholding in Shin Corp from the Shinawatra family for 73.3 billion baht (c. USD 1.7 billion). The Shinawatra family paid almost no capital gains tax on the sale, provoking a massive public outcry.^{82, 83} In addition, it was clear that political connections were required for the sale to occur.⁸⁴ A series of anti-Thaksin movements immediately followed. The sale is

⁷⁹ Pasuk Phongpaichit and Christopher John Baker, *Thaksin*, 2nd ed. (Chiangmai: Silkworm Books, 2009).

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

⁸³ See Shin Corp case for more details about sources of benefits from political connections (Thaksin, a major shareholder, was Prime Minister) that resulted in a massive profit to his firm.

⁸⁴ Temasek is a Singaporean company. The Telecommunications Law restricting foreign ownership was modified a few days before the sale, increasing the allowance on ownership from 25 to 49 percent. In addition, a ruling which would have required taxes to be paid on some of the capital gains was reversed by the revenue department. (Phongpaichit and Baker, *Thaksin*).

thus viewed, in this dissertation, as the starting point of Thaksin's downfall and, therefore, the coefficients of Pol*Event would be expected to be negative in this episode. However, the results show the coefficients to be positive, although insignificant. This suggests that minority shareholders still had confidence in the continuation of Thaksin's government and, thus, the ability of the politicians to channel benefits to the firms.

The results of the regressions from these three additional episodes are reported in Appendix D. The relationships are tested using the variations of Model (2), (2a), and (2b) as in the regressions for anchor Episodes 1 and 2. In addition, the robustness checks are also done by (1) dropping of connections through regular directors, (2) dropping of financial firms, and (3) sub-dividing political connections into different degrees, as in the regressions in Episode 1 and 2.

In order to test the robustness of the models to currency and sector effects and to other specifications of market risk premia, several tests were conducted on alternative versions of Model (2) – our base model, using data which include financial firms, both include and exclude regular directors, both combine and sub-divide political connection levels, and cover both 60-day and 11-day periods. Due to the unavailability of industry benchmark data needed for one of the robustness checks, the regressions are thus tested primarily on Episode 2. The results of these regressions are reported in Appendix J. The alternative variables, models, and results are presented below.

To test the robustness of the models to currency movement, I add FX variable into Model (2), yielding:

$$\begin{aligned} \text{Return} = & b_0 + b_1(\text{Mkt}) + b_2(\text{FX}) + b_3(\text{Pol}) + b_4(\text{FirmChar}) + b_5(\text{IND}) \\ & + \text{Governance}[b_6 + b_7(\text{Pol})] + \text{Event}[b_8 + b_9(\text{Pol})] + e \text{ ---(2c)} \end{aligned}$$

In this model, FX is daily return of currency exchange rate USD/THB. While appreciation of Thai baht (THB) significantly adversely affects stock returns in 11-day regressions, the overall structure of the results does not change, including the level of R-squared's. The results of these regressions are reported in Appendix J-1(a) to J-1(d).

To test the robustness of the models to other specifications of market risk premia, I further split market return variable in model (2) into risk-free rate and market risk premium in order to see whether the macro-economic factors as captured by risk-free rate would help explain more of the variance in the data. This results in the following model:

$$\begin{aligned} \text{Return} = & b_0 + b_1(\text{RF}) + b_2(\text{MRP}) + b_3(\text{Pol}) + b_4(\text{FirmChar}) + b_5(\text{IND}) \\ & + \text{Governance}[b_6 + b_7(\text{Pol})] + \text{Event}[b_8 + b_9(\text{Pol})] + e \text{ ---(2d)} \end{aligned}$$

RF is risk-free rate from 1-year Thai government bond. MRP is market risk premium calculated as $\text{Mkt} - \text{RF}$. The results show that stock returns are significantly adversely affected by risk-free rate and significantly positively affected by market risk premium. Again, the structure of the overall results does not change after the isolation of the effects of the risk-free rate. The results are presented in Appendix J-2(a) to J-2(d).

To check the robustness of the models to industry effects, I add INDIndex variable into Model (2), yielding:

$$\text{Return} = b_0 + b_1(\text{Mkt}) + b_2(\text{INDIndex}) + b_3(\text{Pol}) + b_4(\text{FirmChar}) + b_5(\text{IND}) \\ + \text{Governance}[b_6 + b_7(\text{Pol})] + \text{Event}[b_8 + b_9(\text{Pol})] + e \quad \text{---(2e)}$$

INDIndex is an interaction variable between daily industry index return and a dummy variable equal to 1 if the firm is in that industry. The results indicate that industry index movement significantly affects firm's stock return in most of the industries. Again, the addition of the INDIndex variable does not change the overall structure of the results of the models. The results of these regressions are reported in Appendix J-3(a) to J-3(d).

To conclude, these additional tests yield no substantive changes in the structure of the results and do not materially improve the R-squared's of the models. The results of the multiple linear regressions are thus robust to various data definitions and model specifications as shown above.

VII. THAI CASES IN CORPORATE GOVERNANCE AND POLITICAL CONNECTIONS

The results from the empirical study in the previous sections strongly suggest that political connections add value to connected firms. However, evidence supporting corporate governance contributions to connected firm value is quite weak. This chapter examines the dynamics between corporate governance, political connections, and firm value in more specific detail through 5 discrete cases analyses. Through these case analyses, I explore the difference in the nature and magnitude of discrete cash flows from political connections and corporate governance and their resulting impact on firm value.

The case analyses begin with a company background, including product lines, market position, competition, and affiliates. Next, the nature of the company's political connections and corporate governance is examined. In order to analyze the effects of political connections and corporate governance, discrete political connection and corporate governance events are identified and, where available, the nature and magnitude of cash flows attributable to them are examined, measured, and valued. An event study methodology is employed to measure firm value effects.

The firms selected are known to have had political connections with the Thaksin administration. They are frequently covered by the press and other media, resulting in sufficient availability of information and data. Moreover, I selected only firms traded on the Stock Exchange of Thailand, as the quality of information and data is better for these firms. This also facilitates the execution of

the event study methodology. Cases were selected to provide sufficient diversity and representation both by industry/sector and type/degree of political connectedness. The case firms include Shin Corporation (SHIN), BEC World (BEC), Charoen Pokphand Foods (CPF), Italian-Thai Development (ITD), Thai Military Bank (TMB), and Bank of Ayudhya (BAY). Summary details of each are included in Tables J-1 to J-3.

These firms cover five industries: Technology (Communication – SHIN), Broadcast Services (Media – BEC), Agri-business (CPF), Property Development (ITD), and Finance (Banking – TMB and BAY). Across seven analyzed firms (Shin Sattelite: SATTEL – a SHIN affiliate – was also analyzed), twelve event studies were conducted on events that included either political connections or corporate governance or that might be attributed to both. These events were relatively evenly distributed between political connections and corporate governance. Political connection events were studied for SHIN, SATTEL, BEC, CPF, and ITD (2 events). Corporate governance events were studied for SHIN, CPF (2 events), ITD, TMB, and BAY. One event study for SHIN could be considered to have the attributes of both political connections and corporate governance.

The specific context of the events studied is diverse and structured to examine varying dimensions of political connections and corporate governance. These include two events of regulatory and other government rulings, two events of contract awards, one event of appointment of a related party to a ministerial post, one event of government intervention to broker a sales contract, three events

of merger or strategic partnership, and three events of adoption of specific good corporate governance practices.

A. CASE 1: SHIN CORPORATION PUBLIC COMPANY LIMITED

Shin Corporation was founded in 1983 as Shinawatra Computer Services and Investment Company Limited by Thaksin Shinawatra. It took on its current name in 1999, using the first four letters of Thaksin's last name. Of interest in this case is the period in which the company's largest shareholder – Thaksin Shinawatra – assumed the position of Prime Minister.⁸⁵ During that time, the company was organized as a holding company with primary investments in wireless communication, satellite, internet, television, budget airlines, and consumer finance. The company's main subsidiaries/associated companies included Advance Info Service Plc, Shin Satellite Plc, ITV Plc, Thai AirAsia Co., Ltd., and Capital OK Co., Ltd. Appendix E-1 illustrates the investment structure of Shin Corp.

Advance Info Service (AIS) was Shin Corp's major subsidiary, with around 90% share of net income. AIS was the leading mobile telephone operator in Thailand. As such, it commanded the highest subscriber market share (54%), with a total of 16.4 million subscribers at the end of 2005. Besides being the leader in market share, it also led the industry in revenue and profitability.⁸⁶ AIS was responsible for the management of Shin Corp's local wireless telecommunication.

⁸⁵ 9 February 2001 to 19 September 2006.

⁸⁶ Shin Corp's 2005 Annual Report.

Among Shin's affiliates, Shin Satellite (later renamed Thaicom) provided around 8% of total net income to Shin Corp.⁸⁷ Shin Satellite operated the country's first communication satellite. ITV operated the country's first UHF (Ultra High Frequency) television, ITV. Shin Corp partnered with AirAsia Sdn Bhd, Asia's first low-cost airline from Malaysia, to establish Thailand's first budget airline – Thai AirAsia. Lastly, Capital OK was a joint venture formed by Shin Corp and DBS Bank of Singapore with the objective of engaging in the consumer finance business in Thailand. The company's services included personal loans, sales finance, credit cards, and hire-purchase loans.

Shin Corp operated in the Information and Communication Technology (ICT) sector of the technology industry as classified by the Stock Exchange of Thailand (SET). The other major players in the sector included three major mobile and landline phone operators – Total Access Communications Plc (DTAC), True Corporation Plc (TRUE), and TT&T Plc (TT&T).

DTAC was one of the largest wireless communication service providers in Thailand. True Corporation was incorporated in November 1990 as a fixed-line phone service provider under a BTO concession with the Telephone Organization of Thailand (now, TOT Plc). TT&T was also one of the Big Four telecommunications companies granted BTO concessions during the early 1990s. The company provided fixed-line phone services and public phone services mainly outside of Bangkok. It also provided low-cost internet and related services.

⁸⁷ Ibid.

Shin Corp shares were tightly held by members of Thaksin's family until the company was sold to Temasek Holdings on 23 January 2006. During the period that Thaksin's family was the largest shareholder of the company, Thaksin held a variety of public positions, including Foreign Minister, Deputy Prime Minister, and eventually Prime Minister. This circumstance gave rise to a formal position interlock with the Prime Minister. Appendix E-2 lists the names of the largest shareholders of Shin Corp from 1992 – 2010.⁸⁸

Thaksin is also widely known to be a close friend of Thanong Bidhya, Finance Minister from 25 November 1996 to his resignation on 24 October 1997, and considered to be Thaksin's most trusted financial advisor both in the political as well as business realm. Their association began in 1986 when Thanong arranged Thaksin's first loans with the Thai Military Bank. Thanong left the Bank in 1989 to join Shin Corp as financial overseer, returning to the bank in 1992 as President. After his resignation in 1997, Thanong returned to Shin Corp as a member of the firm's audit committee.⁸⁹ Shin Corp, thus, can also be said to have an "informal social tie" with a minister from 25 November 1996 to 24 October 1997 when Thanong was Finance Minister.

Thaksin entered politics in late 1994 when he served as Foreign Minister under the Palang Dharma quota in the Chuan government from 25 October 1994 to 10 February 1995. Between 13 July 1995 and 14 August 1996, Thaksin served as Deputy Prime Minister in the Banharn government. On 15 August 1997,

⁸⁸ Large shareholders, according to the definition in this dissertation, are shareholders who hold at least 10% of the shares of a company.

⁸⁹ The information related to the relationship between Thaksin Shinawatra and Thanong Bidhya is mainly from Pasuk Phongpaichit and Christopher John Baker, *Thaksin*, 2nd ed. (Chiangmai: Silkworm Books, 2009).

Thaksin became Deputy Prime Minister in the Chavalit government, i.e. in the period after the Thai baht was floated and devalued on 2 July 1997, sparking the Asian financial crisis. He held that position for three months, leaving on 8 November 1997 when Chavalit resigned.⁹⁰

Thaksin founded the Thai Rak Thai (Thais love Thais – TRT) party in 1998. After Prime Minister Chuan Leekpai of the Democrat Party dissolved parliament in November 2000, TRT won a sweeping victory in the January 2001 elections, on the back of a populist campaign strategy and support from small family businesses and the rural masses.

Although Thaksin's term in office is thought to be one of the country's most distinct in its modern history, and he was the first Prime Minister to complete a full term in office, his government was also accused of dictatorship, demagoguery, corruption, conflicts of interest, human rights offences, undiplomatic behavior, using legal loopholes, and displaying hostility towards a free press. On the evening of 19 September 2006, while attending a UN summit in New York City in the US, and speaking at the Council of Foreign Relations, an army coup abruptly ended his reign.

Appendix E-4 presents comparative financial ratios of each of the Big Four telecom companies from 1991 to 2010. The data indicates that Shin Corp enjoyed superior operating performance during that period, including asset utilization and liability management. During the pre-crisis period, the company was a leader in the industry in terms of net income, followed by DTAC, True, and TT&T,

⁹⁰ See Appendix E-3 for a list of Thai Prime Ministers.

respectively. Moreover, Shin Corp's ROA was always the highest among the Big Four.

Political Connections

Telecom companies were badly hit by the fall in the baht following the crisis. They, as many corporations, had been lured by low interest rates on foreign loans and carried heavy foreign debts. Shin Corp was an exception. Shin Corp had little foreign debt at the time of the crisis and was rumored to have either repaid or converted their foreign debts before the baht devaluation. Thaksin claimed that six months prior to the floatation of the baht on 2 July 1997, Shin Corp had hedged its foreign debts and was, thus, largely unaffected by the baht devaluation. The Democrat Party accused him of having been tipped off by his political connections, including Thanong Bidhya, Foreign Minister at the time. The fact that Shin Corp was the only company to repay foreign debts early led to speculation of political collusion.⁹¹

Graph A-1 illustrates the stock price movements of the shares of the major telecom companies (excluding DTAC, which was not listed until 2007). The graph illustrates that Shin Corp's stock began to outperform its peers in May 1999.

⁹¹ The information related to Shin Corp's relatively good performance during the crisis is mainly from Phongpaichit and Baker, *Thaksin* and Duncan McCargo and Ukrist Pathmanand, *The Thaksinization of Thailand* (Copenhagen: NIAS, 2005).

Not only did Shin Corp continuously exhibit superior performance as reflected in its ROA and ROE, it also had the political acumen to manage the competition within the industry. An example of this involved ACT Mobile Network, a low priced competitor which entered the market prior to Thaksin's 2001 election. Before even taking office, Thaksin announced that he would order that the project be reviewed. True to his word, the review was ordered by the incoming Minister of Communications on his first day in office and six weeks later the project was suspended. The allegation was that the project had not been licensed by the National Telecommunications Commission, an entity which did not exist prior to the Thaksin administration.⁹²

In addition to being able to manage competition, Shin Corp was also able to influence regulation. Prior to Thaksin's administration, a revenue sharing model had existed in the telecommunications industry between the concessionaires and TOT (Telephone Organization of Thailand) and CAT (Communication Authority of Thailand). In October 2002, Information and Communication Technology (ICT) Minister Surapong Seubwonglee instead instituted an excise tax.⁹³ This idea was thought to have originated at Shin Corp. As new entrants would have to pay the same excise tax as competitors with established and substantially amortized networks, this would effectively block competition. At this point, Shin

⁹² Information related to the benefits from political connections derived by Shin Corp and its affiliates in this section is mainly from Phongpaichit and Baker, *Thaksin*.

⁹³ The previous system required telecom operators to pay a percentage of their revenue as a concession fee to TOT/CAT (which were state-owned enterprises at the time). Under Thaksin's government, this was changed to a system wherein all operators would have to pay an equivalent excise tax.

Corp's share price climbed sharply, indicating that investors believed it to be a solid investment (see Graph A-1).⁹⁴

Shin Corp and its affiliate companies enjoyed a number of other favorable interventions while Thaksin was Prime Minister. For example, Shin Satellite received a loan guarantee from the US Ex-Im Bank for part of a 160 million dollar financing in May 2002. This triggered complaints by US lobbyists regarding the use of US taxpayers' money to support a foreign billionaire. They tried to block the loan guarantee in Congress.⁹⁵

In November 2003, the Board of Investment (BOI) granted a number of unusual investment privileges to iPSTAR of Shin Satellite.⁹⁶ These included an eight-year tax holiday on imported equipment and on profits from overseas revenues. These privileges are normally intended to assist companies to attract new investment, not to support existing operations. In addition, these particular privileges were designed to promote employment for companies located in remote areas.⁹⁷ Prachachart Turakij newspaper estimated that Shin Corp would save a total of 22.17 billion baht from the tax holiday. However, the law limited the tax saved not to exceed the initial investment of the project, which was 16.5 billion baht.⁹⁸ This approximates a tax savings of 2.06 billion baht a year over eight years, adding to Shin Corp's net profit.

⁹⁴ Phongpaichit and Baker, *Thaksin*.

⁹⁵ Ibid.

⁹⁶ iPSTAR is Shin Satellite's broadband internet services project provided through iPSTAR satellite. iPSTAR is a very high capacity multimedia satellite, providing broadband internet access services within and outside of Thailand.

⁹⁷ Phongpaichit and Baker, *Thaksin*.

⁹⁸ *Bangkok Post*, 20 November 2003.

Yet another example involved ITV. ITV was established in 1995 when it was granted a 30-year concession to operate a free-to-air channel, ITV, by the government, with an agreement of a news-to-entertainment ratio of 70:30. Shin Corp took over the company in 2000 by share purchase. In December 2003, in an unusual ruling, an arbitration board recommended that ITV's license fee be cut from 800 million baht a year to only 230 million baht.⁹⁹ According to Phongpaichit and Baker, this ruling was skeptical.¹⁰⁰ ITV had petitioned the courts that by allowing new advertising to rival channels the government had breached their contract. However, this did not justify such a large fee cut. The scale of rival channels' advertising was tiny and ITV's revenues were increasing. The drastic cut in the license fee effectively saved ITV at least 17 billion baht over the remaining concession period.¹⁰¹

The Board of Investment extended additional and unusual investment privileges to another Shin Corp affiliate, Thai AirAsia (TAA), shortly after Shin Corp acquired a 50 percent stake in the airline. In January 2004, the BOI extended promotion grants to TAA, the brunt being an eight-year tax exemption including customs on equipment imported for establishing ground services. These grants were designed to induce new investment, not to support existing business. Further unusual developments included the Deputy Transport Minister announcing that the government would assist the airline with pilot training and the air force would help with maintenance. This was in addition to an unusual decision by the Airport Authority in October 2003 in which they granted TAA a

⁹⁹ *Business Day*, 3 February 2004.

¹⁰⁰ Phongpaichit and Baker, *Thaksin*.

¹⁰¹ *Ibid*.

50 percent discount on docking fees. Claiming that the discount would “promote tourism,” three weeks prior to Shin Corp's acquisition, the same Airport Authority had rejected such a discount as being unfair to competition.¹⁰²

"Thaksin shares," as they came to be identified by the investment community, were in a class by themselves and recognized by analysts and investors.¹⁰³ Thaksin had demonstrated that he could ward off competition and turn regulation in his favor. Somkiat Tangkitvanich estimated that approximately one-third of the market value of "Thaksin shares" could be attributed to the premium attached to the political connections by investors.¹⁰⁴ Certainly these companies were well managed and regularly received rewards in recognition of this fact. But a string of government decisions in favor of Shin-connected companies – whether or not these decisions resulted from any direct intervention by Thaksin or anyone else – were added reasons for investors to favor these companies' shares over alternatives.

On 23 January 2006, the Shinawatra family's 49.61 percent share in Shin Corp was sold to Temasek Holdings, the Singaporean government investment fund, for 73.3 billion baht. Both Shin Corp and AIS experienced subsequent drops in profit and market share. AIS had held a two-thirds share of the mobile market. In the year following the sale, AIS's share of the mobile market dropped to half. Heavy marketing investment contributed to a 31 percent drop in profit in the first

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ Somkiat Tangkitvanich, "Political Connections and Return in Thai Stock Market" Thailand Development Research Institute, 2004 (in Thai).

quarter of 2007.¹⁰⁵ The price of AIS stock dropped from 104 at the time of the sale to 90 in May 2007. Shin Corp also had a net loss the first time since the crisis in that same quarter. Shin Corp shares, thus, dropped from 49.25 at the time of sale to 28.75 in May 2007, representing a 51.27 billion baht reduction in market value.¹⁰⁶

To analyze the discrete benefits from Shin Corp's political connections, I selected one key transaction – the Shin Satellite transaction noted above – and conducted an event study based on the announcement data of the transaction in order to isolate value effects of the transaction on Shin Corp's equity. This deal is particularly interesting in that it directly benefits a Shin Corp affiliate, while offering indirect benefit to Shin Corp. My interest in this transaction is to determine if subsidiary value effects are transferred to the parent, as it is the parent in this case through whom the political connection is established.

To reiterate, the transaction involved an investment of 16.5 billion baht to provide broadband internet services both inside and outside Thailand and included an 8-year corporate tax holiday on revenues generated (1) from iPSTAR outside of Thailand and (2) from import duties on equipment used to provide the service. The deal was estimated to save Shin Satellite 22.17 billion baht in taxes over the following eight years, but capped not to exceed the initial investment into the project of 16.5 billion baht. This equals to a tax saving and thus an increase in cash flows of 2.06 billion baht a year for the following eight years. With a

¹⁰⁵ *Bangkok Post*, 14 and 19 May 2007.

¹⁰⁶ The information related to the decline in Thaksin's premium is mainly from Pasuk Phongpaichit and Chris J. Baker, *Thai Capital after the 1997 Crisis* (Chiangmai: Silkworm Books, 2008).

weighted average cost of capital of Shin Satellite of 5.20%, these cash flows are discounted to a huge value of 13.21 billion baht.¹⁰⁷

On the announcement date, the stock price of Shin Satellite reacted quite favorably, resulting in a large significantly positive abnormal return of 6.51%. This resulted in an increase in Shin Satellite's shareholder value of 323.3 million baht. The stock price continued to trade favorably the next day, resulting in a huge cumulative abnormal return of 12.67% for the two days (Table E-1).

At the time of the transaction, Shin Satellite represented around 8% of Shin Corp's consolidated net income. Interestingly, the deal (and presumably the reaction of Shin Satellite's share price) resulted in a positive abnormal return of 1.59% for Shin Corp on the announcement date (Table E-2). The abnormal return was not meaningfully significant. However, I posit that it is nonetheless relevant as it illustrates the nested nature of corporate shareholding in Thailand, the extension of political connections to affiliate firms, and the potential for affiliate firms to add value to leading group firms via political connections. In the case of Shin Corp and Shin Satellite, this translated into a 1.3 billion baht increase in Shin Corp's shareholder value.

Corporate Governance

Two dimensions of corporate governance help to gauge how well shareholders' rights are protected: disclosure quality and ownership structure.

¹⁰⁷ Weighted average cost of capital is the WACC on 31 December 2003, retrieved from Bloomberg.

Mitton uses these two dimensions of corporate governance in his study on how corporate governance affects firm performance.¹⁰⁸ He finds that significantly better stock price performance is associated with firms that have indicators of higher disclosure quality and with firms that have higher “outside” ownership concentration. In addition, Lemmon and Lins also use ownership structure in their study of the relationship between corporate governance and firm performance.¹⁰⁹ They find that stock returns of firms with higher “inside” ownership concentration are significantly lower than those of other firms. Higher disclosure quality makes management’s operations more transparent, lessening the possibility of management/controlling shareholders expropriation from minority shareholders/outside investors. “Outside” block-holders are often large institutional investors who strictly monitor management operations in order to protect their investment value. These corporate governance dimensions result in a lessening of the agency costs of equity, adding to firm value. From these two studies, disclosure quality and ownership structure are, thus, two important dimensions of corporate governance that could help protect investors’ rights, lowering the agency costs of equity, and, thus, adding to firm value.

In Mitton’s paper, two proxies are used as indicators for disclosure quality: ADRs and auditors from Big 4 accounting firms. A firm that has an ADR traded in the US markets is considered to have higher disclosure quality. Since there are more analysts covering the firm, the higher disclosure quality could result from

¹⁰⁸ Todd Mitton, "A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis," *Journal of Financial Economics* 64.2 (2002): 215-41.

¹⁰⁹ Michael L. Lemmon and Karl V. Lins, "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance* 58.4 (2003): 1445-68.

analysts requiring better information. Moreover, it could come directly from the requirements of the listing exchange.

Big 4 auditors could enhance firms' disclosure quality. They need to ensure that the firm's financial statements are transparent and correct in order to uphold their reputation and avoid potential legal liability. They are also more dependent than local firms. In addition, by their reputation, they provide a perceived higher disclosure quality even though the real disclosure quality might not be better. This lessens investor's fears and, thus, reduces agency costs of capital.

Returning to Shin Corp, the company took measures to improve corporate governance in response to the government's corporate governance initiative. On 13 March 2002, the Stock Exchange of Thailand announced 15 Principles of Good Corporate Governance to be proposed to listed companies in a workshop titled "Good Corporate Governance: You Manage, We Oversee." Starting with the accounting period ending 31 December 2002, listed companies were required to demonstrate, in their annual registration statements and annual reports, how they applied the 15 Principles. They were required to provide justification for any of the principles they chose to not apply.

The 15 Principles of Good Corporate Governance proposed as guidelines consisted of: (1) the establishment of a clearly defined policy on corporate governance; (2) the protection of stakeholders' and shareholders' rights and benefits; (3) the importance of directors' meetings; (4) the importance of shareholders' meetings; (5) leadership, vision, and independence of directors; (6) the careful handling of "conflicts of interests"; (7) the promotion of business

ethics amongst both directors and employees; (8) balance in the number of directors; (9) a clear separation of the roles and responsibilities of the chairman, directors, and management; (10) appropriate remuneration for directors and executives; (11) the scheduling of board meetings with an appropriate meeting length; (12) the establishment of sub-committees to examine specific work practices; (13) control and audit to prevent unnecessary risks; (14) directors' reports to define responsibilities in creating financial statements; and (15) care in information disclosures, including establishing a specific unit to communicate directly with shareholders and related parties. The introduction of the 15 principles was expected to enhance corporate governance of listed firms, including Shin Corp.

At the Board of Directors Meeting No. 5/2002, Shin Corp's board passed a resolution approving a Corporate Governance Policy that was put into force on 13 November 2002. The policy was structured into five sections covering the range of good corporate governance principles, as follows:

- (1) The Board of Directors of the Company
- (2) Rights and Equitable Treatment of the Shareholders and Roles of the Stakeholders
- (3) Disclosure of Information and Transparency
- (4) Control and Risk Management
- (5) Philosophy and Ethics of Shin Corporation Group

The Policy was communicated to the board of directors, management, and all employees of the company and published on the company's website. Shin

Corp applied the 15 Principles and reported compliance every year in its annual reports.

With respect to disclosure quality and ownership structure, Shin Corp has hired either PricewaterhouseCoopers or KPMG as its auditor since listing on the Stock Exchange of Thailand in 1990. Shin Corp has also had an ADR since 1991.

During the study period, Shin Corp ownership was concentrated in Thaksin's family. This concentrated ownership structure resulted in Thaksin's family receiving control rights in the firm. Conflicts of interest might have occurred between the controlling shareholders and the minority shareholders/outside investors. Controlling shareholders might have had incentives to expropriate from minority shareholders, especially to help finance Thaksin's political career, among others. This would result in increased agency costs of equity that improved corporate governance might be able to mitigate. Shin Corp's corporate governance indicates that although the firm had installed a good corporate governance structure and had higher disclosure quality as suggested by an ADR and the use of Big 4 firms, its concentrated "inside" ownership structure put the minority shareholders in a disadvantageous position.

In order to examine the discrete effects of corporate governance on Shin Corp value, I studied the purchase of Thaksin's family shareholding in Shin Corp by Temasek and conducted an event study in order to isolate the direct value effects of the transaction on Shin's equity value. The share purchase was expected to have positive corporate governance effects. Specifically, the introduction of Temasek – a major institutional investor in Asia – into the Shin

ownership and management structure was thought to be consistent with depoliticization and greater arm's length management.

On Friday, 13 January 2006, the first rumor about the sale was leaked by Krungthep Turakij newspaper hinting at an acquisition price of around 69 baht. The rumors were intense during the weekend and the buying price was reported to be around 45 to 48 baht.¹¹⁰ This was higher than the then trading price of Shin Corp. Consequently, the share price increased as expected to converge at the acquisition price, generating a positive and significant abnormal return of 4.50% on the following Monday, 16 January 2006, and an increase in shareholder value of 6.1 billion baht (Table E-3).

While this may seem to confirm a positive governance effect, an examination of the 6-month post-event window indicates that Shin Corp experienced a 30% negative abnormal return. Graph A-2 illustrates the post-event cumulative abnormal return of Shin Corp. The negative performance seems to be tied to anti-Thaksin protests. On 8 March 2006, there was a major protest in front of the Singapore Embassy in Bangkok, demanding that Temasek cancel the purchase of Shin ostensibly on the grounds that the purchase represented interference with businesses and services that were strategic to the security of the country. However, the protest was actually against Thaksin's enormous profit-taking from using his political power.¹¹¹ On that day, Shin Corp's stock price reacted unfavorably, generating a significantly negative abnormal return of 4.38%.

¹¹⁰ *Bangkok Biznews* (Krungthep Turakij), 14 January 2006; *Manager*, 15 January 2006.

¹¹¹ *Kom Chud Luek*, 8 March 2006.

The anti-Thaksin rallies continued and escalated with the active involvement of the educated, middle-class.¹¹² On 14 March 2006, Shin Corp's stock price experienced a significantly negative abnormal return of 4.70% and another 9.82% drop the following day. On Sunday, 19 March 2006, the situation became so bad that there was a call for Gen. Prem Tinsulanonda – Head of the Privy Council to the King – to mediate the situation.¹¹³ On the following Monday, 20 March 2006, Shin's stock price reacted with a significantly negative abnormal return of 6.88%.

The protests may have triggered investors fear that Temasek might cancel the purchase. In this case, the negative abnormal returns might be associated with the loss of better governance from Temasek's departure. The fear would have originated in the thought that Temasek would leave Shin because it thought that the investment would ultimately prove problematic and not earn returns commensurate with the risk assumed. However, though Thaksin had sold his family's stake in Shin Corp to Temasek, it was unlikely that he would sell all of his position. The results from the multiple linear regressions in Episode 2 confirm that Shin group stocks traded at political connection premium. If Thaksin was deposed, this connection premium should also diminish.

On 23 June 2006, the press reported that Thaksin showed signs of stepping down.¹¹⁴ Shin Corp's stock price reacted with a significantly negative abnormal return of 6.69%. I, therefore, interpret the negative impact on Shin's share price as related to the possible departure of Thaksin and the resulting loss of political

¹¹² *Bangkok Biznews*, 9 March 2006; *IQ Biz*, 9 March 2006; *Manager*, 10 March 2006; *Naewna*, 9 March 2006.

¹¹³ *Bangkok Biznews*, 19 March 2006; *Naewna*, 19 March 2006; *Thansettakij*, 19 March 2006.

¹¹⁴ *Kom Chud Luek*, 23 June 2006; *Manager*, 23 June 2006; *INN*, 23 June 2006.

value of Shin Corp. The fear of Thaksin's departure also resulted in a flight of subscribers from AIS – Shin's main subsidiary – fearing that Thaksin would not be able to provide after sale service.¹¹⁵ As noted earlier, AIS's subscriber share dropped from around 67% to 50% over the year following the sale. AIS profit dropped by 31% in the first quarter of 2007 due to the increase in advertising costs to prevent further flight of subscribers. In the second quarter of 2007, Shin Corp experienced a net loss for the first time since the crisis.

Thus, while the immediate announcement period of the transaction may have rather suggested value-enhancing effects from a change in ownership, a more detailed analysis of the post-event period reinforces the relative strength of political connections on firm value. Rather than supporting positive corporate governance effects attributable to a major share purchase at a premium by an informed institutional investor, the circumstances surrounding the transaction indicate significant investor concern related to the disruptions and uncertainty resulting from Thaksin's departure.

B. CASE 2: BEC WORLD PUBLIC COMPANY LIMITED

BEC World Group was formed in 1995, by combining all of the “Maleenont” companies involved in broadcasting, media, and TV program sourcing and production. In March 2003, the Group consisted of 24 companies. The Group's activities were divided into two major areas (see Appendix F-1 for

¹¹⁵ Phongpaichit and Baker, *Thai Capital after the 1997 Crisis*.

investment structure and subsidiaries of BEC World). Its broadcasting and media business included TV broadcasting, radio broadcasting, and news media. Program sourcing and production included documentary and entertainment program sourcing and production, as well as production of shows, music, and campaign activities.

The television industry was the Group's main business. This industry was quite competitive. The industry could be segregated into two segments – Free TV and Pay TV. Pay TV included one nationwide operator (United Broadcasting Corporation, UBC) and several local service providers. UBC was established in October 1992. The company was granted a concession by MCOT (Mass Communication Organization of Thailand) to operate subscription television until December 2019. In 1998, True Corporation became the major shareholder of the company. In 2007, UBC was rebranded and integrated as a part of TrueVisions under True Corporation. Although already in existence for several years, UBC had not been able to compete with Free TV or expand its subscriber base.

Regarding Free TV, there were six nationwide networks – Channels 3, 5, 7, 9, 11, and ITV.¹¹⁶ Because of the ongoing popularity, which had been built up over the years, competition concentrated on two major networks – Channels 3 and 7 – whose combined share of the prime time audience amounted to 80%.

Since the television industry was the main business of BEC World, most of the Group's income was from television advertising (85.23% of total income in 2002). The second largest income stream was from BEC-TERO's business (6.94% of total income in 2002).

¹¹⁶ Only Channels 3, 9 (MCOT), and ITV were listed on the Stock Exchange of Thailand.

Members of the Maleenont family – the Maleenont Group – have been major shareholders of BEC World since it was formed in 1995. In 2004, the Maleenont Group held a total of 56.64% of the firm's shares (Appendix F-2). One member of the Maleenont Group, Pracha Maleenont, held minister positions in Thaksin's government.¹¹⁷ Pracha was Deputy Minister of Transportation in Thaksin's inaugural cabinet, Minister of Tourism and Sports from 2 August 2002 to 19 September 2005, and Minister of Social Development and Human Security from 11 March 2005 to 2 August 2005. This represents a formal position interlock with a minister.

The first Maleenont generation to run BEC World included Vichai Maleenont. Vichai was married to Somsri and together they have eight children: Prasan, Pravit, Pracha, Prachum, Ratana, Ratchanee, Nipa, and Amphorn. Appendix F-2 lists the members of the Maleenont Group, including this second Maleenont generation, together with a wife and a third generation member. Although Pracha's name was not listed as a shareholder in the Maleenont Group, he is a close sibling of these members. Before entering politics, he had worked closely with other siblings in the family business.

Appendix F-3 lists BEC World's executive directors and executive officers at the end of 2004. Vichai, Pracha's father, had been the CEO of the company since it was formed in 1995. Pracha's siblings were among the top directors of the company.

¹¹⁷ Thaksin was Prime Minister from 9 February 2001 to 19 September 2006. See the listing of Thai Prime Ministers in Appendix E-3.

Pracha Maleenont has long been a close friend of Thaksin Shinawatra.¹¹⁸ In addition, Pracha was an important financial supporter of Thaksin and his Thai Rak Thai party.¹¹⁹ When Thaksin became Prime Minister, Pracha was initially given the portfolio of Deputy Minister of Transportation (17 Feb. 2001 – 3 Oct. 2002), overseeing management of Thai Airways.

BEC World's performance was negatively affected by the 1997 Asian financial crisis, but it rebounded in 2000 reaching a record high in 2003. In 2003, it had a net income of 1,970 million baht, around 2.5 times that of MCOT (see Appendix F-4).¹²⁰ ITV still incurred a loss from its high concession fees and limited entertainment-to-news ratio. In 2004, however, BEC World's net profit dropped by around 19% from the previous year, due to higher expenses during the expanded prime time and improved non-prime time slots. This also stimulated more competition among broadcasters. The expenses were still high in 2005, creating a larger decline in net profit (around 45%) as the competition to bring advertising to the channel – the major source of BEC World revenue – became intense.¹²¹ In 2006, the investments to expand prime time and improve non-prime time slots eventually bore fruit. The company's net profit increased to 86% year-over-year. Appendix F-4 shows that BEC World's ROA was consistent with its level of net profit each year.

¹¹⁸ *Thaifreenews.org*, 25 December 2007; *Manager*, 23 March 2010; Phongpaichit and Baker, *Thaksin*.

¹¹⁹ Phongpaichit and Baker, *Thaksin*.

¹²⁰ Among Free TV, only Channels 3, 9 (MCOT), and ITV were listed on the Stock Exchange of Thailand. Channel 7, the direct competitor of Channel 3, was owned by the Army and did not provide its financial reports.

¹²¹ Information from BEC World's annual reports.

In terms of stock price movement, Graph B illustrates stock price movement of BEC compared with its peers.

Political Connections

Bangkok Entertainment, a BEC World subsidiary, runs Thai TV Channel 3, the main business of Maleenont, through a joint operating agreement with the Mass Communication Organization of Thailand (transformed to MCOT in 2004). The agreement was first entered into in March 1968 and has been amended three times. The first amendment was in April 1978 to extend the agreement for 10 more years. The second amendment was in July 1987. The most important amendment was the third amendment, in May 1989. This amendment extended the agreement until March 2010, with a pre-approved extension until March 2020 “if Bangkok Entertainment operates according to the agreement, with no breach.” In addition, the fee schedule Bangkok Entertainment had to pay MCOT was also altered from a 6.5% of revenue before expenses to “at least 2,002.61 million baht” over the 20 years from 1990 to 2010. This suggested that Bangkok Entertainment only had to pay MCOT a fixed amount of around 200 million baht a year. The Committee on Communication and Telecommunication, in 2010 under the Abhisit Vejjajiva government, estimated that MCOT had lost more than 5,200 million baht from the amendment, which substantially benefited Bangkok Entertainment. Even UBC (later TrueVisions), a Pay TV service provider with a much smaller subscriber/viewer base than Thai TV Channel 3, had to pay 650

million baht a year to MCOT, three times the amount that Bangkok Entertainment had to pay. Under the agreement, Bangkok Entertainment had to operate Thai TV Channel 3 “by itself.” It could not hire other persons/entities to operate the Channel. However, the Board of MCOT found that BEC World actually widely advertised itself as the operator of Channel 3. Since Bangkok Entertainment, not BEC World, was the contractor with MCOT, Bangkok Entertainment had actually breached the agreement.¹²²

The amendment to the fee schedule and the breach of contract had never been addressed until the Army took control of Bangkok, ending Thaksin’s era. This was also the true end of Pracha’s era, although he had stepped down from his minister post a year earlier. In the month following the coup, the Acting Permanent Secretary of Justice questioned the amendment. In 2009, during the opposition Abhisit Vejjajiva government, the agreement underwent several reconsiderations. Bangkok Entertainment did manage to get approval for the extension until March 2020, however. It is clear that the viability of BEC World’s main business – television – is dependent on this concession. This was never a problem when Pracha was in office. The difficulties occurred when his political power ended.

In order to examine the value effects of the Pracha interlock, I conducted an event study using Pracha’s first appointment by Thaksin to a ministerial post: Deputy Minister for Transportation on Saturday, 17 February 2001. Although not

¹²² The information related to Bangkok Entertainment’s agreement with MCOT and the breach of the agreement is from Panthep Puapongpan, “Thai TV Channel 3,” *Thai Tangdaen Newspaper*, March 15, 2010 (in Thai).

materially significant, BEC did realize a positive abnormal return of 2.28% on the following Monday (Table F). This resulted in an increase in shareholder value of 108.5 million baht, indicative that political connections can contribute directly to shareholder value.

Corporate Governance

As mentioned in the Shin Corp case, I use two dimensions of corporate governance – disclosure quality and ownership structure – to gauge how well shareholders’ rights are protected.

Action on corporate governance is represented by the firm’s adoption of the SET’s 15 Principles of Good Corporate Governance announced in March 2002.¹²³ BEC did not announce when it adopted the SET’s guidelines. However, in its 2002 annual report, it documented a full and strict observance of the guidelines. The company put emphasis on the following areas:

- (1) Shareholders’ Rights and Equitable Treatment
- (2) Management (structure, roles and responsibilities, balance of power, and nomination and recruitment process)
- (3) Equitable Treatment of Various Groups of Stakeholders (employees, program producers, audiences, advertisers, sponsors, counterparts, creditors, related communities, and competitors)
- (4) Internal Control

¹²³ Please refer to the Shin Corp case for details.

(5) Disclosure and Transparency

Moreover, BEC World's management encouraged its employees to use good corporate governance both in carrying out day-to-day functions and in setting business strategies and plans, and to make it a habit to prioritize good corporate governance. Various means were used to promote good corporate governance within the organization, including internal communications of the benefits of good corporate governance.

Turning specifically to BEC World's disclosure quality and ownership structure, BEC World did not have an ADR traded in the US during the years it had political connections. Also, during those years it did not have a Big 4 firm as its auditor.¹²⁴

Regarding ownership structure, the Maleenont family held the majority of BEC World's shares and, thus, had control over the company's policies and directions, including appointments of directors and management. Accordingly, the rights of minority shareholders of BEC World might not have been well protected. As in the case of Shin Corp, the controlling shareholders might have had their own agenda, which conflicted with the interests of the minority shareholders. For example, they might have influenced management's decisions to use the media to promote the controlling shareholder's political party while banning other programs that were a threat to the party. This would have created anger among the audiences and, consequently, depressed firm revenues. I was, however, not able to identify a corporate event that permitted effective analysis of such corporate governance effects in the case of BEC.

¹²⁴ Its auditor was Dr. Virach and Associate Office Co.,Ltd., a well-known local audit firm.

As in the Shin Corp case, although the firm appeared to exercise good corporate governance, as illustrated by its adoption of the SET's 15 Principles of Good Corporate Governance, its lower disclosure quality (as indicated by the firm's not having an ADR or hiring a Big 4) and concentrated "inside" ownership structure leave room for corporate governance to reduce agency problems and lower agency costs of equity, adding to firm value.

C. CASE 3: CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED

Charoen Pokphand Foods is the leading agro-industrial and food conglomerate in Thailand. The company is the flagship of the Charoen Pokphand Group (CP Group) in the agri-business and food industry. Charoen Pokphand Group operates three core businesses in agri-business and food, retail and distribution, and telecommunications industries. CP Group started as a seed store in Bangkok's Chinatown in 1921. Immigrant Chinese brothers Ek Chor and Siew Whooy imported seeds and vegetables from China and exported pigs and eggs to Hong Kong. Eventually they began to produce animal feed. In 1978, the Group founded Charoen Pokphand Feedmill Co.,Ltd. to produce and distribute animal feed in southern Thailand. CP Group is well-known for its vertical integration. In 1987, CP Feedmill further expanded into livestock farming, and later added animal breeding, meat processing, and manufacturing of food products from meat. In December 1987, CP Feedmill was listed on the Stock Exchange of Thailand under the name "CPF." In 1988, CP Feedmill entered the aquaculture business,

including shrimp feed manufacturing and distribution, shrimp farming, and shrimp processing.

After the Asian financial crisis in 1997, CP Group re-structured its operations and consolidated into three core business lines: agri-business and food, retail and distribution, and telecommunications. All CP Group's agro-industrial companies were re-structured under the management of CP Feedmill. Under the new structure, CP Feedmill had business operations throughout Thailand. Its business could be classified into two main businesses: livestock and aquaculture. The operations of each of these two business lines were fully integrated, from raw feed materials procurement, feed manufacturing and distribution, animal breeding, animal farming, meat processing, and manufacturing of food products from meat (semi-cooked meat, fully-cooked meat, and ready-to-eat food products). To reflect the company's business structure and strategy to become a world-class food producer, CP Feedmill changed its name to Charoen Pokphand Foods Public Company Limited in 1999. After the outbreak of the bird flu in 2004, the company strategically moved to brand its products under the CP brand and grow customer loyalty by arranging marketing activities, sales promotions, and enhancing its distribution to be closer to consumers.

Although CPF's main operations are based in Thailand, it has also invested overseas. At year-end 2006, CPF had a total of 46 subsidiaries, 27 registered in Thailand and 19 overseas. Its overseas investments included investments in Laos, China, Malaysia, Japan, India, Russia, Turkey, the EU, Scandinavian countries, the UK, and the US. In 2006, 68% of its sales were from Thailand operations,

20% from export revenues, and the other 12% from overseas operations. Domestic sales in Thailand were mainly from sales of meat and foods in its livestock business (29% of total sales), followed by sales of feed in its livestock business (18%), and sales of feed in its aquaculture business (8%). Export sales were mainly from meat and foods in both the livestock and aquaculture business lines. It exported to more than 20 countries worldwide, with major export customers included Japan, China, the EU, and the US. In 2006, the company reported consolidated sales of 124.9 billion baht and a net profit of 2,510 million baht.

With the mission to be the “Kitchen of the World,” CPF has attached the utmost importance to “product quality” that meets global standards, is hygienic, and, most importantly, is safe for consumption. The company has continuously improved its production processes to meet internationally recognized standards and has received numerous certifications.

CPF is the major conglomerate in the country’s agri-business industry. By the 1970s, the company had a virtual monopoly on the supply of chicken and eggs in Thailand. Other major players in the industry include GFPT Plc., Thai Union Frozen Products Plc., and Seafresh Industry Plc.

Charoen Pokphand Group Co., Ltd (CPG) has been the major shareholder of CPF, with shareholding ranging from 33.12% to 64.87% over the period from 1993 to 2011. Charoen Pokphand Group is primarily held by the Chearavanont family. The Chearavanont family, with Dhanin at its center, holds over 90% of the shares of CPG. Dhanin Chearavanont has sat as Chairman of the Board of

Directors since the company's early days. CPF's political connections spring from connections that members of the Chearavanont family have established with politicians.¹²⁵

According to BrandAge Magazine (January 2009), CPG and the Chearavanont family have the best political connections in the country. The Group has continuously supported the leading political party of each era. Almost none of the governments are on the opposite side of the Group.

The Group had political ties with politicians in the Thaksin government. One of Thaksin's Thai Rak Thai party founding members was Dhanin's son-in-law – Wirachai Wiramethikun.¹²⁶ Between 2001 and 2006, Wirachai served as Assistant to the Minister of Finance, Assistant to the Minister of Foreign Affairs, and Assistant to the Minister of Agriculture and Cooperatives. These connections were *not* formal position interlocks with the ministers themselves. However, being an assistant can be considered as having informal social ties with these ministers.

Other CP political connections include Sarasin Viraphon, a CP executive, who was expected to be on the list of founding members of the Thai Rak Thai party but withdrew at the last moment. Pitak Intarawitayanunt, a CP political ambassador, was a member of the Thai Rak Thai and eventually became a cabinet member.¹²⁷

¹²⁵ Information related to company background, shareholders, and management is from the company's annual reports.

¹²⁶ Phongpaichit and Baker, *Thaksin*.

¹²⁷ Ibid.

Besides having these persons in the political arena, CP Group's Wattana Muangsuk – a son-in-law of Dhanin's brother – became a cabinet minister in 2003. Between 8 November 2003 and 11 March 2005, Wattana was Minister of Commerce; between 11 March 2005 and 2 August 2005, he was Minister of Industry; and between 2 August 2005 and 19 September 2006, he was Minister of Social Development and Human Security.

Graph C illustrates the stock price movements of CPF and its peers. Appendix G indicates that the company's net income continuously improved until 1997 when the Asian financial crisis hit the region. In 1997, the company's net income decreased by only 16.93%, from 1,357.86 million baht in 1996 to 1,127.95 million baht in 1997. The company did not lose much sale volume with the economic downturn since the company's products are among life's essentials, although the price of these products declined. The devaluation of the Thai baht also helped with its exports, even though it had a foreign currency exchange loss of 3,075 million baht from its foreign currency- denominated debts. The company recovered in 1998 and had the highest net income since the crisis in 1999, as a result of post-crisis re-structuring and the organization of CP Group's agro-industrial companies under CPF management.

At the end of 2003 and throughout 2004, with bird flu outbreaks in Thailand, domestic consumption of chicken dropped drastically, resulting in a deep decline in both sales volume and prices in its livestock product line. The company also had to boost sales with aggressive marketing and public relations, resulting in a steep increase in marketing costs and a sharp decline in the

company's profit. The company's net income decreased by 44.87%, from 2,242 million baht in 2003 to 1,236 million baht in 2004. As consumers returned to consuming chicken meat, a change in consumption behavior towards higher quality and cooked products benefitted CPF, whose net profit improved in 2005, from 1,236 million baht in 2004 to 6,710 million baht in 2005, an increase of 442.88%.

CPF is the major player both in its industry and in the region's business community. The company has been regarded as a very successful conglomerate with superior management. Dhanin, himself, has been regarded as a guru in the region's business community. In September 2003, Fortune Magazine listed Dhanin among the top 50 business leaders with the greatest influence in the world. In August 2004, Fortune Magazine ranked Dhanin among the top 25 businessmen with the greatest influence in Asia. CPF's performance speaks to the company's management superiority.

In 1997, when the Asian financial crisis hit, CPF's net profit declined by only 16.93% from the previous year, while GFPT's net profit declined by 15,473.38%. Again, during the 2004 bird flu crisis, CPF's net profit decreased by 44.87% from the previous year, while GFPT's net profit declined by a much greater 297.61%. The jump in net profit in 2009 offers some insight into the company's management superiority (CPF's 225.77% versus GFPT's -0.79%).

The company's superior management is also reflected in its ROA. Appendix G illustrates that the company has generally had superior ROAs to competitor GFPT, except for the years in which its aggressive investments had not yet

converted into profits. The company also has superior ROE from its use of higher leverage since year 2000. This superiority is also reflected in the company's PE ratios. In 1997, when the Asian financial crisis hit, CPF's PE ratio was 7.6, while that of GFPT was only -1.1. Again, during 2004 with the bird flu outbreaks, CPF's PE ratio was 12.9, while GFPT's was only -2.6 (Appendix G).

In terms of stock price behavior, Graph C illustrates the stock price movements of CPF and its peers.

Political Connections

CPF has been widely accused of being a major beneficiary of the many FTAs that the government has signed. It is a major recipient of benefits from the Thailand-Australia FTA, effective since January 2005, which makes it easier for the company to export cooked and other processed shrimp products to Australia. The company is also a major beneficiary of the Thailand-Japan FTA, effective since 2007, which also makes it easier for the company to export cooked chicken and shrimp products to Japan. It has been widely said that CPF has disproportionately derived these benefits from its strong political connections.¹²⁸

Generally, it is very difficult to quantify these benefits. Both CPF's products and raw materials are heavily exposed to strong outside market demand and supply. Even when the company can export its products to counterparty FTA countries easily – as can its competitors - market demand and supply play an

¹²⁸ *Thanettakij*, 9 – 12 October 2005; *Prachathai News*, 25 April 2006; *Money Channel*, 28 March 2007; *Thanettakij*, 5 – 7 April 2007.

important role. Nonetheless, I attempt to examine this through a specific transaction.

In 2004, the government entered into negotiations with the Russian government to exchange Russian military aircrafts for Thai chicken products on a barter system. The exchange would help release the domestic oversupply of chicken meat products resulting from that year's bird flu outbreaks into Russia, thus helping the chicken farmers. However, because chicken meat products had to pass higher standards to be exported to Russia than small farms could provide, CPF was a major beneficiary of this barter. The exchange vested CPF with a 6,200 million baht sale of chicken meat products to the Thai government.¹²⁹ The person who participated in the negotiation was the then Minister of Commerce, Wattana Muangsuk, the political ambassador of CPF.

In order to measure the discrete effects of political connections on CPF equity value, I selected this government intervention to negotiate a chicken purchase agreement with Russia in order to address the over-supply and local demand problems during the bird flu outbreak and conducted an event study on the date of the announcement. The cabinet approved the purchase plan on 2 November 2004. CPF experienced a positive abnormal return of nearly 2% on the approval date, though the abnormal return was not materially significant (Table G-1). On the announcement date, CPF added 380.6 million baht to shareholder value, possibly attributable to the transaction.

¹²⁹ *Manager*, 2 November 2004.

Corporate Governance

As described earlier, the SET introduced the 15 Principles of Good Corporate Governance as best practice guidelines for listed firms in March 2002. The principles were introduced on a “comply or explain” basis. All listed firms were required, starting from the accounting period ending 31 December 2002, to demonstrate in their annual reports and annual registration statements how they applied the 15 Principles. If they did not comply with any principle, they were required to provide justification.¹³⁰

In 2002, CPF hired PricewaterhouseCoopers Risk Management Services to evaluate its corporate governance practices. The PwC report indicated that CPF’s corporate governance practices were in line with the SET’s 15 principles. The firm put special emphasis on:

- (1) Management (composition, roles and responsibilities)
- (2) Responsibilities to shareholders
- (3) Equitable and Transparent Treatment to Counterparts
- (4) Disclosure and Transparency

However, PwC’s report indicated that the firm needed to improve some corporate governance practices, such as the establishment of a Compensation and Nomination Committee. Moreover, the firm needed to continuously communicate to its employees the importance of good corporate governance. The firm established a Compensation and Nomination Committee in early 2006.

¹³⁰ Please refer to the Shin Corp case for details.

On 19 December 2005, the management of CPF formally approved a good corporate governance framework to guide the board of directors to conduct business according to related rules and regulations, specifically the SET's 15 Principles, and business ethics. This framework covered the code of best practices for directors; composition, roles and responsibilities, and independence of the board of directors; rights and equal treatment of shareholders and stakeholders; relations with stakeholders; information disclosure and transparency; supervision of use of internal information; and internal control and risk management.

With regards to the two indicators of disclosure quality – ADRs and Big 4 auditor,¹³¹ CPF has had an ADR traded in the US markets since 1992. In addition, the firm has also used KPMG Phoomchai Audit Ltd., associated with Big 4 audit firm KPMG, as its auditor since 2002. Both suggest a higher level of disclosure quality.

Regarding ownership structure, CP Group (and the Chearavanont family) has been the sole major shareholder of CPF. This gave the family control rights. This “inside” ownership concentration could threaten minority shareholders since the interests of the controlling family could conflict with those of the minority shareholders/outside investors. For example, the controlling shareholder might have influenced management to use transfer pricing to divert profit away from the firm to other firms the family owned. This would result in an increase in agency costs of equity, subtracting from firm value. Thus, CPF's concentrated “inside” ownership structure, although with higher disclosure quality as indicated by ADR

¹³¹ Please refer to the Shin Corp case for details.

and the use of a Big 4 audit firm, posed a potential agency problem that further enhancements in corporate governance could mitigate.¹³²

In order to test the specific effects of corporate governance on firm value, I studied two specific corporate governance events: (1) CPF's being named among the top 100 firms with good corporate governance and (2) its adoption of a Compensation and Nomination Committee. On 18 November 2005, CPF was named as one of the top 100 good corporate governance firms on the Stock Exchange of Thailand. The stock price reacted with a negative abnormal return of 1.33% on the announcement date, although not significant (Table G-2). This resulted in a decrease in shareholder value of around 400 million baht. On 8 February 2006, CPF's board of directors approved the appointment of the Compensation and Nomination Committee. Again, the stock price reacted with a mild negative abnormal return of 0.54%, decreasing 231.5 million baht of shareholder value (Table G-3). The negative abnormal return was again insignificant.

The analysis of the two corporate governance events suggests that, in the case of CPF, better corporate governance actually detracted value from shareholders. Though not statistically significant, the results weakly imply that political connections and corporate governance may be mutually exclusive in certain instances.

¹³² Information related to CPF's corporate governance, ADR, auditor, and shareholding structure are from the company's annual reports.

D. CASE 4: ITALIAN-THAI DEVELOPMENT PUBLIC COMPANY LIMITED

Italian-Thai Development Plc was founded in August 1958 by Dr. Chaijudh Karnasuta (a Thai) and Mr. Giorgio Berlingieri (an Italian national). The company was listed on the Stock Exchange of Thailand on 9 August 1994. The company's business operations are positioned in various major infrastructure categories including construction of industrial plants; pipelines and utility works (oil, gas, and water transmission pipelines, conduit and manhole systems, and storage tanks); highways, railways, and bridges; airports; marine works, dams, tunnels, and power plants; telecommunications infrastructure; and mining.

The company is the largest civil engineering and construction firm on the Stock Exchange of Thailand as measured by total revenue. The company's market share of the total construction industry's revenue was 46.61% in 2005. Its clients can be classified in two ways: by type and by location. Type is determined by whether the client is in the public sector (including state-owned enterprises) or the private sector. Location is either domestic or international and is determined by whether the work performed is in Thailand or outside Thailand. In 2005, approximately 86.1% of their clients were from the public sector, and approximately 13.9% from the private sector. Approximately 55.1% of their clients were domestic, and approximately 44.9% were international. The company bids for projects in neighboring countries and other countries in Asia including Cambodia, Laos, Myanmar, Vietnam, Malaysia, Indonesia, the Philippines, Taiwan, India, Bangladesh, United Arab Emirates, and Madagascar. Global

financial institutions, such as the Asian Development Bank, World Bank, and JBIC, financially support some of the major infrastructure projects on which the company bids.

Prior to the Asian financial crisis, the public sector accounted for approximately 60% of the company's work and the private sector accounted for approximately 40%. During the Asian financial crisis, the company experienced significant non-payment of amounts owed to it from its private sector property developer clients. As a result, and because the public sector has generally been more active than the private sector in the construction industry since the Asian financial crisis, the company has focused on obtaining public sector work in Thailand and has been more active in pursuing public sector work outside Thailand.

Partly because of the foregoing, as well as the company's focus on large infrastructure projects, a substantial portion of its work is attributable to a limited number of government enterprises. The company generally targets large, high-profile contracts from public sector entities. Mahidol University, the Airport Authority of India, Chulalongkorn Hospital, the Electricity Generating Authority of Thailand, and the Bangkok Metropolitan Administration are some of the company's clients. Other major players in this sector include Sino-Thai Engineering and Construction Plc (STEC) and CH. Karnchang Plc (CK).

The company's revenue and potential revenue growth are highly dependent on Thai public sector contracts, government policies and spending, and the Thai economy. The company's Thai public sector customers accounted for 47.34% of

its construction revenue in 2005 and 31.58% of the company's backlog value. The company's high standard of construction quality has been evidenced by its being awarded ISO-9001 - the standard for the Quality Management System including design, installation, and servicing; ISO-14001 - the standard for the Environmental Management System; and TIS 18001 - the standard for the Occupational Health and Safety Management System, in a number of its facilities.

The family of Premchai Karnasuta has been the largest shareholder of Italian-Thai Development, with a shareholding in the range of 20.41% and 32.33% between 2001 and 2006. The family of Nijaporn Charanachitta, Premchai's older sister, has been the second largest shareholder, with a shareholding in the range of 13.73% and 20.99% during the same period. Appendix H-1 shows the percentage of shareholding of Premchai's and Nijaporn's families between 2001 and 2011. Besides being a large shareholder of the company, Premchai has also been the President (CEO) of the company. It is through Premchai that the company's political connections exist. It has been widely reported that Premchai maintained very good social ties with Prime Minister Thaksin Shinawatra.¹³³

The property development sector was among the worst hit by the 1997 Asian financial crisis. Wannathepsakul points out that, according to the Department of Business Development, Ministry of Commerce, the size of the property development sector as compared to GDP dropped from 7% before the

¹³³ *Post Today*, 5 July 2011; *Thai Publica*, 27 December 2011; *Thaingo.org*, 10 May 2012; *Thai Post*, 21 August 2012.

crisis to 3% after the crisis.¹³⁴ Wannathepsakul adds that 980 construction companies went out of business, totaling 21.57 billion baht of registered capital. Even leading Thai construction companies, such as Italian-Thai Development and Sino-Thai Engineering and Construction, could not escape the impact of the crisis. These companies faced large losses and increased amounts of debt precipitated by baht devaluation. Italian-Thai went from 1,520.51 million baht of net profit in 1996 to 140.13 million baht of net loss in 1997. Its total liabilities increased from 18,210.87 million baht in 1996 to 29,096.93 million baht in 1997. During the period between 4 September 2001 and December 2002, it operated under a business reorganization plan approved by the Central Bankruptcy Court. Appendix H-2 shows the company's net income and total liabilities from 1996 – 2011.

As noted, the public sector has generally been more active than the private sector in the construction industry since the crisis. As a result, these leading construction companies have, thus, focused on obtaining public sector work. The competition among these companies, therefore, has been very intense. Every competitive strategy has been used, including leveraging tight political connections.

Political Connections

¹³⁴ Noppanant Wannathepsakul, "Political Connections in Construction Industry," in *Thai Capital: Politics and Culture*, ed. Pasuk Phongpaichit (Bangkok: Matichon, 2006), 280-357 (in Thai).

Wannathepsakul finds that from 2001 to 2003, under Thaksin's administration, public sector construction projects were granted only to some construction companies, namely Italian-Thai Development and Wichitphan Construction.¹³⁵ The opposition party, Democrat, stated in a censor debate on 28 June 2005 that during 2002 and 2003, Italian-Thai Development won a total of ten Suvarnabhumi Airport-related projects valued at 65,837.43 million baht, more than half of the Suvarnabhumi projects' 120,000 million baht value. Almost all of the ten projects granted were questioned by the Office of the Auditor General for possible misconduct in the bidding process that would create an advantage for Italian-Thai Development.¹³⁶ Italian-Thai Development's net income turned from a loss of 2,527.99 million baht in 2001 to a profit of 388.64 million baht in 2002 and 921 million baht in 2003. Sino-Thai's net income improved only minimally during the same period, compared to the performance of Italian-Thai Development; CH. Karnchang experienced a net loss in 2002 (see Appendix H-2).¹³⁷ Graph D illustrates the stock price movements of ITD and its competitors. On 16 December 2002, the Central Bankruptcy Court ordered a termination of the company's business rehabilitation process. The backlog from the Suvarnabhumi projects continued to produce a positive net income for the company for many years.

In order to examine the direct effects of political connections on ITD's value, I selected three specific events – the award of an airport contract, the award

¹³⁵ Ibid.

¹³⁶ *Bangkok Biznews* (Krungthep Turakij), 29 June 2005.

¹³⁷ CH. Karnchang's performance improved from a net loss of 178.91 million baht in 2002 to a net profit of 285.39 million baht in 2003.

of a Bangkok Metropolitan Administration (BMA) contract, and the award of multiple contracts – and conducted event studies.

On 27 May 2003, ITD announced through the SET information system that its joint venture firm, IOT, had signed a contract with New Bangkok International Airport Co.,Ltd. to construct two runways, taxiways, and other landscape of airfield areas of the Suvarnabhumi Airport. The project had a contract value of 7.4 billion baht. ITD shared 40% of the contract value, which equaled approximately 3.0 billion baht. The period of work was 793 days or around two years.¹³⁸ With ITD's net operating profit after tax margin of 5.72%, this revenue would translate into cash inflows of roughly 85.8 million baht a year for two years.¹³⁹ With ITD's weighted average cost of capital of 4.97%, this stream of cash flows would be discounted to a value of 159.61 million baht.¹⁴⁰ On the day following the announcement date, the stock price of ITD reacted favorably with a significantly positive abnormal return of 6.14%, adding a value of 51.65 million baht to shareholders. The abnormal return was insignificantly negative the next day and then turned significantly positive at 9.45% the following day, rendering a CAR of 14.27% over the four-day window.

On 4 August 2003, ITD announced through the SET information system that ITD, in a joint venture with Japanese Nishimatsu Construction, had signed a contract with BMA on the Flood Protection Tunnel Project worth 2.09 billion baht. The project value to ITD, which shared 51% of the revenue, was 1.07 billion

¹³⁸ Contract details are from SETSMART.

¹³⁹ NOPAT is from ITD's 2003 annual report.

¹⁴⁰ WACC is on 31 December 2002, retrieved from Bloomberg.

baht. The period of work was 1440 days or around 4 years.¹⁴¹ With ITD's net operating profit after tax margin of 5.72%, this would translate into an increase in cash inflows of roughly 15.30 million baht a year for the next four years.¹⁴² With a weighted average cost of capital of 6.25%, these cash flows would be discounted to a value of 52.71 million baht.¹⁴³ On the announcement date, ITD stock reacted with a 1.43%, but insignificant, positive abnormal return. However, on the following day, ITD stock generated a marginally significant positive abnormal return of 4.06%, adding 62.7 million baht value to shareholders (Table H-1).

On 5 July 2005, ITD announced the award of three separate contracts, including: (1) a contract to build a mall; (2) a contract to build ten flats; and (3) a jetty contract with the Marine Department. All three contracts were with various government offices. The total value of the three contracts was 751.96 million baht. The three projects had a work period of roughly two years.¹⁴⁴ With a net operating profit after tax of 6.69%, these projects would provide an increase in cash inflows of roughly 25.15 million baht a year for two years.¹⁴⁵ For a weighted average cost of capital of 6.18%, this stream of cash inflows would be discounted to a value of 45.99 million baht.¹⁴⁶ On the announcement date, the stock price of ITD reacted with a positive abnormal return of 2.92% at marginal significance

¹⁴¹ Contract details are from SETSMART.

¹⁴² NOPAT is from ITD's 2003 annual report.

¹⁴³ WACC is on 31 December 2003, retrieved from Bloomberg.

¹⁴⁴ Contract details are from SETSMART.

¹⁴⁵ NOPAT is from ITD's 2005 annual report.

¹⁴⁶ WACC is on 30 December 2005, retrieved from Bloomberg.

(Table H-2). This resulted in an increase in shareholder value of 998.9 million baht.

These contract announcements suggest that political influence in securing large critical contracts that provide tangible cash flows to the firm contributed directly and materially to shareholder value. The share price reacted positively in all three transactions. The award of the airport contract, which provided the largest tangible cash flows to the firm, generated a significantly high CAR. The BMA and the multi contracts also generated positive abnormal returns at marginal significance.

Corporate Governance

On 21 March 2003, one year after the SET introduced the 15 Principles of Corporate Governance, the Italian-Thai Development's board of directors approved the company's policies on corporate governance in accordance with the SET's guidelines.¹⁴⁷ Later, on 16 December 2004, ITD's board further approved the "corporate governance implementation and evaluation plan" as a follow up measure to enforce the implementation of the company's corporate governance and to evaluate the effectiveness of the implementation. The company has continuously revised its corporate governance policies in response to the changing business and governance environment.¹⁴⁸

¹⁴⁷ Please refer to the Shin Corp case for details of the 15 Principles of Corporate Governance.

¹⁴⁸ Information from Italian-Thai Development's annual reports.

Next, I turn to the two dimensions of corporate governance used to gauge how well minority shareholders' rights are protected: disclosure quality and ownership structure.¹⁴⁹ Although ITD did not have an ADR during the case period, it had Ernst and Young – one of the Big 4 audit firms – as its auditor. Regarding ownership structure, Premchai's family and Nijaporn's family were the major shareholders of the company during the case period and, thus, had control over ITD's policies and directions, including appointments of directors and management. As such, the concentration of ownership within the two families indicates that the rights of the minority shareholders might not have been well protected. Large shareholders and management might have pursued policies that conflict with the minority shareholders' interests. These could be in the form of expensive salaries and lavish fringe benefits or the transfer of income from the firm to other companies they own by sub-contracting.

To evaluate the direct impact of corporate governance on firm value, I conducted an event study on the announcement date of the death of the chairman of the board – Dr. Cha Yudh Karnasuta, who passed away on 29 November 2004. Dr. Cha Yudh was a founder of the company and long-standing Chairman. His ability to bring the company out of distress suggests that he may have contributed important insights, strong connections, and good management and governance to the firm. His death was announced on 30 November 2004. The announcement resulted in a 6.38% positive cumulative abnormal return for two days before settling back by 3% (Table H-3). The abnormal returns were marginally significant. The result is somewhat difficult to interpret. While his death might

¹⁴⁹ Please see the Shin Corp Case for discussion of disclosure quality and ownership structure.

have depressed ITD's share price, since he was 83 years old and had been in ill-health, the stock price may have already discounted a change in leadership. That the stock price reacted positively to the death announcement perhaps suggests the removal of uncertainty and improving corporate stability.

E. CASE 5: BANKING

In this case study, I present the analysis of two banks: Thai Military Bank and Bank of Ayudhya. The purpose of the inclusion of banks in the case analysis is to understand the uniqueness in the banking sector that might result from its stronger corporate governance. The industry results from the multiple linear regressions suggest that connected firms in the banking industry became less impacted by political connections over the study period. In Episode 1, politically connected firms in the banking industry were those who benefitted the most from political connections. In Episode 2, these firms were among the least negatively impacted by Thaksin's departure.

As weak corporate governance in the Thai corporate and banking sectors was a factor precipitating the 1997 financial crisis in Thailand, shortcomings received considerable policy scrutiny. Accordingly, the period between the two episodes coincided with a phase of intense reforms in corporate governance in the banking sector. These reforms may help to explain a lessening of political connection value of firms in the banking sector. Specifically, better corporate

governance might have made banking firms less vulnerable to shocks and, thus, less dependent on political connections.

The banking sector, in particular, has undergone a “double reform” from both a capital market perspective (as banks are all listed companies on the Stock Exchange of Thailand) and from the Bank of Thailand (BoT) as the major regulator of banks. Specifically, the Bank of Thailand has been keen on prescribing measures to promote better corporate governance in the banking sector. In 2001, the BoT issued new regulations concerning internal auditing of financial institutions and new regulations for balance sheets and income statements of banks and finance companies. After the government named 2002 as “the Year of Good Corporate Governance,” which resulted in the formation of the National Corporate Governance Committee (NCGC) in February 2002, in March of that year, the BoT circulated the Financial Institution Directors’ Handbook. By the end of that year, the BoT issued more rules, regulations, and guidelines with detailed prescriptions about composition, qualification, and duties of the board of directors. In the same year, the BoT also issued new regulations concerning the lending to or investing in related parties and loans to shareholders and new regulations prescribing approval criteria for external auditors for commercial banks and finance companies.

The corporate governance rules and regulations for banks are more stringent than those for normal corporations. Moreover, the BoT conducts an on-site inspection of each and every bank at least once a year. Therefore, banks are under more stringent standards, in terms of corporate governance, than other types of

corporations. The scope and speed of corporate governance change in banking has not been revolutionary, but evolutionary. The BoT has continuously updated its rules and regulations since 2002 to reflect the changing business environment in the banking sector. Thus, enhanced governance measures have developed over time.¹⁵⁰

In addition to corporate governance reforms, the Thai banking sector also experienced structural changes in ownership structure after the crisis. After the Asian financial crisis, the 25% restriction in foreign ownership in banks was lifted so that foreign capital could help aid ailing banks and improve their efficiency. In order to further enhance the efficiency in the banking system, the reforms included a lowering of the entry barrier to promote greater competition. Many local banks have partnered with foreign banks, both to strengthen their capital adequacy and to transfer advanced management technologies.

The Thai financial sector is bank-dominated, with a total of 3,911 branches of locally incorporated banks and 18 branches of foreign banks at the end of 2004. The banking industry in Thailand was oligopolistic in nature. There had been no entry and only one exit between 1980 and 1996. After the reforms resulting from the 1997 crisis, five banks exited through liquidations and mergers and two state-owned banks were established. At the end of 2004, there were a total of 12 commercial banks and five state-owned financial institutions (specialized financial institutions and cooperatives). The market share of loans was highly

¹⁵⁰ Information related to corporate governance in the Thai banking industry is from Pongsak Hoontrakul and Chatsurang C. Karnchanasai, "The Evolution of Corporate Governance in Banking Industry of Thailand from the 1997 Asian Crisis to the 2008 Global Credit Crisis," *SSRN Working Paper Series* (2010).

concentrated in the six largest commercial banks: Krung Thai Bank, Bangkok Bank, Kasikorn Bank, Siam Commercial Bank, Thai Military Bank, and Bank of Ayudhya. The total loans of these banks accounted for more than half of total loans in the financial sector both before and after the crisis. Graph E illustrates the comparative stock price movements of the Big 6 banks.

As noted, among the changes resulting from banking reform is in the ownership of banks. The restriction on foreign ownership of banks was lifted in order to facilitate foreign bank and investor entry to re-capitalize the distressed banks. In 1996, founding families were the largest shareholders of five of the eight largest banks. However, by 2003, foreign investors were the largest shareholders in two banks, including the largest bank. Two other banks have been either nationalized or liquidated. Only one bank, Bank of Ayudhya, remained with the founding family as the largest shareholder.

Also as noted, the reforms reflected a change in the attitude of the authorities towards entry into the banking sector. After two decades of no entry, in 2004, the Bank of Thailand issued a new license to a finance company, resulting in an upgrade of the institution to a full commercial bank. As a result of increasing competition after the reform, banks became less dependent on interest revenue and more focused on fee-based services as higher competition prevented banks from setting high prices for their lending, forcing them to compete to provide better services and to be able to charge a premium.¹⁵¹

¹⁵¹ The information related to the Thai banking industry is mainly from Koji Kubo, "The Degree of Competition in the Thai Banking Industry before and after the East Asian Crisis," *ASEAN Economic Bulletin* 23.3 (2006): 325-40.

The two banking case studies that follow - Thai Military Bank and Bank of Ayudhya - are intended to highlight the effects of the uniqueness in the banking sector with respect to political connectedness and corporate governance and to further inform joint effects. To add further diversity, the two banks differ in their degrees of political connections.

THAI MILITARY BANK PUBLIC COMPANY LIMITED¹⁵²

Thai Military Bank (TMB) is one of the largest retail banks in Thailand. It was founded in 1957, originally to provide financial services exclusively to military units and their personnel. With subsequent development and growth, the bank opened its first branch in 1963. From 1964 to 1973, TMB diversified its scope of business into the business and private sectors to respond to the government's Economic Development Master Plan. In 1973, the bank became a full commercial bank and described itself with the slogan "Thai Military Bank, the Bank for all People." On 23 December 1983, the bank was listed on the Stock Exchange of Thailand. TMB expanded its financial services abroad the first time in 1987 in Hong Kong.

TMB has improved and upgraded its financial services over the years, including fully computerizing its services, implementing Total Quality Service activities, and upgrading its financial services to ISO 9000 standards. In 1998, TMB received ISO 9002 certification. After the 1997 financial crisis, TMB revised its organizational structure to respond to the new economic environment

¹⁵² Information is mainly from TMB's website and annual reports.

and stricter regulations. This includes the set up of credit promotion and credit review departments to alleviate the problems associated with non-performing loans and the establishment of Thai Military Property Management Company Limited.

The bank revised its organizational structure again in 2001 and established a marketing division to develop new products and services for better competitiveness. The re-organization also included the set up of a credit risk management unit and Office of Compliance – offspring of the 1997 crisis.

On 1 September 2004, TMB entered into a merger with DBS Thai Danu Bank and the Industrial Finance Corporation of Thailand (IFCT), forming a new TMB bank with comprehensive banking services. Having an insurance company and an asset management company under its umbrella enabled the bank to provide universal banking services. With post-merger assets of around 700 million baht, the bank became the fifth largest bank in the country. To promote its universal banking businesses, TMB re-branded and adopted an English name “TMB Bank” with the slogan “Better Partner, Better Value.”

At the end of 2005, TMB had a deposit share at 9.3%, the sixth largest share after Bangkok Bank (20.7%), Krung Thai Bank (17.6%), Kasikorn Bank (12.3%), Siam Commercial Bank (11.1%), and Bank of Ayudhya (9.9%). In terms of loan share, the bank held 11.3%, the fifth largest share after Krung Thai Bank (18.5%), Bangkok Bank (18.1%), Kasikorn Bank (12.8%), and Siam Commercial Bank (12.0%). The bank had 426 branches across Thailand and three branches overseas.

TMB extended 44.4% of its loans to corporations, 42.4% to Small- and Medium-Sized Enterprises (SME), and 13.2% to consumers. 47.94% was loaned to the manufacturing and commercial sectors and 20.54% to the utility and service sectors. Interest income comprised 71.9% of total income, followed by fee and service income of 17.6%. The bank had NPLs at 13.46% of its loans. The bank's long-term debts were rated BBBpi by S&P at the end of 2005.

TMB had been majority held by the Thai Military, with shareholding at 41.54% in 2000.¹⁵³ However, during the 1997 financial crisis, the bank was badly hit by bad debts from its overextended loans to the sugar industry.¹⁵⁴ In 2001, the bank had to increase its capital, resulting in a drop in the Thai Military's shareholding. The Finance Ministry came to own 49%, making it the major shareholder. Thaksin, under his son's name – Panthongtae Shinawatra – also put 2 billion baht in the bank, resulting in a shareholding of 7.46%.¹⁵⁵ After the merger in 2004, the Finance Ministry continued to be the major shareholder of the bank, with a shareholding of 31.23% in 2004. DBS Bank came to own 16.10% and the shareholding of the military was reduced to 3.47%. Thaksin's stake was left at 1.06% after the merger.¹⁵⁶

The board of directors was chaired by a representative of the military until 2003 when the Finance Ministry sent a representative to sit in the position. From 2003 - 2006, Gen. Chaisit Shinawatra – Thaksin's close cousin – was also the Vice Chairman of the Board. TMB was, therefore, connected with Prime Minister

¹⁵³ Thai Military includes the Royal Thai Army, the Royal Thai Airforce, and the Royal Thai Navy.

¹⁵⁴ Phongpaichit and Baker, *Thaksin*.

¹⁵⁵ Ibid.

¹⁵⁶ Information about shareholdings is from SETSMART.

Thaksin Shinawatra as a large shareholder from the time Thaksin was elected Prime Minister on 6 January 2001 to when his stake was reduced in the merger on 1 September 2004, and through a top director (Gen. Chaisit Shinawatra) from 18 November 2003 until the coup on 19 September 2006.^{157, 158}

Thaksin and TMB had had a long-standing relationship. Thaksin had used loans mainly from TMB during his early business days. This made him familiar with Thanong Bidhaya, who later became the CEO of the bank. Thanong was Thaksin's foremost financial advisor and had been a director at Shin Corp before returning to the bank as CEO.¹⁵⁹ Thanong became Finance Minister on 25 November 1996 and resigned on 24 October 1997. He was among the baht devaluation policy originators during the crisis in 1997 and may have leaked the news to Thaksin.¹⁶⁰

When Thanong returned to TMB again after resigning as Finance Minister and faced TMB's ailing condition after the crisis, Thaksin bailed out his close friend by facilitating the Finance Ministry taking a 49% stake and putting his 2 billion baht in the bank, resulting in his 7.46% shareholding.¹⁶¹ The bank struggled through the next several years, when Thaksin's Finance Minister – Suchart Jaovisidha – arranged the merger between TMB, the semi-public Industrial Finance Corporation of Thailand (IFCT), and Singapore's DBS, with TMB as the dominant entity. This transaction addressed many of the operating

¹⁵⁷ Although Thaksin's shareholding did not reach the 10% large shareholder threshold, his shareholding of 7.46% was considered significant.

¹⁵⁸ Management information is from SETSMART.

¹⁵⁹ Information related to the relationship between Thanong and Thaksin is from Phongpaichit and Baker, *Thaksin*.

¹⁶⁰ Phongpaichit and Baker, *Thaksin* and McCargo and Pathmanand.

¹⁶¹ Phongpaichit and Baker, *Thaksin*.

problems of the bank, while saving the Prime Minister's stake.¹⁶² Interestingly, Thaksin is believed to have blocked the original merger plan that would result in TMB disappearing from the industry in favor of the eventual merger plan that resulted in TMB being the leading entity after the merger in order to preserve his stake.¹⁶³

Appendix I illustrates that after the merger the net income of the bank reached a positive 0.95 billion baht from a net loss of 14.1 billion baht in the previous year. The net profit increased to 7.8 million baht in 2005 and the PE ratio was at a record high 39.1 at year-end.

Appendix I helps explain the poor performance of the bank. In terms of the efficiency of asset use, TMB had had very low ROA compared to others among the Big 6. In 2004, while the largest bank in terms of deposits – Bangkok Bank – had an ROA of 1.25%, TMB's ROA was at 0.14%. The ROA of the bank improved in 2005 to 1.09% (Bangkok Bank's ROA was 1.45%) as the performance of the bank improved. With leverage generally at the same level as other banks, this translated into low ROEs. In 2004, TMB had leverage of 93%. Its ROE was at 2.1%, while Bangkok Bank's was at 15.33%.

Turning to corporate governance, in 1998, in response to the Stock Exchange of Thailand's emphasis on good corporate governance after the crisis, TMB established an audit committee comprised of external experts to monitor management's conduct to build confidence in the public, depositors, and customers. With regard to transparency as proxied by having a listed ADR and

¹⁶² Ibid.

¹⁶³ Ibid.

having a Big 4 auditor, the company did not have a listed ADR during the period in this case. However, the company hired KPMG, a Big 4 auditor, during the period. In addition, the bank has followed all the rules and regulations related to good corporate governance prescribed by the regulators – both the Bank of Thailand and the Stock Exchange of Thailand. Notwithstanding the good corporate governance just mentioned, the fact that the bank was controlled by the military and the Ministry of Finance made it prone to be a device of possible connected lending.

In order to examine the direct effects of corporate governance on firm value, I conducted an event study on the announcement of the Bank's merger with a DBS affiliate and IFCT in 2004. Since DBS would finally become a major shareholder in the new entity, it is expected as DBS was a big, well-known, institutional investor, who would protect its interests and thus would bring in better corporate governance, which would also benefit the minority shareholders. The merger is considered a corporate governance event with implications for the efficient operations of the bank.

On 28 January 2004, Thai Military Bank announced that the bank, DBS Bank, and DBS Thai Danu Bank (a DBS affiliate) had signed a Memorandum of Understanding (MoU) to combine TMB and DBS Thai Danu in a strategic merger to create the 6th largest bank in Thailand by assets. In addition, the parties had agreed to explore incorporating IFCT in the merger to create the 5th largest bank in the country. The stock price of TMB reacted with an insignificantly positive

abnormal return of 1.90% on the announcement date, resulting in an increase in shareholder value of 743.6 million baht (Table I-1).

BANK OF AYUDHYA PUBLIC COMPANY LIMITED¹⁶⁴

Bank of Ayudhya (BAY) is one of the largest commercial banks in Thailand. It was established in January 1945 in Phra Nakhon Sri Ayudhya province, the old capital city of Thailand. During the same year, the bank opened its head office in Bangkok. In September 1977, the bank was listed on the Stock Exchange of Thailand. The bank has conducted commercial banking business for more than 60 years, with branches throughout the country and some parts of the world.

At the end of 2005, the bank had a deposit share of 9.9%, the fifth largest share after Bangkok Bank (20.7%), Krung Thai Bank (17.6%), Kasikorn Bank (12.3%), and Siam Commercial Bank (11.1%). In terms of loan share, the bank held 9.31%, the sixth largest loan share after Krung Thai Bank (18.5%), Bangkok Bank (18.1%), Kasikorn Bank (12.8%), Siam Commercial Bank (12.0%), and Thai Military Bank (11.3%). The bank had a total of 489 branches across the country and three branches overseas.

In 2005, 52.96% of the bank's loans were granted to the manufacturing and trading sectors, 16.82% to the public utilities and services sectors, 11.48% to the property and construction sector, and 11.25% as housing loans to retail customers. The income structure of the bank illustrates that BAY had 56.33% of its income

¹⁶⁴ Information is mainly from BAY's website and annual reports.

from interest income, and 43.67% from non-interest income. The bank's non-performing loans were 9.3% of its total loans at the end of 2005.

Between 18 November 2003 and 20 November 2006, BAY had Gen. Chaisit Shinawatra – a close cousin of Thaksin – as Vice Chairman of the Board of Directors. This gives rise to BAY having political connections with Thaksin through Chaisit between 18 November 2003 when Chaisit joined the board and 19 September 2006 when Thaksin was deposed via the coup.

BAY was majority held by the Ratanarak family, with an average shareholding between 2001 and 2006 at 32.92%. In May 2006, BAY entered into discussions with GE Capital to become strategic partners. On 21 December 2006, GE Capital completed the purchase of BAY's shares, resulting in a shareholding in BAY at around 29% in early 2007. The Ratanarak family's shareholding was reduced to 29.73% after the GE purchase. This transaction enabled BAY to leverage the expertise of GE Capital and become a leading universal bank in Thailand.¹⁶⁵

Krit Ratanarak had been Chairman of the Board of BAY until GE Capital joined the bank in 2007, after which Veraphan Teepsuwan sat in the position. Although not directly from the Ratanrak family, Veraphan was known as a close friend of Krit. A representative from GE Capital – Tan Kong Khoon – became President and CEO of the bank. The combination with GE Capital and the resulting displacement of the CEO is considered as a corporate governance enhancement to the bank, as GE Capital was a large, experienced institutional

¹⁶⁵ Shareholder and acquisition information are from SETSMART.

investor interested in protecting its own interests and, thus, would closely monitor the management of the bank.¹⁶⁶

In terms of corporate governance, BAY has been adhering to the rules and regulations regarding good corporate governance prescribed after the 1997 financial crisis by both the Bank of Thailand and the Stock Exchange of Thailand. With regard to transparency as proxied by having a listed ADR and having a Big 4 auditor, BAY did not have a listed ADR during the period from 2001 to 2006. However, it hired Deloitte Touch Tohmatsu Jaiyos – a partner of Deloitte, a Big 4 auditor – during that period. Although the bank generally is considered to have exhibited good corporate governance, being controlled by a family group raises questions of possible appropriation by the controlling shareholder. This includes, for example, connected loans to other companies in the group.

Between 2001 and 2006, BAY's financial performance was weak. Appendix I illustrates that BAY generally had the smallest profits among the Big 6, except for TMB. In 2004, the bank had a net profit of 4.7 billion baht, while Bangkok Bank – the largest bank in terms of deposits – had a net profit of 17.6 billion baht. In terms of efficiency in the use of assets, the bank generally had low efficiency. In 2004, its ROA was 0.81% while that of Bangkok Bank was at 1.25%. With the use of leverage at the same level as other banks, this translated into low ROEs. In 2004, with a leverage of 94%, it had an ROE of 14.23%, while Bangkok Bank's was 15.33% and Kasikorn Bank's and Siam Commercial Bank's were at approximately 23%. These resulted in the bank having lower PE ratios than other banks in the Big 6 (again except for TMB).

¹⁶⁶ Management information is from SETSMART.

In order to examine the impact of good corporate governance on politically connected BAY's firm value, I specifically chose the GE Capital share purchase and conducted an event study. As in the TMB merger, the share purchase by GE Capital is considered a corporate governance event. On 17 May 2006, the board of directors of BAY considered GE Capital's Letter of Intent (LOI) to subscribe to BAY's newly issued shares up to 25% of BAY's total registered and paid-up capital. On the next day, 18 May 2006, this was announced to the public.¹⁶⁷ Interestingly, over two days around the announcement date, BAY's shares generated a significantly negative abnormal return of 3.23% and then rebounded to a 3.01% significantly positive abnormal return, resulting in a neutral impact (Table I-2). Over an extended post-event window after completion of the deal, the share performance was close to that of the overall market. This indicates that despite the changes in board of directors resulting from the transaction, the overall impact of corporate governance on firm value was negligible. While certainly inconclusive, the results may, in part, reflect the existing relative strength and level of maturity of corporate governance in the Thai banking sector.

F. CASE ANALYSES AND INDUSTRY EFFECTS

Table K summarizes details and event study results of the cases. Generally, the analyses presented in this chapter suggest that political connection events, when compared to corporate governance events, exhibit greater significance with

¹⁶⁷ Information related to the GE Capital share purchase is from SETSMART.

positive abnormal returns. This indicates that shareholders perceive political connections to add materially to the equity value of the firm. Conversely, corporate governance events, although often generating positive abnormal returns, generally did not exhibit significance. Therefore, there is little evidence from the cases that corporate governance directly contributes materially to or offsets any benefits of political connections to corporate value. Rather, good corporate governance practices appear to co-exist with higher levels of political connections in a complementary manner.

The case analyses also suggest that the nature of the benefits from political connections and corporate governance are materially different and, therefore, may influence equity values disproportionately. Political connection interventions that result in large net positive cash flows to the firm (such as in the case of ITD's contracts or cash outflow savings in the case of Shin Satellite) tend to have the most material impact on firm value. Corporate governance best practices do not result in materially and immediately measurable cash flow benefits and, therefore, their impact is more challenging to capture and measure.

At this juncture, I return to the industry effects introduced earlier in this dissertation and integrate observations from the preceding case analysis. The results from the Logit model indicate that industry is directly related to the degree of political connectedness. From the Logit model (Episode 1), the coefficients of Technology, Manufacturing, Finance, and Property dummies are significant, indicating that political connections were significantly concentrated in these

industries. These results are also evidenced in the descriptive statistics in Episode 1.

The results from the Multiple Linear Regression models further suggest that “value” from political connections is directly related to industry. The results from Episode 1 suggest that politically connected firms in the Finance industry gained the most political connection value (see also the “Results” section under Multiple Linear Regression models in the Results chapter).

The descriptive statistics in Episode 2 indicate that the top three most politically concentrated industries were Technology, Finance, and Property. Agri-business was the least politically concentrated industry. The results from the Multiple Linear Regressions in Episode 2 further suggest that politically connected firms in the Agri-business industry were among those with the least value attributable to political connections. Connected firms in the Property industry exhibited the highest political connection value as reflected by the high concentration of connected firms in the industry. However, in contrast to the results from Episode 1, connected firms in the Finance industry were among those whose value was least impacted by the loss of political assets resulting from the coup.

The case analyses are generally consistent with the industry effects on political connection value. For example, the abnormal returns from political connection events are significantly positive and high in the Shin Corp (Technology) and ITD (Property) cases. The abnormal return from the political event in the CPF (Agri-business) case is small and not materially significant.

With respect to the effects of governance on politically connected firms, the results from the multiple linear regressions and case analyses both indicate that, on balance and across industries, governance effects are subtle and difficult to measure. Also, on the basis of neither analysis is there evidence that governance effects substitute or offset for value created as a result of political connectedness. Rather inferential evidence suggests that political connectedness and good corporate governance can and do co-exist.

Finally, with specific reference to Finance and Banking, the industry was among the most highly politically concentrated industries in both episodes. Connected firms in the Finance industry gained the most political connection value in Episode 1, while, in contrast, they were among those with the least loss in political connection value in Episode 2. I posit that this shift in the results may be traceable to rigorous regulatory and corporate governance reform undertaken in the Thai Finance/Banking industry in the intervening years as a result of the 1997 Asian financial crisis. Such reforms to corporate governance, in the broader context of regulatory overhaul to the Finance/Banking industry, can inhibit the exercise of political connection transactions and lower the value of such connections. As the TMB and BAY cases demonstrate, the value effects of discrete internal corporate governance measures were not well-reflected in shareholder value. This may indicate that shareholders had already priced in robust industry-level corporate governance structures.

VIII. SUMMARY AND CONCLUSION

This dissertation finds that, in Thailand, political connections materially added value to connected firms during the period of very high political connections (i.e. during the Thaksin administration). The political connection value was highly dependent on industry and, thus, was high in the Property and Technology industries where political concentration was also high, and low in the Agri-business industry where political concentration was also low. Unlike other industries, the Finance industry showed lower connection value despite high political concentration, probably due to the more rigorous corporate governance and regulations.

This dissertation further finds that political connections and corporate governance tend to be complementary. Shareholders acknowledge the benefits of better corporate governance. Rather than subtracting from firm value through the increased transparency that makes the channeling of political connection benefits difficult, good corporate governance added value to minority shareholders by redistributing these benefits away from majority shareholders' expropriation. However, the complementary effect was not as strong in the Finance industry as in other industries, probably due to the already stringent corporate governance and regulations in the Finance industry.

The case analyses also reveal that the cash flows from political connections were large and more tangible than those related to good corporate governance. Cash flows from better corporate governance were not immediately measurable,

rendering quantification of the value of corporate governance difficult and, thus, resulting in disproportionate values between political connections and corporate governance.

The results from this dissertation can be generalized to any economies with widespread political connections which have to adopt good corporate governance. However, this also opens opportunities for researchers to empirically test the joint effect of political connections and corporate governance on firm value in other economies with widespread political connections. The results from this dissertation add to both the corporate governance and political connections literature. The results also close the gap in the literature brought up by Lemmon and Lins related to the relationship between ownership structure and political connections. In this regard, this dissertation finds that politically connected firms are associated with high cross holdings and family ownership.

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X. APPENDICES

Please see appendices attached.

Table A: Descriptive Statistics of the Data Used in the Logit Model

	Pol	ADR	Audit4	Family	FreeFloat	XHoldings	Leverage	LnTotalA	Net Income
Mean	Yes	0.125	0.583	11.125	43.833	41.000	0.374	16.3	0.118
Mean	No	0.023	0.531	13.345	50.565	33.599	0.413	15.121	(0.104)

Note: This table presents descriptive statistics of the sample data used in the Logit Models. The sample data are 201 listed companies on the Stock Exchange of Thailand on 30 April 2002, excluding delisted firms and firms with unavailable data. Of these firms, 24 were politically connected. The data are retrieved from Datastream, SETSMART, and Bank of New York. The table illustrates the mean value for all firms in the sample, separately showing mean of politically connected and non-connected firms.

Table B: Descriptive Statistics of the Data Used in the Multiple Linear Regression Models

Tables B-1 to B-5 illustrate the descriptive statistics of sample data used in the regressions in Episode 1 when Thaksin got elected as the prime minister (6 January 2001). The sample data are the 323 listed firms on the Stock Exchange of Thailand during the episode period (60 days around the event date: 30 days pre, 30 days post), excluding delisted firms and firms with unavailable data.

Tables B-6 to B-10 illustrate the descriptive statistics of sample data used in the regressions in Episode 2 when Thaksin was deposed via coup (19 September 2006). The sample data are the 500 listed firms on the Stock Exchange of Thailand during the episode period (60 days around the event date: 30 days pre, 30 days post), excluding delisted firms and firms with unavailable data.

Data are collected from Datastream, SETSMART, and Bank of New York. Data about political connections are from www.cabinet.thaigov.go.th websites and SETSMART.

Table B-1: Episode 1: Classification of Connections by Types of Connected Politicians

Industry	Prime Minister	Minister	Friend of PM
Agrobusiness			1
Consumer		1	
Finance	1	5	
Manufacturing		2	4
Property		2	2
Resources		1	
Service		2	2
Technology	3	1	2
Total	4	14	11

Note: This table illustrates the number of connected firms in each category.

Table B-2: Episode 1: Classification of Connections by Types of Connected Persons in the Firm

Industry	Large Shareholder	Director	Both
Agrobusiness			1
Consumer		1	
Finance		6	
Manufacturing	2	4	
Property		3	1
Resources		1	
Service		3	1
Technology	4	2	
Total	6	20	3

Note: This table illustrates the number of connected firms in each category.

Table B-3: Episode 1: Classification of Connections by Industry

Industry	No. of Connected Firms	No. of Firms in Industry	% Connected Firms
Agrobusiness	1	41	2.44%
Consumer	1	32	3.13%
Finance	6	44	13.64%
Manufacturing	6	35	17.14%
Property	4	49	8.16%
Resources	1	13	7.69%
Service	4	77	5.19%
Technology	6	32	18.75%
Total	29	323	8.99%

Table B-4: Episode 1: Firm Characteristics

	All firms	Non-connected	Connected(all)	Connected with Prime Minister	Connected with Minister	Connected with Friend of PM
ln (Total Assets)	14.92	14.84	15.69	16.92	15.72	15.21
Total Assets (in thousands Baht)	22,633,119	20,545,425	43,798,019	33,417,934	71,392,561	12,452,269
Total Liabilities (in thousands Baht)	4,042,356	3,621,718	8,306,754	9,496,283	10,586,756	4,972,376
Market Capitalization (in thousands Baht)	3,639	2,881	11,330	43,721	6,404	5,821
Leverage	0.26	0.26	0.21	0.23	0.20	0.23
ADR	0.02	0.01	0.07	0.25	0.00	0.09
Big4 Audit	0.50	0.49	0.57	1.00	0.53	0.45
Daily Return	0.29%	0.27%	0.45%	0.58%	0.46%	0.40%
Market Return	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%

Note: This table illustrates the mean of all firms in each category for the entire 60-day period.

Table B-5: Episode 1: List of Connected Firms and Details of Their Political Connections

No.	Name of Company	Industry	Connected Person in Company (1)		Connected Politician (2)		Relationship (1) is of (2)	Connected Through
			Name	Position	Name	Position		
	Connected with Prime Minister							
1	Bangkok First Investment and Trust	Finance	Bhanapot Damapong	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Brother of Thaksin's wife	Management
2	Shin Corporation	Technology	Shinawatra Family	Large shareholder	Thaksin Shinawatra	Prime Minister	Same person	Owner
3	Advanced Information Service	Technology	Shinawatra Family	Large shareholder	Thaksin Shinawatra	Prime Minister	Same person	Owner
4	Shin Satellite	Technology	Shinawatra Family	Large shareholder	Thaksin Shinawatra	Prime Minister	Same person	Owner
	Connected with Minister							
5	Industrial Finance Corporation of Thailand	Finance	Chirayu Isarangkun Na Ayuthaya	Director	Thammarak Isarangkun Na Ayuthaya	Min. to the Office of PM	Cousin	Management
6	Phatra Insurance	Finance	Suchai Jaovisidha	Director	Suchart Jaovisidha	Dep. Finance Min.	Brother	Management
7	Siam Commercial Bank	Finance	Som Chatusripitak	Chairman of the Board	Somkid Chatusripitak	Finance Min.	Brother	Management
8	Thai-German Ceramic	Property	Pramarn Adireksarn	Chairman of the Board	Pongpol Adireksarn	Dep. PM	Father	Management
9	Union Plastic	Service	Suchart Jaovisidha	Vice Chairman of the Board	Suchart Jaovisidha	Dep. Finance Min.	Same person	Management
10	Tongkah Harbour	Resource	Keasae Chanawongse	Director	Keasae Chanawongse	Min. to the Office of PM	Same person	Management
11	Thai Plastic Chemical	Manufacturing	Pracha Maleenont	CEO	Pracha Maleenont	Dep. Transportation Min.	Same person	Management
12	Bangkok Insurance	Finance	Panida Thepkanjana	Director	Phongthep Thepkanjana	Justice Min.	Wife	Management
13	Thai Wacoal	Consumer	Suvarn Valaisathien	Director	Suvarn Valaisathien	Dep. Commerce Min.	Same person	Management
14	American Standard Sanitaryware	Property	Thipawan Uthaisang	Director	Sombat Uthaisang	Dep. Interior Min.	Daughter	Management
15	Asia Plus Securities	Finance	Som Chatusripitak	Director	Somkid Chatusripitak	Finance Min.	Brother	Management
16	Varopakorn	Manufacturing	Akaradej Sasiprapha	Chairman of the Board	Yuthasak Sasiprapha	Dep. Defense Min.	Brother	Management
17	Jasmine International	Technology	Adisai Bodaramik	Large shareholder	Adisai Bodaramik	Commerce Min.	Same person	Owner
18	BEC World	Service	Maleenont Family	Large shareholder/CEO	Pracha Maleenont	Dep. Transportation Min.	Same person	Both

Table B-5: Episode 1: List of Connected Firms and Details of Their Political Connections (Cont'd)

No.	Name of Company	Industry	Connected Person in Company (1)		Connected Politician (2)		Relationship (1) is of (2)	Connected Through
			Name	Position	Name	Position		
	Connected with Friend of Prime Minister							
19	Siam City Cement	Property	Charoensakdi Thiengtham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
20	White Group	Manufacturing	Yupares Thiengtham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
21	Charoen Pokphand Foods	Agro-business	Chearavanont Family	Large shareholder/ Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Both
22	United Standard Terminal	Service	Charoensakdi Thiengtham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
23	Land and Houses	Technology	Anant Asavabhokhin	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
24	Alucon	Manufacturing	Somchai Wongsawat	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
25	Thai Film Industries	Manufacturing	Prayudh Mahagitsiri	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
26	Thai OPP	Manufacturing	Suvimol Mahagitsiri	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
27	DTC Industries	Technology	Prayudh Mahagitsiri	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
28	Italian-Thai Development	Property	Karnasuta Family	Large shareholder/ Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Both
29	GMM Grammy	Service	Paiboon Damrongchaitham	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management

Table B-6: Episode 2: Classification of Connections by Types of Connected Politicians

Industry	Prime Minister	Minister	Friend of PM
Agrobusiness		2	1
Consumer		1	3
Finance	1	7	1
Manufacturing		3	4
Property	2	5	3
Resources			
Service	1	7	5
Technology	3	2	4
Total	7	27	21

Note: This table illustrates the number of connected firms in each category.

Table B-7: Episode 2: Classification of Connections by Types of Connected Persons in the Firm

Industry	Large Shareholder	Director	Both
Agrobusiness		2	1
Consumer		4	
Finance	1	8	
Manufacturing	4	3	
Property	5	3	2
Resources			
Service	4	8	1
Technology	3	6	
Total	17	34	4

Note: This table illustrates the number of connected firms in each category.

Table B-8: Episode 2: Classification of Connections by Industry

Industry	No. of Connected Firms	No. of Firms in Industry	% Connected Firms
Agrobusiness	3	44	6.82%
Consumer	4	34	11.76%
Finance	9	63	14.29%
Manufacturing	7	71	9.86%
Property	10	82	12.20%
Resources	0	21	0.00%
Service	13	129	10.08%
Technology	9	56	16.07%
Total	55	500	11.00%

Table B-9: Episode 2: Firm Characteristics

	All firms	Non-connected	Connected(all)	Connected with Prime Minister	Connected with Minister	Connected with Friend of PM
ln (Total Assets)	14.97	14.87	15.76	17.38	15.32	15.78
Total Assets (in thousands Baht)	24,714,838	18,438,657	75,011,861	130,737,429	51,771,463	86,317,183
Total Liabilities (in thousands Baht)	4,548,189	4,107,327	8,081,236	15,411,816	6,638,245	7,492,984
Market Capitalization (in thousands Baht)	9,945	8,521	21,351	64,478	9,259	22,522
Leverage	0.29	0.29	0.25	0.25	0.22	0.28
ADR	0.01	0.01	0.04	0.14	0.00	0.05
Big4 Audit	0.33	0.32	0.45	0.57	0.48	0.38
Daily Return	0.16%	0.17%	0.05%	-0.03%	0.12%	-0.01%
Market Return	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%

Note: This table illustrates the mean of all firms in each category for the entire 60-day period.

Table B-10: Episode 2: List of Connected Firms and Details of Their Political Connections

No.	Name of Company	Industry	Connected Person in Company (1)		Connected Politician (2)		Relationship (1) is of (2)	Connected Through
			Name	Position	Name	Position		
	Connected with Prime Minister							
1	Bank of Ayudhya	Finance	Chaisit Shinawatra	Vice Chairman of the Board	Thaksin Shinawatra	Prime Minister	Cousin	Management
2	Shin Corporaion	Technology	Shinawatra Family	Large Shareholder	Thaksin Shinawatra	Prime Minister	Same Person	Owner
3	Advanced Information Service	Technology	Shinawatra Family	Large Shareholder	Thaksin Shinawatra	Prime Minister	Same Person	Owner
4	Hemaraj Land and Dev.	Property	Chaisit Shinawatra	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Cousin	Management
5	Shin Satellite	Technology	Shinawatra Family	Large Shareholder	Thaksin Shinawatra	Prime Minister	Same Person	Owner
6	ITV	Service	Shinawatra Family	Large Shareholder	Thaksin Shinawatra	Prime Minister	Same Person	Owner
7	SC Asset	Property	Shinawatra Family	Large Shareholder	Thaksin Shinawatra	Prime Minister	Same Person	Owner
	Connected with Minister							
8	Bata Shoe	Consumer	Banyong Pongpanich	CEO	Sermasak Pongpanich	Dep. Interior Min.	Cousin	Management
9	Crown Seal	Agro-business	Jaran Chearavanont	Chairman of the Board	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
10	Indl. and Coml. Bank of China (Thai)	Finance	Nissai Vejajiva	Director	Suranant Vejajiva	Min. to the Office of PM	Father	Management
11	Saha Path Inter-Holding	Finance	Supakorn Vejajiva	Director	Suranant Vejajiva	Min. to the Office of PM	Cousin	Management
12	Saha Pathapbul	Service	Montri Chearavanont	Chairman of the Board	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
13	Siam Commercial Bank	Finance	Som Chatusritapak	Chairman of the Board	Somkid Chatusritapak	Dep. PM	Brother	Management
14	Thachart Capital	Finance	Chumpol Isarangkun Na Ayuthaya	Director	Thammarak Isarangkun Na Ayuthaya	Defense Min.	Cousin	Management
15	United Flour Mill	Agro-business	Vitthya Vejajiva	Director	Suranant Vejajiva	Min. to the Office of PM	Uncle	Management
16	Thai Plastic Chm.	Manufacturing	Prasan Maleenont	CEO	Pracha Maleenont	Tourism Min.	Brother	Management
17	Thailand Carpet Mnfg.	Technology	Dhanin Chearavanont	Chairman of the Board	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management

Table B-10: Episode 2: List of Connected Firms and Details of Their Political Connections (Con'd)

No.	Name of Company	Industry	Connected Person in Company (1)		Connected Politician (2)		Relationship (1) is of (2)	Connected Through
			Name	Position	Name	Position		
18	Far East DDB	Service	Sunthorn Sathirathai	Chairman of the Board	Surakiat Sathirathai	Dep. PM	Father	Management
19	Siam Gen. Factoring	Finance	Supachai Chearavanont	Chairman of Executive Comm.	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
20	Tion Multimedia Gp.	Service	Somporn Juangroongruangkit	Large Shareholder	Suriya Juangroongruangkit	Dep. PM	Cousin	Owner
21	Erawan Group	Service	Chavarat Charnvirakul	Chairman of the Board	Anutin Charnvirakul	Dep. Health Min.	Father	Management
22	Asia Plus Securities	Finance	Supachai Chearavanont	CEO	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
23	City Sports & Recreation	Service	Dhanin Chearavanont	Director	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
24	Capital Engr. Network	Property	Komol Juangroongruangkit	Large Shareholder	Suriya Juangroongruangkit	Dep. PM	Brother	Owner
25	Srithai Superware	Manufacturing	Dhanin Chearavanont	Chairman of the Board	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
26	Intertiol ENGR.	Technology	Sombat Laohapongchana	Director	Preecha Laohapongchana	Dep. Commerce Min.	Father	Management
27	VGM	Property	Chatchaval Chearavanont	Director	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Management
28	Sino-Thai Engr. Con.	Property	Sanongnuch Charnvirakul	Large Shareholder	Anutin Charnvirakul	Dep. Health Min.	Wife	Owner
29	Wave Entertainment	Service	Maleenont Family	Large Shareholder	Pracha Maleenont	Tourism Min.	Same Person	Owner
30	BEC World	Service	Maleenont Family	Large Shareholder/Chairman of the Board	Pracha Maleenont	Tourism Min.	Same Person	Both
31	Finsia Syrus Secs.	Finance	Chatchaval Chearavanont	Large Shareholder	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Owner
32	Aapico Forging	Manufacturing	Apichaya Laohapongchana	Large Shareholder	Preecha Laohapongchana	Dep. Commerce Min.	Niece	Owner
33	Star Sanitaryware	Property	Tassanee Charnvirakul	Large Shareholder/Chairman of the Board	Anutin Charnvirakul	Dep. Health Min.	Mother	Both
34	Metrostar Property	Property	Chatchaval Chearavanont	Large Shareholder	Watana Muangsook	Social Dev. and Human Security Min.	In-Law	Owner

Table B-10: Episode 2: List of Connected Firms and Details of Their Political Connections (Con'd)

No.	Name of Company	Industry	Connected Person in Company (1)		Connected Politician (2)		Relationship (1) is of (2)	Connected Through
			Name	Position	Name	Position		
	Connection with Friend of Prime Minister							
35	Bangkok Bank	Finance	Charoen Sirivadhanabhakdi	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
36	Bangkok Rubber	Consumer	Chinnicha Wongsawat	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
37	Siam City Cement	Property	Charoensakdi Thientham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
38	White Group	Manufacturing	Yupares Thientham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
39	Thai Wacoal	Consumer	Charoen Sirivadhanabhakdi	President	Thaksin Shinawatra	Prime Minister	Social Tie	Management
40	Charoen Pokphand Foods	Agro-business	Chearavanont Family	Large Shareholder/Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Both
41	United Standard Term.	Service	Charoensakdi Thientham	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
42	Land and Houses	Technology	Anant Asavabhokin	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
43	Luckytex (Thailand)	Consumer	Pete Bodharamik	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
44	Thai Film Industries	Manufacturing	Prayudh Mahagitsiri	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
45	Wyncoast Industrial Park	Property	Chayapa Wongsawat	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
46	Thai Opp	Manufacturing	Suvimol Mahagitsiri	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
47	Premier Technology	Technology	Somchai Wongsawat	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
48	Robinson Department Store	Service	Somchai Wongsawat	Director	Thaksin Shinawatra	Prime Minister	Social Tie	Management
49	DTC Industries	Technology	Prayudh Mahagitsiri	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
50	Jasmine Intertiol	Technology	Adisai Bodharamik	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
51	Italian-Thai Development	Property	Karnasuta Family	Large Shareholder/Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Both
52	GMM Grammy	Service	Paiboon Damrongchaitham	Chairman of the Board	Thaksin Shinawatra	Prime Minister	Social Tie	Management
53	M-Link Asia	Service	Yoschanant Wongsawat	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner
54	CP All	Service	Chearavanont Family	Large Shareholder/Chairman of the board	Thaksin Shinawatra	Prime Minister	Social Tie	Both
55	Posco-Thainox	Manufacturing	Prayudh Mahagitsiri	Large Shareholder	Thaksin Shinawatra	Prime Minister	Social Tie	Owner

Table C: Logit Model Results (Governance, Ownership vs Political Connection)

	(1)	(2)	(3)
Intercept	-7.205320*** (-3.407078)	-8.338971*** (-3.842888)	-7.032933*** (-3.284015)
<i>FirmChar</i>			
Leverage	-0.458113 (-0.96826)	-0.461576 (-0.974399)	-0.538792 (-1.31859)
LnTotalA	0.362356** (2.874494)	0.374405** (2.941011)	0.201474. (1.726918)
IND			TECH*(+), INDUST*(+) FIN.(+), PROP.(+)
<i>Profitability</i>			
Net Income	2.378052. (1.918428)	2.392443. (1.931008)	2.319559* (2.380452)
<i>Governance</i>			
ADR	1.360782 (1.533844)	1.299443 (1.435810)	1.996631* (2.206483)
Audit4	-0.055260 (-0.116724)	-0.110865 (-0.232669)	-0.325551 (-0.813597)
<i>Ownership</i>			
Free Float	-0.010755 (-1.155077)		
XHolding		0.010534 (1.14313)	
Family		0.006620 (0.454828)	
R-Squared	0.126849	0.126525	0.155742
N-Observations	201	201	347

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Note:

- Column (1) and (2) show the results of Logit Model (1):

$$Pol = b_0 + b_1(FirmChar) + b_2(Profitability) + b_3(Governance) + b_4(Ownership) + e$$
 With column (1) using Free Float in the ownership structure and column (2) using strategic shareholdings (Cross Holdings and Family Holdings) in the ownership structure.
- Column (3) shows the results of Logit Model (1a):

$$Pol = b_0 + b_1(FirmChar) + b_2(Profitability) + b_3(IND) + b_4(Governance) + e$$
 with industry dummies added into the model.
- Figures reported in the body of the table are coefficient estimates. Z-statistics are reported in the parentheses.

Logit Model: Correlation Matrix

	<i>PC</i>	<i>AUDIT4</i>	<i>ADR</i>	<i>LEV</i>	<i>LTA</i>	<i>NET PROF</i>	<i>XROSS</i>	<i>FAM</i>	<i>FF</i>
PC	1								
AUDIT4	0.033987	1							
ADR	0.181112	0.067421	1						
LEV	-0.02063	-0.0616	-0.0182	1					
LTA	0.230436	0.104509	0.081443	-0.07411	1				
NET PROF	0.083476	0.153291	0.050013	0.041675	0.024502	1			
XROSS	0.087338	0.112888	0.080605	0.011691	0.160705	-0.04856	1		
FAM	-0.03794	-0.00137	-0.0895	0.024453	-0.11312	0.0198	-0.43409	1	
FF	-0.08691	-0.06484	-0.01116	-0.00269	-0.16204	0.025547	-0.6899	-0.22611	1

Note:

Full names of variable abbreviations in the correlation matrix are as follow:

PC	Political Connections; PC is equal to 1 if the firm is politically connected, and 0 otherwise.
AUDIT4	Whether the firm uses a big 4 auditor; AUDIT4 is equal to 1 if the firm uses a big4 auditor, and 0 otherwise.
ADR	Whether the firm has an ADR traded in the US markets; ADR is equal to 1 if the firm has an ADR traded in the US markets, and 0 otherwise.
LEV	Leverage; Firm's leverage is measured by its total liabilities divided by its total assets.
LTA	LnTotalAssets; LTA is natural log of firm's total assets. It measures firm's size.
NET PROF	Net Profit; Firm's net income.
XROSS	Cross Shareholding; The percentage of total shares held by other firms.
FAM	Family Shareholding; The percentage of total shares held by founding family members.
FF	Free Float; The percentage of total shares available to ordinary, non-strategic, investors.

Table D: Multiple Linear Regression Results (Political Connection, Corporate Governance vs Firm Value)

Table D-1: Episode 1: Election of Thaksin (6 Jan. 2001)

	(8)		(9)		(10)		(11)		(12)	
	60	11	60	11	60	11	60	11	60	11
Mkt	0.4287*** (19.911)	0.5234*** (7.399)	0.4286*** (19.912)	0.5234*** (7.396)	0.4287*** (19.891)	0.5234*** (7.382)	0.4287*** (19.891)	0.5233*** (7.38)	0.4286*** (19.911)	0.5234*** (7.394)
Event	-0.0062*** (-4.973)	-0.0086*** (-4.243)	-0.0062*** (-4.973)	-0.0086*** (-4.241)	-0.0062*** (-4.968)	-0.0086*** (-4.233)	-0.0062*** (-4.968)	-0.0086*** (-4.232)	-0.00624*** (-4.973)	-0.0086*** (-4.24)
Pol*Event	0.0133** (2.686)	0.01382** (2.633)	0.0133** (2.68)	0.0139015** (2.648)	0.0133** (2.69)	0.0138555** (2.634)	0.0133** (2.682)	0.0139159** (2.645)	0.01319 (1.567)	0.0119513 (1.337)
Pol*IND*Event									FIN.(+)	FIN.(+)
Pol	0.000169 (0.071)	0.001071 (0.243)	0.0002149 (0.093)	-0.0002354 (-0.55)	0.000034 (0.015)	0.0022902 (0.526)	0.0001815 (0.08)	0.0010734 (0.252)	0.003971 (1.12)	0.0030773 (0.457)
Pol*IND									INDUST.(-)	Yes
Audit4	0.0000307 (0.043)	-0.001766 (-1.464)	0.0001523 (0.213)	-0.0018888 (-1.554)	0.0002666 (0.382)	-0.0010697 (-0.901)	0.0003942 (0.561)	-0.0011433 (-0.956)	0.000196 (0.273)	-0.0018488 (-1.519)
ADR	0.0004848 (0.184)	-0.000904 (-0.202)	-0.0022 (-0.704)	-0.0005517 (-0.104)	0.0000887 (0.034)	0.0003985 (0.09)	-0.0030205 (-0.978)	-0.0002225 (-0.042)	-0.00233 (-0.745)	-0.0006562 (-0.124)
Pol*AUorADR	-0.000973 (-0.319)	-0.00522 (-1.007)			0.000112 (0.037)	-0.0049162 (-0.952)				
Pol*AU			-0.002348 (-0.785)	-0.002648 (-0.521)			-0.0016976 (-0.57)	-0.0029409 (-0.58)	-0.00278 (-0.818)	-0.0049676 (-0.86)
Pol*ADR			0.008187 (1.461)	-0.0036329 (-0.382)			0.009982. (1.802)	-0.0003881 (-0.041)	0.005561 (0.731)	0.0058021 (0.449)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
Leverage	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
IND	FIN.	Yes	FIN. PROP.	Yes	No	No	No	No	FIN*(+),PROP*(+)	Yes
Adjusted R-Squared	0.03265	0.02387	0.03278	0.02343	0.03052	0.01968	0.03071	0.01925	0.03273	0.02271
N-Observations	12920	3553	12920	3553	12920	3553	12920	3553	12920	3553

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Multiple Linear Regressions: Episode 1: Correlation Matrix

	<i>Return</i>	<i>MKT</i>	<i>Pollall</i>	<i>Leverage</i>	<i>LnTotalA</i>	<i>IND_AGRO</i>	<i>IND_CONSUMP</i>	<i>IND_FIN</i>	<i>IND_INDUST</i>	<i>IND_PROP</i>	<i>IND_RES</i>	<i>IND_SER</i>	<i>IND_TECH</i>	<i>AUDIT4</i>	<i>ADR</i>	<i>PollallAUorADR</i>	<i>EventAll</i>	<i>PollallEvent</i>
Return	1																	
MKT	2.12E-16	1																
Pollall	0.052978	-9.8E-16	1															
Leverage	0.074408	-1.3E-16	-0.02887	1														
LnTotalA	0.05466	5.22E-15	0.155145	-0.03907	1													
IND_AGRO	-0.01813	4.73E-17	-0.08722	0.000959	-0.12519	1												
IND_CONSUMP	-0.06443	-5.3E-16	-0.0679	0.031929	-0.13444	-0.12644	1											
IND_FIN	0.015037	-1.1E-15	0.064708	-0.16757	0.310298	-0.15142	-0.13169	1										
IND_INDUST	-0.00127	-1.2E-16	0.099563	-0.02564	0.069793	-0.13292	-0.1156	-0.13844	1									
IND_PROP	0.009379	5.62E-16	-0.01206	0.137464	-0.01134	-0.16125	-0.14023	-0.16794	-0.14742	1								
IND_RES	-0.01724	-6E-17	-0.00921	-0.03306	0.039333	-0.07808	-0.06791	-0.08132	-0.07139	-0.0866	1							
IND_SER	-0.01289	1.7E-16	-0.07405	-0.05568	-0.16682	-0.21333	-0.18553	-0.22218	-0.19504	-0.23659	-0.11457	1						
IND_TECH	0.087157	1.29E-16	0.113351	0.122182	0.070698	-0.12644	-0.10997	-0.13169	-0.1156	-0.14023	-0.06791	-0.18553	1					
AUDIT4	-0.06477	1.12E-16	0.035408	-0.13914	0.060993	0.050044	-0.07983	0.039792	-0.02664	-0.03923	-0.01385	-0.00207	0.06526	1				
ADR	0.05974	-8.4E-17	0.11721	-0.0133	0.097616	0.085298	-0.04562	-0.05463	0.025807	-0.05818	0.088493	-0.02316	0.031128	0.047139	1			
PollallAUorADR	0.040061	-1.7E-16	0.750479	-0.02231	0.082827	-0.04822	-0.03175	-0.01276	0.096254	0.016273	0.022277	-0.06679	0.061064	0.210171	0.172945	1		
EventAll	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1	
PollallEvent	0.052978	-9.8E-16	1	-0.02887	0.155145	-0.08722	-0.0679	0.064708	0.099563	-0.01206	-0.00921	-0.07405	0.113351	0.035408	0.11721	0.750479	#DIV/0!	1

Note:

Full names of variable abbreviations in the correlation matrix are as follow:

Return	Return; <i>Return</i> is the dividend inclusive daily rate of return of firm's stock.
MKT	Market Return; MKT is the daily rate of return of SET index, inclusive of dividend (daily rate of return of SET's Total Return Index).
Pollall	Political Connections; Pollall is equal to 1 if the firm is politically connected, and 0 otherwise.
Leverage	Leverage; Firm's leverage is measured by its total liabilities divided by its total assets.
LnTotalA	LnTotalAssets; LnTotalA is natural log of firm's total assets. It measures firm's size.
IND	Industry; IND is industry dummy for AGRO (Agrobusiness), CONSUMP (Consumer Products), FIN (Finance), INDUST (Manufacturing), PROP (Property), RES (Resources), SER (Services), and TECH (Technology) industries.
AUDIT4	Whether the firm uses a big 4 auditor; AUDIT4 is equal to 1 if the firm uses a big4 auditor, and 0 otherwise.
ADR	Whether the firm has an ADR traded in the US markets; ADR is equal to 1 if the firm has an ADR traded in the US markets, and 0 otherwise.
PollallAUorADR	is the interaction variable between political connection variable (Pollall) and governance variable (either Audit4 (AU) or ADR).
Eventall	Event; <i>Event</i> is a dummy variable equal to 1 during the event window, and 0 for all other trading days.
PollallEvent	is the interaction variable between political connection variable (Pollall) and Event.

Table D-2: Episode 2: Deposition of Thaksin via Coup (19 Sept. 2006)

	(8)		(9)		(10)		(11)		(12)	
	60	11	60	11	60	11	60	11	60	11
Mkt	0.4838*** (17.551)	0.6928*** (9.293)	0.4838*** (17.551)	0.6928*** (9.292)	0.4838*** (17.553)	0.6929*** (9.295)	0.4838*** (17.553)	0.6929*** (9.294)	0.4838*** (17.609)	0.6928*** (9.377)
Event	-0.01388*** (-12.86)	-0.00924*** (-5.029)	-0.01388*** (-12.86)	-0.00924*** (-5.028)	-0.01388*** (-12.862)	-0.00924*** (-5.029)	-0.01388*** (-12.862)	-0.00924*** (-5.028)	-0.01388*** (-12.902)	-0.00924*** (-5.074)
Pol*Event	-0.02319*** (-7.862)	-0.02505*** (-6.856)	-0.02319*** (-7.862)	-0.02505*** (-6.855)	-0.02319*** (-7.862)	-0.02505*** (-6.855)	-0.02319*** (-7.862)	-0.02505*** (-6.855)	-0.03503*** (-5.059)	-0.03432*** (-4.023)
Pol*IND*Event									AGRO***(+), CONSUMP***(+), PROP***(-), FIN*(+), SER*(+),INDUST*(+)	CONSUMP***(+), PROP***(-), AGRO**(+),FIN*(+), SER*(+),INDUST.(+)
Pol	-0.000312 (-0.357)	0.002284 (1.106)	-0.000357 (-0.412)	0.002065 (1.007)	-0.000328 (-0.383)	0.002293 (1.13)	-0.0003878 (-0.456)	0.002092 (1.037)	-0.00035 (-0.192)	0.000215 (0.05)
Pol*IND									AGRO**(-)	AGRO.(-),PROP.(+)
Audit4	0.000514 (1.145)	0.001488 (1.465)	0.000513 (1.14)	0.001444 (1.418)	0.0004476 (1.01)	0.001425 (1.421)	0.0004408 (0.992)	0.001384 (1.376)	0.00054 (1.201)	0.00143 (1.414)
ADR	-0.00044 (-0.243)	0.001446 (0.35)	-0.001804 (-0.818)	0.0001927 (0.039)	-0.000397 (-0.219)	0.002015 (0.491)	-0.0016199 (-0.741)	0.00119 (0.24)	-0.001911 (-0.867)	-0.000282 (-0.057)
Pol*AUorADR	0.000362 (0.285)	-0.001394 (-0.485)			0.0003985 (0.316)	-0.00163 (-0.57)				
Pol*AU			0.000255 (0.201)	-0.001095 (-0.381)			0.0003065 (0.244)	-0.001323 (-0.464)	0.000423 (0.326)	-0.00071 (-0.242)
Pol*ADR			0.004347 (1.125)	0.00308 (0.351)			0.0039375 (1.031)	0.001669 (0.193)	0.00837* (2.022)	0.008 (0.857)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
Leverage	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
IND	Yes	RES.	Yes	RES.	No	No	No	No	Yes	RES.(+)
Adjusted R-Squared	0.04736	0.09909	0.04737	0.09893	0.04751	0.09909	0.04751	0.09892	0.05364	0.115
N-Observations	21318	5479	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Multiple Linear Regressions: Episode 2: Correlation Matrix

	<i>Return</i>	<i>Mkt</i>	<i>Pollall</i>	<i>Leverage</i>	<i>LnTotalA</i>	<i>IND_AGRO</i>	<i>IND_CONSUMP</i>	<i>IND_FIN</i>	<i>IND_INDUST</i>	<i>IND_PROP</i>	<i>IND_RES</i>	<i>IND_SER</i>	<i>IND_TECH</i>	<i>AUDIT4</i>	<i>ADR</i>	<i>PollallAUorADR</i>	<i>CoupAll</i>	<i>PollallCoup</i>
Return	1																	
Mkt	5.61E-17	1																
Pollall	-0.11855	-1.1E-15	1															
Leverage	0.014479	7.23E-17	-0.02421	1														
LnTotalA	0.053278	-1.6E-15	0.173461	-0.00917	1													
IND_AGRO	0.088175	6.37E-16	-0.04197	0.04968	-0.0679	1												
IND_CONSUMP	0.048323	3.87E-16	0.006223	0.019777	-0.10193	-0.08427	1											
IND_FIN	0.065076	-2.6E-16	0.039357	-0.08457	0.245883	-0.11847	-0.10302	1										
IND_INDUST	-0.00441	-1.3E-16	-0.01752	0.000797	0.00435	-0.02863	-0.02489	-0.035	1									
IND_PROP	-0.01987	3.14E-16	-0.01369	-0.01178	0.008246	-0.03115	-0.02708	-0.03808	0.982851	1								
IND_RES	0.100114	1.63E-16	-0.06624	6.66E-05	0.197156	-0.05853	-0.05089	-0.07154	-0.01729	-0.01881	1							
IND_SER	-0.01314	-8E-18	-0.01823	-0.05572	-0.1847	-0.18407	-0.16005	-0.22501	-0.05437	-0.05916	-0.11116	1						
IND_TECH	-0.07021	2.67E-16	0.05709	-0.01505	0.020467	-0.11081	-0.09635	-0.13546	-0.03273	-0.03561	-0.06692	-0.21046	1					
AUDIT4	0.053342	1.98E-16	0.088967	-0.02776	0.082979	-0.01132	-0.00677	0.062357	0.060304	0.064964	0.007008	-0.10931	0.097217	1				
ADR	-0.02405	-1.2E-16	0.07853	-0.00843	0.057591	0.095323	-0.02989	-0.04203	-0.01016	-0.01105	0.080601	0.018728	0.018952	-0.03945	1			
PollallAUorADR	-0.05855	-1E-15	0.666095	-0.00604	0.09074	0.022354	0.008049	0.046459	-0.01559	-0.00829	-0.04412	-0.05635	0.059328	0.311303	0.139561	1		
CoupAll	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1	
PollallCoup	-0.11855	-1.1E-15	1	-0.02421	0.173461	-0.04197	0.006223	0.039357	-0.01752	-0.01369	-0.06624	-0.01823	0.05709	0.088967	0.07853	0.666095	#DIV/0!	1

Note:

1. Full names of variable abbreviations in the correlation matrix are as follow:

Return Return; *Return* is the dividend inclusive daily rate of return of firm's stock.

MKT Market Return; MKT is the daily rate of return of SET index, inclusive of dividend (daily rate of return of SET's Total Return Index).

Pollall Political Connections; Pollall is equal to 1 if the firm is politically connected, and 0 otherwise.

Leverage Leverage; Firm's leverage is measured by its total liabilities divided by its total assets.

LnTotalA LnTotalAssets; LnTotalA is natural log of firm's total assets. It measures firm's size.

IND Industry; IND is industry dummy for AGRO (Agrobusiness), CONSUMP (Consumer Products), FIN (Finance), INDUST (Manufacturing), PROP (Property), RES (Resources), SER (Services), and TECH (Technology) industries.

AUDIT4 Whether the firm uses a big 4 auditor; AUDIT4 is equal to 1 if the firm uses a big4 auditor, and 0 otherwise.

ADR Whether the firm has an ADR traded in the US markets; ADR is equal to 1 if the firm has an ADR traded in the US markets, and 0 otherwise.

PollallAUorADR is the interaction variable between political connection variable (Pollall) and governance variable (either Audit4 (AU) or ADR).

CoupAll Coup Event; *CoupAll* is a dummy variable equal to 1 during the coup event window, and 0 for all other trading days.

PollallCoup is the interaction variable between political connection variable (Pollall) and Coup Event.

2. Episode 1 is when Thaksin was elected as prime minister on 6 January 2001. Episode 2 is when Thaksin was deposed via coup on 19 September 2006.
3. The regression results reported here are selected from the regressions that include the Event Window (Regressions 8 – 12). Regression results of other regressions without Event Window are reported in the appendix.
4. Specification of Regressions 8 – 12:
 - (8) $\text{Ret} \sim \text{Mkt} + \text{Pol} + \text{LnTotalA} + \text{Leverage} + \text{IND} + \text{Audit4} + \text{ADR} + \text{PolAUorADR} + \text{Event} + \text{PolEvent}$
 - (9) $\text{Ret} \sim \text{Mkt} + \text{Pol} + \text{LnTotalA} + \text{Leverage} + \text{IND} + \text{Audit4} + \text{ADR} + \text{PolAU} + \text{PolADR} + \text{Event} + \text{PolEvent}$
 - (10) $\text{Ret} \sim \text{Mkt} + \text{Pol} + \text{Audit4} + \text{ADR} + \text{PolAUorADR} + \text{Event} + \text{PolEvent}$
 - (11) $\text{Ret} \sim \text{Mkt} + \text{Pol} + \text{Audit4} + \text{ADR} + \text{PolAU} + \text{PolADR} + \text{Event} + \text{PolEvent}$
 - (12) $\text{Ret} \sim \text{Mkt} + \text{Pol} + \text{LnTotalA} + \text{Leverage} + \text{IND} + \text{Audit4} + \text{ADR} + \text{PolAU} + \text{PolADR} + \text{Event} + \text{PolEvent} + \text{PolIND} + \text{PolINDEvent}$
5. Regressions 8 – 12 are run using both 60-day (around 30-pre, 30-post event) and 11-day (around 5-pre, 5 post event) daily data.
6. In addition to regressions using data that include financial firms as reported here, robustness tests are also done by running the regression models using data that (1) exclude financial firms (2) include/exclude connections with regular directors (3) sub-divide political connections into different levels. The results of these regressions are reported in the appendix.
7. Figures reported in the body of the table are coefficient estimates. t-statistics are reported in the parentheses.

Table E-1: Abnormal Return for Shin Satellite's iPSTAR awarded promotional privileges from Board of Investment

Date	SET V	THAICOM V	SET R	THAICOM R	Exp Ret	AR	T-Test	CAR
11/19/2003	619.03	11.70	-2.78%	3.08%	-3.42%	6.51%	1.984	6.51%
11/20/2003	614.23	12.30	-0.78%	5.13%	-1.04%	6.17%	1.882	12.67%
11/21/2003	613.43	11.85	-0.13%	-3.66%	-0.28%	-3.38%	(1.032)	9.29%
11/24/2003	605.29	11.55	-1.33%	-2.53%	-1.69%	-0.84%	(0.255)	8.45%
11/25/2003	605.03	11.20	-0.04%	-3.03%	-0.17%	-2.86%	(0.872)	5.60%
11/26/2003	630.82	11.65	4.26%	4.02%	4.94%	-0.92%	(0.280)	4.68%

Note: 1. Announcement date is 19 November 2003.

2. Positive CAR, significance high

Table E-2: Abnormal Return for Shin Corp's iPSTAR awarded promotional privileges from Board of Investment

Date	SET V	SHIN V	SET R	SHIN R	Exp Ret	AR	T-Test	CAR
11/19/2003	619.03	26.75	-2.78%	-1.83%	-3.43%	1.59%	0.859	1.59%
11/20/2003	614.23	26.25	-0.78%	-1.87%	-0.91%	-0.96%	(0.519)	0.63%
11/21/2003	613.43	26.75	-0.13%	1.90%	-0.10%	2.00%	1.082	2.63%
11/24/2003	605.29	26.75	-1.33%	0.00%	-1.60%	1.60%	0.864	4.23%
11/25/2003	605.03	27.25	-0.04%	1.87%	0.01%	1.86%	1.003	6.09%
11/26/2003	630.82	28.25	4.26%	3.67%	5.41%	-1.74%	(0.941)	4.35%

Note: 1. Announcement date is 19 November 2003.

2. Positive CAR, significance low.

Table E-3: Abnormal Return for Shin's Corp on Thaksin Family Stock Position Sale to Temasek

Date	SET	SHIN V	SHIN	SHIN R	Exp Ret	AR	T-Test	CAR
1/12/2006	753.04	-1.44%	44.50	-0.56%	-1.83%	1.27%	1.098	1.27%
1/13/2006	755.72	0.36%	45.25	1.69%	0.43%	1.25%	1.082	2.52%
1/16/2006	752.00	-0.49%	47.00	3.87%	-0.64%	4.50%	3.896	7.03%
1/17/2006	750.73	-0.17%	47.25	0.53%	-0.23%	0.76%	0.658	7.79%
1/18/2006	736.40	-1.91%	46.75	-1.06%	-2.43%	1.37%	1.183	9.15%
1/19/2006	744.98	1.17%	46.25	-1.07%	1.46%	-2.53%	(2.185)	6.63%
1/20/2006	747.70	0.37%	47.25	2.16%	0.45%	1.72%	1.484	8.34%
1/23/2006	750.28	0.35%	48.25	2.12%	0.42%	1.70%	1.467	10.04%
1/24/2006	745.95	-0.58%	48.25	0.00%	-0.74%	0.74%	0.644	10.78%
1/25/2006	762.70	2.25%	48.25	0.00%	2.82%	-2.82%	(2.440)	7.96%
1/26/2006	761.14	-0.20%	48.25	0.00%	-0.27%	0.27%	0.237	8.24%
1/27/2006	761.27	0.02%	48.25	0.00%	0.01%	-0.01%	(0.005)	8.23%
1/30/2006	756.15	-0.67%	48.50	0.52%	-0.86%	1.38%	1.196	9.61%
1/31/2006	762.63	0.86%	48.25	-0.52%	1.07%	-1.58%	(1.369)	8.03%

Note: 1. First rumor of sale on 13 January 2006.
2. Positive AR, significance high.

Table F: Abnormal Return for BEC on Pracha Appointment

Date	SET V	BEC V	SET R	BEC R	Exp Ret	AR	T-Test	CAR
2/19/2001	309.64	24.00	-2.01%	0.84%	-1.44%	2.28%	0.931	2.28%
2/20/2001	312.32	23.80	0.87%	-0.83%	0.64%	-1.47%	(0.602)	0.80%
2/21/2001	310.23	23.60	-0.67%	-0.84%	-0.47%	-0.37%	(0.153)	0.43%
2/22/2001	309.02	23.40	-0.39%	-0.85%	-0.27%	-0.58%	(0.238)	-0.15%
2/23/2001	324.24	23.60	4.93%	0.85%	3.57%	-2.71%	(1.109)	-2.86%

Note: 1. Appointment date is Saturday, 17 February 2001.

2. Positive AR, significance low.

Table G-1: Abnormal Return for CPF on Government's Purchase of Chicken

Date	SET V	CPF V	SET R	CPF R	Exp Ret	AR	T-Test	CAR
11/2/2004	631.99	3.62	0.80%	2.26%	0.38%	1.88%	1.191	1.88%
11/3/2004	641.29	3.62	1.47%	0.00%	0.78%	-0.78%	(0.493)	1.10%
11/4/2004	639.13	3.56	-0.34%	-1.66%	-0.30%	-1.36%	(0.859)	-0.26%
11/5/2004	635.09	3.58	-0.63%	0.56%	-0.48%	1.04%	0.658	0.78%
11/8/2004	629.20	3.52	-0.93%	-1.68%	-0.65%	-1.02%	(0.648)	-0.24%

Note: 1. Announcement date is 2 November 2004.

2. Positive AR, significance low.

Table G-2: Abnormal Return for CPF on Naming Among Top 100 CG Firms

Date	SET V	CPF V	SET R	CPF R	Exp Ret	AR	T-Test	CAR
11/17/2005	672.63	5.25	-0.40%	1.94%	-0.02%	1.96%	1.167	1.96%
11/18/2005	676.41	5.20	0.56%	-0.95%	0.38%	-1.33%	(0.792)	0.63%
11/21/2005	672.06	5.10	-0.64%	-1.92%	-0.12%	-1.80%	(1.075)	-1.17%

Note: 1. Announcement date is 18 November 2005.

2. Negative AR, significance low.

Table G-3: Abnormal Return for CPF on Adoption of Compensation and Nomination Committee

Date	SET V	CPF V	SET R	CPF R	Exp Ret	AR	T-Test	CAR
2/7/2006	743.37	5.70	-0.10%	-0.87%	0.12%	-0.99%	(0.550)	-0.99%
2/8/2006	734.63	5.65	-1.18%	-0.88%	-0.33%	-0.54%	(0.302)	-1.53%
2/9/2006	733.14	5.75	-0.20%	1.77%	0.08%	1.69%	0.941	0.16%

Note: 1. Announcement date is 8 February 2006.
2. Negative AR, significance low.

Table H-1: Abnormal Return for ITD on Awarding of Runway Contract

Date	SET V	ITD V	SET R	ITD R	Exp Ret	AR	T-Test	CAR
5/27/2003	400.69	2.25	0.96%	0.90%	1.67%	-0.78%	(0.300)	-0.78%
5/28/2003	402.98	2.41	0.57%	7.11%	0.97%	6.14%	2.375	5.36%
5/29/2003	403.40	2.40	0.10%	-0.41%	0.13%	-0.54%	(0.211)	4.82%
5/30/2003	403.82	2.63	0.10%	9.58%	0.13%	9.45%	3.658	14.27%
6/2/2003	404.78	2.73	0.24%	3.80%	0.37%	3.43%	1.328	17.70%
6/3/2003	403.69	2.80	-0.27%	2.56%	-0.54%	3.11%	1.202	20.81%

Note: 1. Announcement date is 27 May 2003.
2. Positive AR, significance high.

Table H-2: Abnormal Return for ITD on Awarding of BMA Contract

Date	SET V	ITD V	SET R	ITD R	Exp Ret	AR	T-Test	CAR
8/4/2003	494.84	4.13	0.67%	2.48%	1.05%	1.43%	0.555	2.31%
8/5/2003	489.99	4.23	-0.98%	2.42%	-1.64%	4.06%	1.575	6.37%
8/6/2003	489.77	4.23	-0.04%	0.00%	-0.12%	0.12%	0.045	6.49%
8/7/2003	498.38	4.28	1.76%	1.18%	2.82%	-1.64%	(0.635)	4.85%
8/8/2003	503.20	4.30	0.97%	0.47%	1.53%	-1.06%	(0.413)	3.79%

Note: 1. Announcement date is 4 August 2003.
2. Positive AR, significance marginally high.

Table H-3: Abnormal Return for ITD on Awarding of Multiple Contracts

Date	SET V	ITD V	SET R	ITD R	Exp Ret	AR	T-Test	CAR
7/5/2005	663.52	9.25	-0.93%	1.09%	-1.82%	2.92%	1.488	2.92%
7/6/2005	659.91	9.05	-0.54%	-2.16%	-1.08%	-1.09%	(0.554)	1.83%
7/7/2005	638.31	8.55	-3.27%	-5.52%	-6.30%	0.77%	0.395	2.61%
7/8/2005	643.31	8.70	0.78%	1.75%	1.46%	0.29%	0.148	2.89%
7/11/2005	640.82	8.30	-0.39%	-4.60%	-0.78%	-3.82%	(1.950)	-0.93%
7/12/2005	648.98	8.70	1.27%	4.82%	2.40%	2.42%	1.233	1.49%

Note: 1. Announcement date is 5 July 2005.
2. Positive AR, significance marginally high.

Table H-4: Abnormal Return for ITD on Chairman's Death

Date	SET V	ITD V	SET R	ITD R	Exp Ret	AR	T-Test	CAR
11/29/2004	657.25	9.20	1.31%	2.79%	2.22%	0.57%	0.228	0.57%
11/30/2004	656.73	9.50	-0.08%	3.26%	-0.14%	3.41%	1.363	3.98%
12/1/2004	655.44	9.75	-0.20%	2.63%	-0.34%	2.98%	1.191	6.95%
12/2/2004	661.08	9.60	0.86%	-1.54%	1.46%	-3.00%	(1.199)	3.96%
12/3/2004	663.84	9.65	0.42%	0.52%	0.70%	-0.18%	(0.072)	3.78%
12/6/2004	663.84	9.65	0.00%	0.00%	-0.01%	0.01%	0.004	3.79%
12/7/2004	655.83	9.30	-1.21%	-3.63%	-2.07%	-1.56%	(0.625)	2.22%

Note: 1. Announcement date is 30 November 2004.
2. Positive AR, significance marginally high.

Table I-1: Abnormal Return for TMB on Merger

Date	SET V	TMB V	SET R	TMB R	Exp Ret	AR	T-Test	CAR
1/28/2004	722.14	4.60	-2.34%	-1.08%	-2.98%	1.90%	0.560	1.90%
1/29/2004	714.04	4.51	-1.12%	-1.96%	-1.48%	-0.47%	(0.140)	1.43%
1/30/2004	698.90	4.31	-2.12%	-4.43%	-2.70%	-1.73%	(0.510)	-0.30%
2/2/2004	667.33	4.04	-4.52%	-6.26%	-5.63%	-0.63%	(0.186)	-0.93%
2/3/2004	699.75	3.99	4.86%	-1.24%	5.83%	-7.07%	(2.082)	-8.00%
2/4/2004	718.06	4.26	2.62%	6.77%	3.09%	3.68%	1.084	-4.32%
2/5/2004	734.55	4.33	2.30%	1.64%	2.70%	-1.05%	(0.310)	-5.37%

Note: 1. Announcement date is 28 January 2004.
2. Positive AR, significance low.

Table I-2: Abnormal Return for BAY on GE Purchase

Date	SET V	BAY V	SET R	BAY R	Exp Ret	AR	T-Test	CAR
5/18/2006	748.30	17.50	-1.84%	-4.89%	-1.66%	-3.23%	(2.570)	-3.23%
5/19/2006	746.33	18.00	-0.26%	2.86%	-0.15%	3.01%	2.393	-0.22%
5/22/2006	724.44	17.50	-2.93%	-2.78%	-2.70%	-0.08%	(0.061)	-0.30%
5/23/2006	727.21	17.60	0.38%	0.57%	0.47%	0.11%	0.084	-0.19%
5/24/2006	714.10	17.60	-1.80%	0.00%	-1.62%	1.62%	1.290	1.43%
5/25/2006	701.03	17.50	-1.83%	-0.57%	-1.65%	1.08%	0.859	2.51%
5/26/2006	717.50	17.60	2.35%	0.57%	2.35%	-1.77%	(1.412)	0.73%
5/29/2006	721.58	17.70	0.57%	0.57%	0.64%	-0.08%	(0.061)	0.66%

Note: 1. Announcement date is 18 May 2006.
2. Neutral CAR, significance high.

Table J: Case Firms Summary

Table J-1: Industry and Competitive Positioning

	SHIN	BEC	CPF	ITD	TMB	BAY
Company Background	Holding company of firms mainly in Information and Communication Technology sector. Main subsidiary - Advanced Info Service Plc - is the largest mobile phone operator.	Hub of Maleenont's main business in media sector. Operates one of the mostly viewed TV channels.	The leading agro-industrial and food conglomerate.	The leading civil engineering and construction firm.	The sixth largest bank in terms of assets and deposits.	The fifth largest bank in terms of assets and deposits
Industry	Technology (Information and Communication Technology sector)	Service (Media sector)	Agrobusiness (Agribusiness sector)	Property and Construction (Property Development sector)	Financial (Banking sector)	Financial (Banking sector)
Products and Services	Wireless communication, satellite, internet, television broadcasting, budget airlines, and consumer finance	TV (Channel 3) and radio broadcasting, documentary and entertainment program sourcing and production, production of shows, music, and campaign activities (TV is main business)	Feed raw materials procurement, feed manufacture and distribution, animal breeding, animal farming, meat processing, and manufacturing of food products from meat (semi-cooked meat, fully-cooked meat, and ready-to-eat food products) in livestock (main business) and aquaculture lines	Construction of buildings, industrial plants, pipelines, utility works, highways, railways, bridges, airports, ports, dams, tunnels, power plants, steel structures, telecommunications, and mining	Commercial banking, consumer finance, investment, and asset management	Commercial banking, consumer finance, investment, and asset management
Key Competitors	In wireless communication: Total Access Communications Plc (DTAC), True Corporation Plc (TRUE)	Channel 7	GFPT Plc (GFPT), Thai Union Frozen Products Plc (TUF), and Seafresh Industry Plc (CFRESH)	Sino-Thai Engineering and Construction Plc (STEC), CH. Karnchang Plc (CK)	Bangkok Bank Plc (BBL), Kasikorn Bank Plc (KBANK), Siam Commercial Bank Plc (SCB), Krung Thai Bank Plc (KTB), Bank of Ayudhya (BAY)	Bangkok Bank Plc (BBL), Kasikorn Bank Plc (KBANK), Siam Commercial Bank Plc (SCB), Krung Thai Bank Plc (KTB), Thai Military Bank (TMB)
Market Share	54% subscriber share (ADVANC)	Second to Channel 7, combined primetime audience share 80%	Virtual monopoly in the supply of chickens, eggs and livestock feed	48.56% construction revenue share	9.56%, and 11.3% (deposit and loan market shares, respectively: 2005)	9.11%, 9.91%, and 9.31% (asset, deposit, and loan market shares, respectively: 2005)

Table J-2: Ownership, Governance, and Political Connections

	SHIN	BEC	CPF	ITD	TMB	BAY
Ownership Structure	Majorly held by Thaksin Shinawatsr's family (AVG. of 38.82% during 2001 and 2005)	Majorly held by Maleenont family (AVG. of 56.61% during 2001 and 2005)	Majorly held by CP Group (AVG. of 45.18% during 2001 and 2005). CP Group was over 90% held by Chearavanont family.	Majorly held by Karnasuta family (AVG. of 40.59% during 2001 and 2005)	Majorly held by the Military until 2003 when MoF came to own 41%. After merger with DBS in 2004, MoF and DBS Bank were major shareholders. Thaksin held 7.46% between 2001 and 2004.	Majorly held by companies that have Ratanarak family as ultimate large shareholder (AVG. shareholding of these companies in BAY 32.92% during 2001 and 2005)
Corporate Governance	Big4 auditor: Yes (KPMG); ADR: Yes	Big4 auditor: No; ADR: No	Big4 auditor: Yes (KPMG); ADR: Yes	Big4 auditor: Yes (Earnst & Young); ADR: No	Big4 auditor: Yes (KPMG); ADR: No	Big4 auditor: Yes (Deloitte); ADR: No
Degree/Nature of Pol Conn	Formal position interlock with PM (Thaksin Shinawatra) through large shareholder	Formal position interlock with a minister (Pracha Maleenont) through both large shareholder and top director (Chairman of the Board)	Close social tie with PM through large shareholder and top director (Dhanin Chearavanont, Chairman of the Board). Formal position interlock with a minister (Wattana Muangsuk, son-in-law of Dhanin's brother) through large shareholder and top director.	Close social tie with PM through large shareholder and CEO (Premchai Karnasuta)	Formal position interlock with PM through large shareholder (Thaksin Shinawatra)	Formal position interlock with PM through top director (Gen. Chaisit Shinawatra, Vice Chairman of the Board and PM's close cousin)

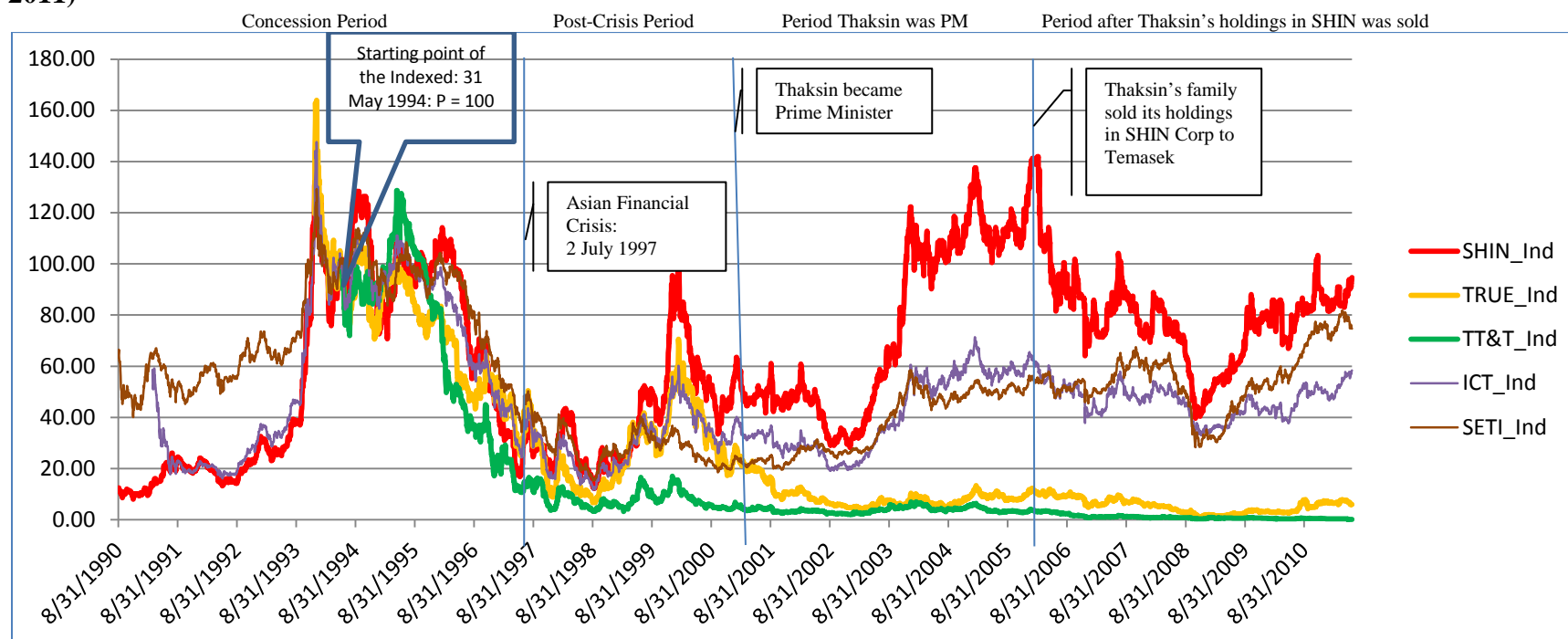
Table J-3: Corporate Performance (2005)

	SHIN	BEC	CPF	ITD	TMB	BAY
Revenue	13.7 bn baht	6.3 bn baht	113.4 bn baht	38.0 bn baht	31.7 bn baht	32.9 bn baht
Profitability (Net Income)	8.6 bn Baht	0.9 bn baht	6.7 bn baht	1.3 bn baht	7.8 bn baht	6.0 bn baht
Liquidity (CA/CL)	97.1%	307.1%	132.9%	116.0%	NA	NA
Leverage (Total debts/Total assets)	31.7%	14.0%	37.1%	22.4%	93.00%	93.8%
Operational Efficiency (ROA)	10.9%	13.0%	7.5%	3.0%	1.09%	0.9%
Return on Equity	22.56%	14.9%	18.2%	8.9%	15.34%	15.3%
Stock Performance (PE Ratio)	14.2	32.9	13.0	33.0	39.1	8

Table K: Summary of Case Firms' Event Study Results

Firm	Industry	Political Connection	Ownership Structure	Corporate governance	Event Study	AR, Significance
SHIN	Technology (ICT)	Interlock with Thaksin	Majority held by Thaksin 's family (AVG. of 38.82%)	Big 4: Yes ADR: Yes	1. THCOM BOI decision (PC) 2. SHIN Effect on THCOM BOI decision (PC) 3. Sale to Temasek (CG/PC)	+6.51%, Sig (H) +1.59%, Sig (L) +4.5%, Sig (H)
BEC	Service (Media)	Interlock with minister	Majority held by Maleenont family (AVG. of 56.61%)	Big 4: No ADR: No	1. Pracha's first appointment (as deputy minister) by Thaksin (PC)	+2.28%, Sig (L)
CPF	Agribusiness	-Social Tie with Thaksin -Interlock with minister	Majority held by CP Group (AVG. of 45.18%). CP Group was over 90% held by Chearavanont family.	Big 4: Yes ADR: Yes	1. Cabinet approval of gov chicken purchase contract (PC) 2. CPF named top 100 good CG firm (CG) 3. Est. of compensation committee (CG)	+1.88%, Sig (L) -1.33%, Sig (L) -0.54%, Sig (L)
ITD	Property Development	Social tie with Thaksin	Majority held by Karnasuta family (AVG. of 40.59%)	Big 4: Yes ADR: No	1. Award of airport contract (PC) 2. Award of BMA contract (PC) 3. Award of multi-contract (PC) 4. Death of Board's chairman (CG)	+6.14%, Sig (H) +4.06%, Sig (M) +2.92%, Sig (M) +3.41%, Sig (M)
TMB	Financial (Banking)	-Quasi-governmental -Interlock with Thaksin	Majority held by the Military until 2003 when MoF came to own 41%. After merger with DBS in 2004, MoF and DBS Bank were major shareholders. Thaksin held 7.46% between 2001 and 2004.	Big 4: Yes ADR: No	1. Merger with DBS (CG)	+1.9%, Sig (L)
BAY	Financial (Banking)	Interlock with Thaksin	Majority held by companies that have Ratanarak family as ultimate large shareholder (AVG. shareholding in BAY 32.92%)	Big 4: Yes ADR: No	1. GE Capital Purchase (CG)	-3.23% then +3.01%, Sig (H)

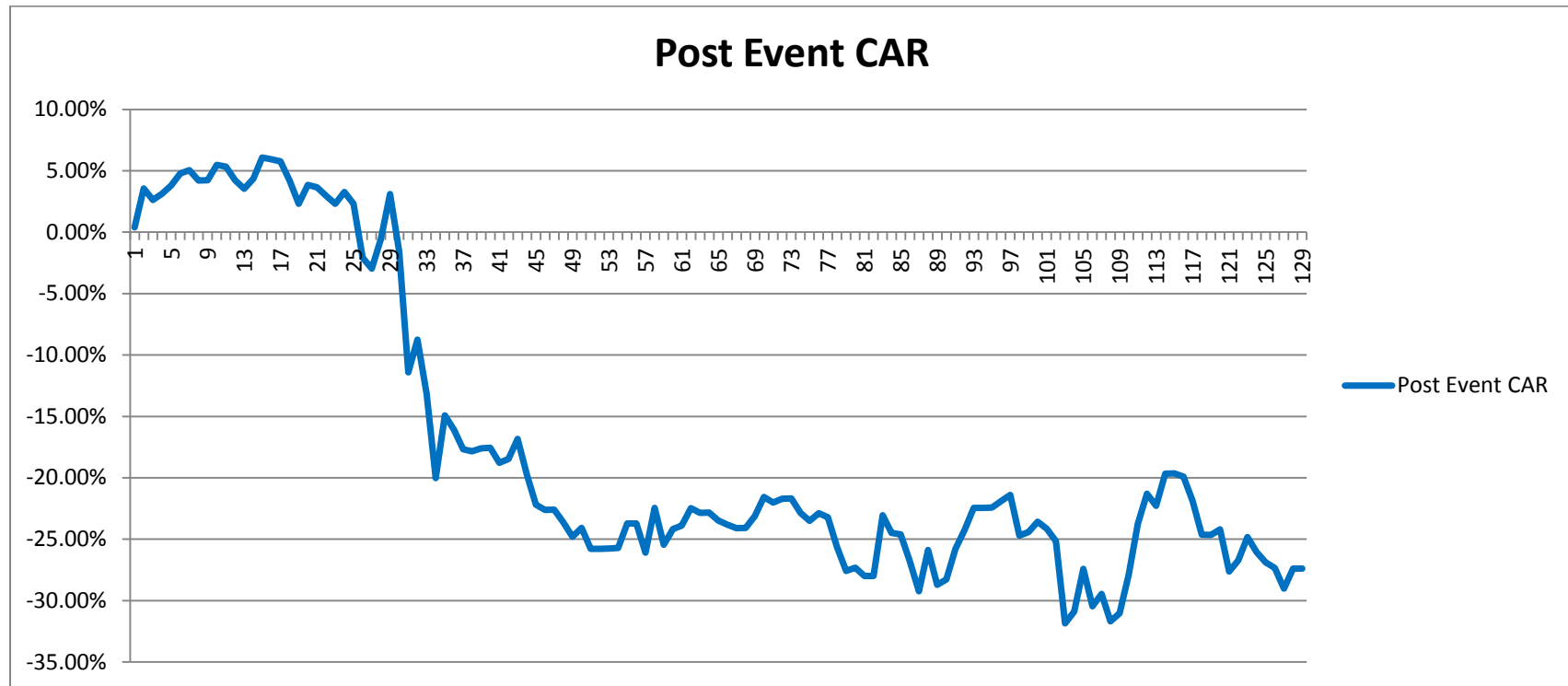
Graph A-1: Stock Price Movements of SHIN, TRUE, and TT&T, Together with ICT Sector Index and SET Index (1990 - 2011)



Source: Datastream.

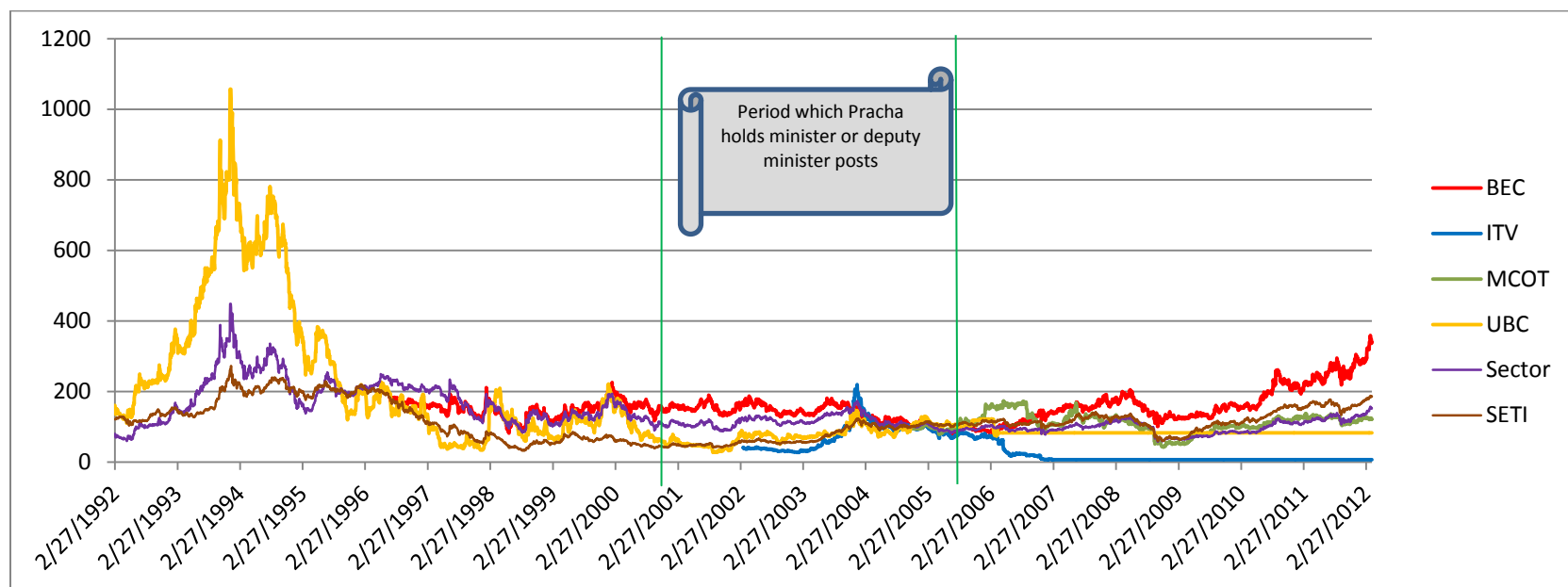
- Note:
1. The stock prices are set to 100 on 31 May 1994 when TT&T started to trade on SET (TRUE started trading earlier on 22 December 1993). This serves to make it easier to see the relative price movements of SHIN and its peers (TRUE and TT&T), where they began their journey at the same indexed price. ICT sector index and SET index are also re-indexed accordingly.
 2. DTAC was just listed on the Stock Exchange of Thailand on 22 June 2007.

Graph A-2: Cumulative Abnormal Return Post Sale of SHIN to Temasek



Note: The X-axis is the number of days post event.

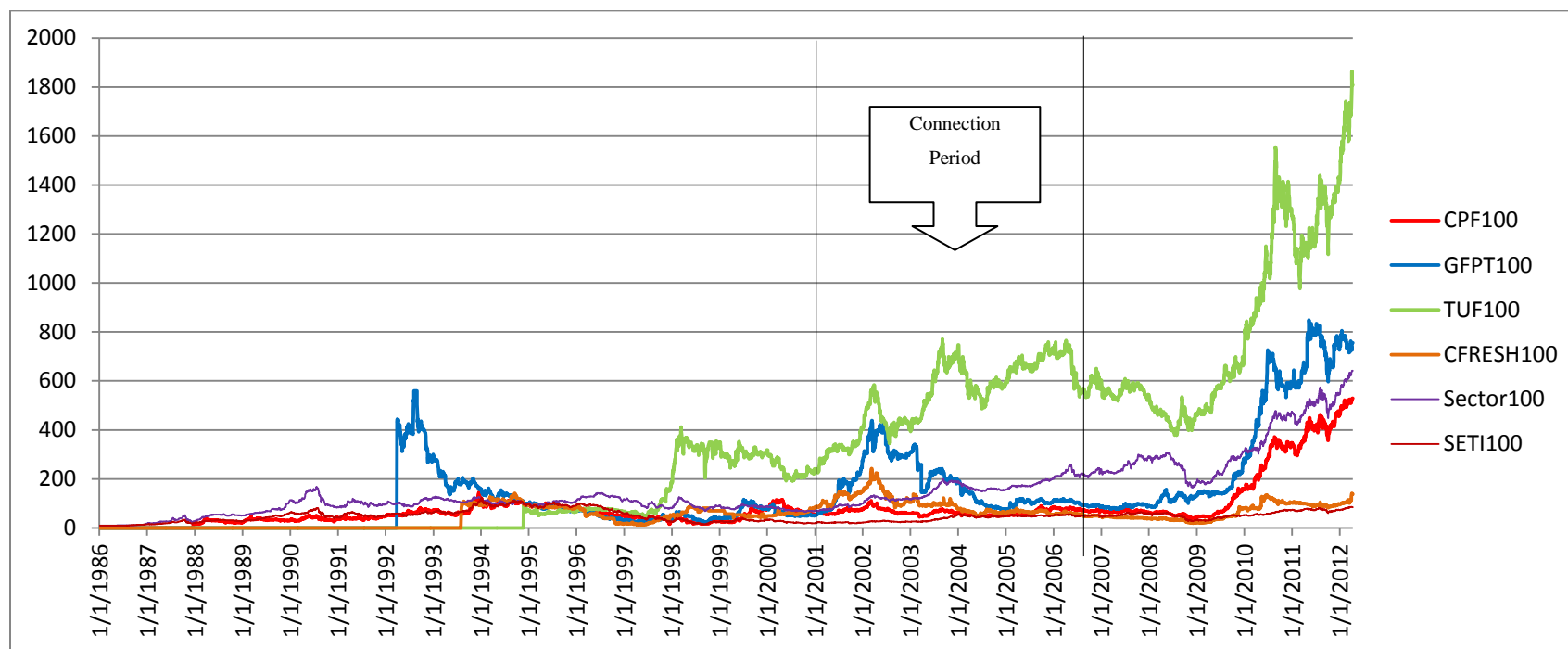
Graph B: Stock Price Movements of BEC, ITV, MCOT, and UBC, Together with Media Sector Index and SET Index (1992 - 2011)



Source: Datastream.

- Note:
1. The stock prices are set to 100 on 17 November 2004 when MCOT started to trade on SET (UBC, BEC, and ITV were listed earlier in 1992, 1996, and 2002, respectively). This serves to make it easier to see the relative price movements of BEC and its competitors. Media sector index and SET index are also re-indexed accordingly.
 2. UBC was delisted on 11 April 2006 as it merged into TrueVisions, a subsidiary of True Corporation
 3. ITV was suspended on 16 May 2007, a little after the company had a dispute with the Office of the Permanent Secretary of The Prime Minister's Office over its concession agreement.

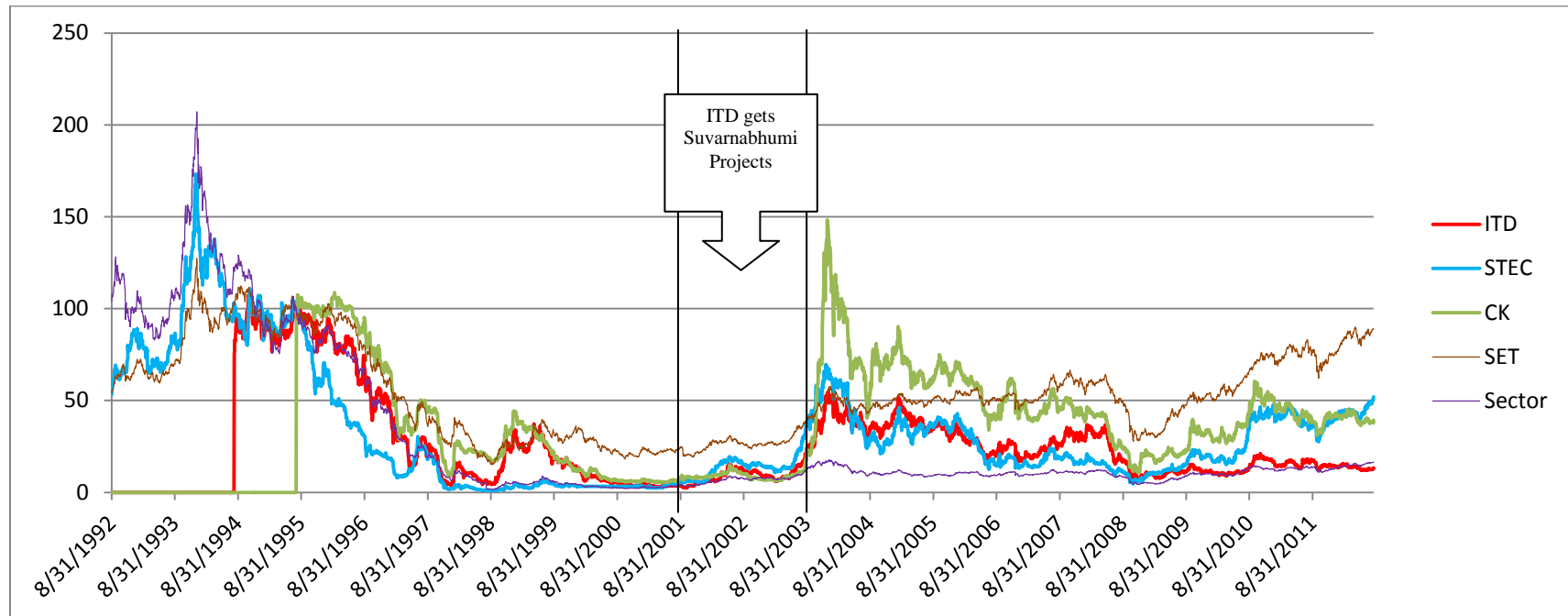
Graph C: Stock Price Movements of CPF, GFPT, TUF, and CFRESH, Together with Food and Beverage Sector Index and SET Index (1986 - 2011)



Source: Datastream

Note: 1. The stock prices are set to 100 on 22 November 1994 when TUF started to trade on SET (CPF, GFPT, and CFRESH were listed earlier in 1987, 1992, and 1993, respectively). This serves to make it easier to see the relative price movements of CPF and its competitors. Food and Beverage sector index and SET index are also re-indexed accordingly.

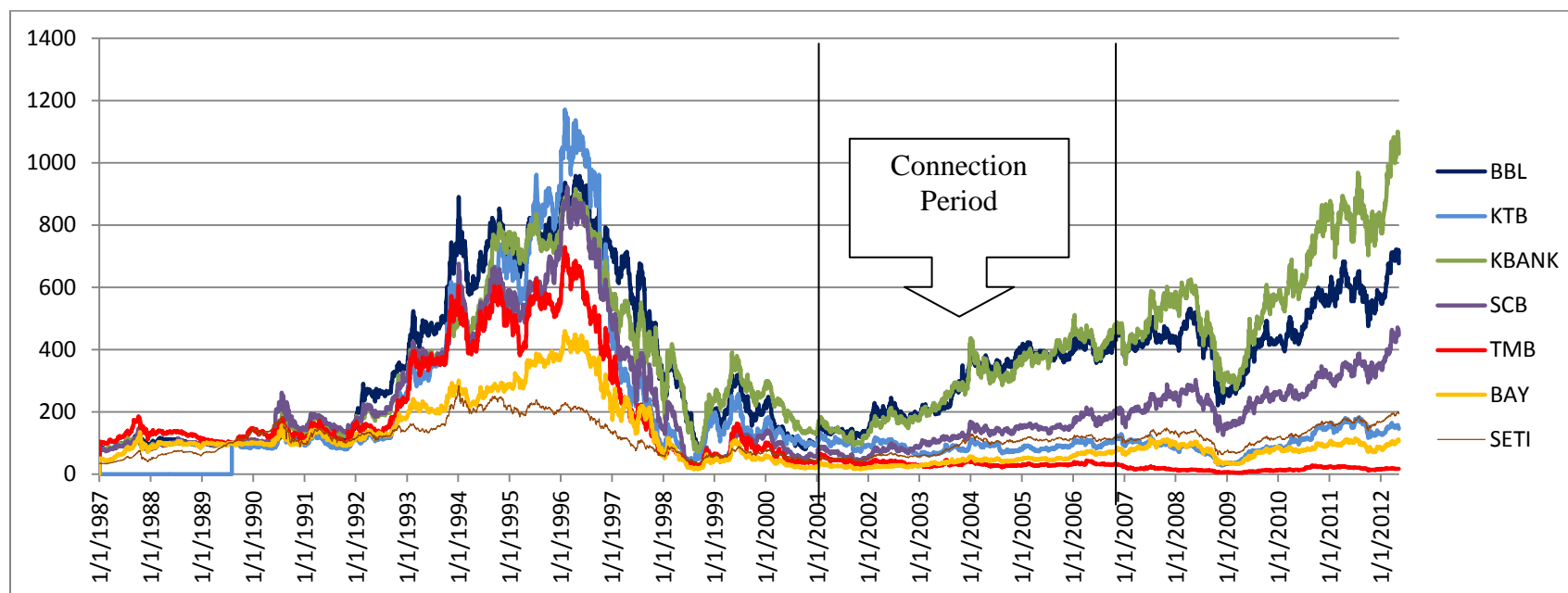
Graph D: Stock Price Movements of ITD, STEC, and CK, Together with Property Development Sector Index and SET Index (1992 - 2011)



Source: Datastream

- Note:
1. The stock prices are set to 100 on 3 August 1995 when CK started to trade on SET (STEC and ITD were listed earlier in 1992 and 1994, respectively). This serves to make it easier to see the relative price movements of ITD and its competitors. Property Development sector index and SET index are also re-indexed accordingly.
 2. ITD is the trading symbol for Italian-Thai Development stocks, STEC is for Sino-Thai Engineering and Construction, and CK is for CH. Karnchang.

Graph E: Stock Price Movements of BBL, KTB, KBANK, SCB, TMB, BAY, Together with SET Index (1987 - 2011)



Source: Datastream.

- Note:
1. The stock prices are set to 100 on 2 August 1989 when KTB started to trade on SET (other stocks started trading earlier). This serves to make it easier to see the relative price movements of TMB, BAY and its peers, where they began their journey at the same indexed price. SET index are is also re-indexed accordingly.
 2. Banking sector index is not included in the graph as the index data were just available after 16 June 2005.

Appendix A: Multiple Linear Regression Results without Event Window (Political Connection, Corporate Governance vs Firm Value)

Appendix A-1: Episode 1: Election of Thaksin (6 Jan. 2001)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mkt	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***
Event	(19.61)	(19.631)	(19.628)	(19.628)	(19.609)	(19.608)	(19.608)
Pol*Event							
Pol	0.0014488	0.0009837	0.001548	0.001585	0.0014313	0.001416	0.0015538
	(0.973)	(0.635)	(0.665)	(0.703)	(0.948)	(0.621)	(0.701)
Audit4			0.00003029	0.0001524	0.0002675	0.0002662	0.0003942
			(0.043)	(0.213)	(0.391)	(0.381)	(0.56)
ADR			0.0004974	-0.0022	0.0001051	0.0001012	-0.0030205
			(0.188)	(-0.703)	(0.041)	(0.039)	(-0.977)
Pol*AUorADR			-0.001059			0.00002724	
			(-0.346)			(0.009)	
Pol*AU				-0.002429			-0.0017782
				(-0.811)			(-0.596)
Pol*ADR				0.008184			0.0099804
				(1.459)			(1.799)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No
IND	No	FIN. SER.	FIN.	FIN. PROP.	No	No	No
Adjusted R-Squared	0.02883	0.03097	0.03075	0.03088	0.02869	0.02861	0.02881
N-Observations	12920	12920	12920	12920	12920	12920	12920

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix A-2: Episode 2: Deposition of Thaksin via Coup (19 Sept. 2006)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mkt	0.6773***	0.6772***	0.6772***	0.6772***	0.6772***	0.6772***	0.6772***
Event	(27.153)	(27.149)	(27.147)	(27.147)	(27.151)	(27.151)	(27.151)
Pol*Event							
Pol	-0.0011664	-0.00117	-0.00139	-0.001437	-0.0012238	-0.001407	-0.001467
	(-1.863)	(-1.827)	(-1.601)	(-1.667)	(-1.94)	(-1.652)	(-1.735)
Audit4			0.000507	0.000506	0.0004897	0.0004398	0.000433
			(1.12)	(1.115)	(1.17)	(0.985)	(0.967)
ADR			-0.000443	-0.001805	-0.000315	-0.0003979	-0.0016195
			(-0.241)	(-0.813)	(-0.175)	(-0.218)	(-0.735)
Pol*AUorADR			0.000371			0.0004071	
			(0.29)			(0.32)	
Pol*AU				0.000264			0.0003152
				(0.207)			(0.249)
Pol*ADR				0.004352			0.0039377
				(1.118)			(1.024)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No
IND	No	Yes	Yes	Yes	No	No	No
Adjusted R-Squared	0.03349	0.03333	0.03328	0.03329	0.03347	0.03343	0.03343
N-Observations	21318	21318	21318	21318	21318	21318	21318

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Note:

1. Episode 1 is when Thaksin was elected as prime minister on 6 January 2001. Episode 2 is when Thaksin was deposed via coup on 19 September 2006.
2. The regression results reported here are selected from the regressions that do not include the Event Window (Regressions 1 – 7). Regression results of other regressions with Event Window are reported in Table D.
3. Specification of Regressions 1 – 7:
 - (1) $Ret \sim Mkt + Pol$
 - (2) $Ret \sim Mkt + Pol + LnTotalA + Leverage + IND$
 - (3) $Ret \sim Mkt + Pol + LnTotalA + Leverage + IND + Audit4 + ADR + PolAUorADR$
 - (4) $Ret \sim Mkt + Pol + LnTotalA + Leverage + IND + Audit4 + ADR + PolAU + PolADR$
 - (5) $Ret \sim Mkt + Pol + Audit4 + ADR$
 - (6) $Ret \sim Mkt + Pol + Audit4 + ADR + PolAUorADR$
 - (7) $Ret \sim Mkt + Pol + Audit4 + ADR + PolAu + PolADR$
4. Regressions 1 – 7 are run using only 60-day (around 30-pre, 30-post event) daily data.
5. In addition to regressions using data that include financial firms as reported here, robustness tests are also done by running the regression models using data that (1) exclude financial firms (2) include/exclude connections with regular directors (3) sub-divide political connections into different levels. The results of these regressions are reported in the Appendix B.
6. Figures reported in the body of the table are coefficient estimates. t-statistics are reported in the parentheses.

Appendix B: Multiple Linear Regression Results of All Model Variations and Datasets (Political Connection, Corporate Governance vs Firm Value)

Episode 1: Thaksin Elected as Prime Minister (6 January 2001) (Tables B-1 to B-8)

Appendix B-1: Episode 1: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
								60	11	60	11	60	11	60	11	60
Mkt	0.3928***	0.3928***	0.3928***	0.3927***	0.3928***	0.3927***	0.3927***	0.4287***	0.5234***	0.4286***	0.5234***	0.4286***	0.5235***	0.4286***	0.5234***	0.4287***
Event	(19.611)	(19.632)	(19.628)	(19.628)	(19.61)	(19.607)	(19.608)	(19.91)	(7.398)	(19.91)	(7.395)	(19.889)	(7.384)	(19.89)	(7.382)	(19.906)
								-0.0063***	-0.0087***	-0.0063***	-0.0087***	-0.0063***	-0.0087***	-0.0063***	-0.0087***	-0.00627***
								(-4.917)	(-4.277)	(-4.917)	(-4.276)	(-4.912)	(-4.269)	(-4.912)	(-4.268)	(-4.916)
Pol*Event								0.008576*	0.010046*	0.008565*	0.010075 *	0.008565*	0.0100170*	0.008523*	0.0100405*	0.01327
Pol*IND*Event								(2.157)	(2.385)	(2.155)	(2.392)	(2.152)	(2.374)	(2.149)	(2.379)	Yes
Pol	0.0018325	0.001178	0.002338	0.002388	0.001811	0.003592	0.0036053*	0.001465	0.0016684	0.001518	0.0007391	0.002721	0.0041428	0.0027363	0.003196	0.003784
Pol*IND	(1.534)	(0.962)	(1.22)	(1.274)	(1.504)	(1.92)	(1.964)	(0.748)	(0.462)	(0.791)	(0.208)	(1.422)	(1.169)	(1.456)	(0.916)	Yes
Audit4			0.0001263	0.0002687	0.0002312	0.0004757	0.000622	0.0001263	-0.0016059	0.0002685	-0.0017225	0.0004759	-0.0007372	0.000622	-0.0007801	0.00033
ADR			(0.174)	(0.366)	(0.338)	(0.668)	(0.868)	(0.174)	(-1.302)	(0.367)	(-1.384)	(0.669)	(-0.61)	(0.869)	(-0.641)	(0.45)
			0.0005771	-0.002198	0.00006426	0.0004609	-0.0029761	0.0005737	-0.0006013	-0.002198	-0.0005994	0.0004575	0.0012315	-0.0029761	-0.000252	-0.002352
			(0.221)	(-0.702)	(0.025)	(0.179)	(-0.962)	(0.220)	(-0.136)	(-0.703)	(-0.113)	(0.178)	(0.282)	(-0.963)	(-0.048)	(-0.751)
Pol*AUorADR			-0.001975			-0.0030356		-0.001949	-0.0055174			-0.0030107	-0.007857			
			(-0.800)			(-1.244)		(-0.791)	(-1.318)			(-1.235)	(-1.896)			
Pol*AU				-0.002853			-0.0040355			-0.002828	-0.0039383			-0.0040115	-0.0066208	-0.002276
Pol*ADR				(-1.167)			(-1.674)			(-1.158)	(-0.949)			(-1.666)	(-1.617)	(-0.849)
				0.007731			0.0090917			0.007732	-0.0025934			0.0090934	0.0007962	0.005292
				(1.395)			(1.665)			(1.396)	(-0.276)			(1.667)	(0.086)	(0.703)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
IND	No	FIN. SER.	SER.	FIN. PROP.	No	No	No	FIN. SER.	Yes	FIN. PROP.	Yes	No	No	No	No	FIN*(+), PROP*(+)
Adjusted R-Squared	0.02893	0.03101	0.03083	0.03096	0.02879	0.02883	0.02907	0.03254	0.02359	0.03267	0.0231	0.03054	0.01986	0.03078	0.01932	0.03223
N-Observations	12920	12920	12920	12920	12920	12920	12920	12920	3553	12920	3553	12920	3553	12920	3553	12920

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-2: Episode 1: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
								60	11	60	11	60	11	60	11	60	11
Mkt	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***	0.3928***	0.4287***	0.5234***	0.4286***	0.5234***	0.4287***	0.5234***	0.4287***	0.5233***	0.4286***	0.5234***
Event	(19.61)	(19.631)	(19.628)	(19.628)	(19.609)	(19.608)	(19.608)	(19.911)	(7.399)	(19.912)	(7.396)	(19.891)	(7.382)	(19.891)	(7.38)	(19.911)	(7.394)
								-0.0062***	-0.0086***	-0.0062***	-0.0086***	-0.0062***	-0.0086***	-0.0062***	-0.0086***	-0.00624***	-0.0086***
								(-4.973)	(-4.243)	(-4.973)	(-4.241)	(-4.968)	(-4.233)	(-4.968)	(-4.232)	(-4.973)	(-4.24)
Pol*Event								0.0133**	0.01382**	0.0133**	0.0139015**	0.0133**	0.0138555**	0.0133**	0.0139159	0.01319	0.0119513
Pol*IND*Event								(2.686)	(2.633)	(2.68)	(2.648)	(2.69)	(2.634)	(2.682)	** (2.645)	FIN.(+)	FIN.(+)
Pol	0.0014488	0.0009837	0.001548	0.001585	0.0014313	0.001416	0.0015538	0.000169	0.001071	0.0002149	-0.0002354	0.000034	0.0022902	0.0001815	0.0010734	0.003971	0.0030773
Pol*IND	(0.973)	(0.635)	(0.665)	(0.703)	(0.948)	(0.621)	(0.701)	(0.071)	(0.243)	(0.093)	(-0.55)	(0.015)	(0.526)	(0.08)	(0.252)	INDUST.(-)	(0.457) Yes
Audit4			0.00003029	0.0001524	0.0002675	0.0002662	0.0003942	0.0000307	-0.001766	0.0001523	-0.0018888	0.0002666	-0.0010697	0.0003942	-0.0011433	0.000196	-0.0018488
			(0.043)	(0.213)	(0.391)	(0.381)	(0.56)	(0.043)	(-1.464)	(0.213)	(-1.554)	(0.382)	(-0.901)	(0.561)	(-0.956)	(0.273)	(-1.519)
ADR			0.0004974	-0.0022	0.0001051	0.0001012	-0.0030205	0.0004848	-0.000904	-0.0022	-0.0005517	0.0000887	0.0003985	-0.0030205	-0.0002225	-0.00233	-0.0006562
			(0.188)	(-0.703)	(0.041)	(0.039)	(-0.977)	(0.184)	(-0.202)	(-0.704)	(-0.104)	(0.034)	(0.09)	(-0.978)	(-0.042)	(-0.745)	(-0.124)
Pol*AUorADR			-0.001059			0.00002724		-0.000973	-0.00522			0.000112	-0.0049162				
			(-0.346)			(0.009)		(-0.319)	(-1.007)			(0.037)	(-0.952)				
Pol*AU				-0.002429			-0.0017782			-0.002348	-0.002648			-0.0016976	-0.0029409	-0.00278	-0.0049676
				(-0.811)			(-0.596)			(-0.785)	(-0.521)			(-0.57)	(-0.58)	(-0.818)	(-0.86)
Pol*ADR				0.008184			0.0099804.			0.008187	-0.0036329			0.009982.	-0.0003881	0.005561	0.0058021
				(1.459)			(1.799)			(1.461)	(-0.382)			(1.802)	(-0.041)	(0.731)	(0.449)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
IND	No	FIN. SER.	FIN.	FIN. PROP.	No	No	No	FIN.	Yes	FIN. PROP.	Yes	No	No	No	No	FIN*(+), PROP*(+)	Yes
Adjusted R-Squared	0.02883	0.03097	0.03075	0.03088	0.02869	0.02861	0.02881	0.03265	0.02387	0.03278	0.02343	0.03052	0.01968	0.03071	0.01925	0.03273	0.02271
N-Observations	12920	12920	12920	12920	12920	12920	12920	12920	3553	12920	3553	12920	3553	12920	3553	12920	3553

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-3: Episode 1: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(11)		
								60	11	60	11	60	11	60	11
Mkt	0.3928*** (19.609)	0.3928*** (19.63)	0.3927*** (19.623)	0.3927*** (19.623)	0.3928*** (19.608)	0.3926*** (19.602)	0.3926*** (19.603)	0.4286*** (19.906)	0.5234*** (7.395)	0.4286*** (19.906)	0.5234*** (7.393)	0.4286*** (19.885)	0.5235*** (7.385)	0.4286*** (19.886)	0.5235*** (7.383)
Event								-0.0063*** (-4.916)	-0.0087*** (-4.276)	-0.0063*** (-4.916)	-0.0087*** (-4.275)	-0.0063*** (-4.91)	-0.0087*** (-4.27)	-0.0063*** (-4.9119)	-0.0087*** (-4.269)
Pol1*Event								0.0183. (1.78)	0.019771. (1.815)	0.0183. (1.78)	0.019771. (1.814)	0.0183. (1.778)	0.019771. (1.812)	0.0183. (1.779)	0.019771. (1.811)
Pol2*Event								0.00968. (1.731)	0.010397. (1.755)	0.00967. (1.731)	0.0104. (1.755)	0.00963. (1.721)	0.010238. (1.725)	0.00963. (1.721)	0.010238. (1.725)
Pol3*Event								0.003504 (0.559)	0.0060125 (0.905)	0.003504 (0.559)	0.0060125 (0.904)	0.003504 (0.558)	0.0060125 (0.903)	0.003504 (0.558)	0.0060125 (0.903)
Pol1	0.003066 (0.992)	0.00155 (0.482)	0.001554 (0.473)	0.00039 (0.107)	0.002974 (0.938)	0.0028476 (0.897)	0.00167 (0.466)	-0.000278 (-0.081)	-0.0030696 (-0.448)	-0.001441 (-0.379)	-0.0044103 (-0.598)	0.0010172 (0.305)	0.0000449 (0.007)	-0.0001604 (-0.043)	-0.001121 (-0.154)
Pol2	0.0019146 (1.14)	0.0007556 (0.444)	0.003686 (1.461)	0.003753 (1.487)	0.001906 (1.135)	0.00574* (2.35)	0.005765* (2.631)	0.002683 (1.036)	0.0020945 (0.433)	0.002751 (1.062)	0.0020149 (0.416)	0.004744. (1.89)	0.0061525 (1.304)	0.00477. (1.9)	0.0061426 (1.301)
Pol3	0.0012794 (0.679)	0.001598 (0.833)	0.0007 (0.246)	0.00071 (0.249)	0.00129 (0.68)	0.0007556 (0.271)	0.0007818 (0.28)	0.000351 (0.12)	0.0026483 (0.49)	0.00036 (0.123)	0.0026602 (0.492)	0.0004052 (0.142)	0.002746 (0.516)	0.0004315 (0.151)	0.0027362 (0.514)
Audit4			0.000173 (0.238)	0.000286 (0.39)	0.0001995 (0.29)	0.0004893 (0.687)	0.000622 (0.868)	0.000173 (0.238)	-0.001595 (-1.292)	0.000286 (0.39)	-0.0016794 (-1.348)	0.0004893 (0.688)	-0.0007814 (-0.646)	0.000622 (0.869)	-0.0007801 (-0.641)
ADR			0.0000623 (0.023)	-0.002228 (-0.712)	-0.0000404 (-0.016)	-0.000132 (-0.051)	-0.002976 (-0.962)	0.000062 (0.024)	-0.0009346 (-0.208)	-0.00223 (-0.712)	-0.0007142 (-0.134)	-0.000132 (-0.051)	0.0005176 (0.117)	-0.0029761 (-0.963)	-0.000252 (-0.048)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			-0.005465 (-1.575)			-0.007274* (-2.163)		-0.0054 (-1.557)	-0.0065004 (-1.103)			-0.007213* (-2.146)	-0.011209* (-1.961)		
Pol3*AUorADR			0.001548 (0.404)			0.0010107 (0.267)		0.001547 (0.404)	-0.0071805 (-1.103)			0.0010107 (0.267)	-0.0080543 (-1.251)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				-0.005674 (-1.633)			-0.00741* (-2.202)			-0.00561 (-1.615)	-0.0063437 (-1.074)			-0.007346* (-2.185)	-0.01121. (-1.96)
Pol3*AU				0.000326 (0.082)			-0.000707 (-0.179)			0.000326 (0.082)	-0.0061064 (-0.9)			-0.0007066 (-0.179)	-0.0079698 (-1.188)
Pol1*ADR				0.007033 (0.906)			0.007129 (0.922)			0.007033 (0.907)	0.0052596 (0.399)			0.007129 (0.923)	0.0053886 (0.41)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.00939 (1.247)			0.0117777 (1.591)			0.009387 (1.248)	-0.0126156 (-0.987)			0.0117777 (1.593)	-0.0077136 (-0.613)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	FIN. SER.	SER.	FIN. PROP.	No	No	No	SER.	Yes	FIN. PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.0288	0.03086	0.03077	0.03076	0.02866	0.02887	0.02896	0.03245	0.02278	0.03244	0.02237	0.03055	0.01969	0.03064	0.01918
N-Observations	12920	12920	12920	12920	12920	12920	12920	12920	3553	12920	3553	12920	3553	12920	3553

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-4: Episode 1: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.3928*** (19.609)	0.3928*** (19.63)	0.3927*** (19.623)	0.3927*** (19.622)	0.3928*** (19.608)	0.3927*** (19.601)	0.3927*** (19.602)	0.4286*** (19.907)	0.5235*** (7.395)	0.4286*** (19.906)	0.5235*** (7.394)	0.4286*** (19.885)	0.5236*** (7.382)	0.4286*** (19.885)	0.5236*** (7.38)
Event								-0.0062*** (-4.972)	-0.0086*** (-4.241)	-0.0062*** (-4.972)	-0.0086*** (-4.24)	-0.0062*** (-4.966)	-0.0086*** (-4.233)	-0.0062*** (-4.966)	-0.0086*** (-4.232)
Pol1*Event								0.01827. (1.778)	0.01964. (1.803)	0.01827. (1.778)	0.0196389. (1.803)	0.01827. (1.776)	0.01964. (1.799)	0.01827. (1.776)	0.0196389. (1.799)
Pol2*Event								0.01486. (1.901)	0.0135695 (1.635)	0.01485. (1.901)	0.0135715 (1.635)	0.01486. (1.895)	0.01325 (1.593)	0.01483. (1.895)	0.01325 (1.593)
Pol3*Event								0.008723 (1.117)	0.0106289 (1.285)	0.008723 (1.117)	0.0106289 (1.284)	0.008723 (1.116)	0.01063 (1.282)	0.008723 (1.116)	0.0106289 (1.282)
Pol1	0.002982 (0.965)	0.001514 (0.471)	0.001535 (0.466)	0.0003052 (0.083)	0.002921 (0.922)	0.002991 (0.943)	0.0017054 (0.476)	-0.000295 (-0.086)	-0.0030263 (-0.442)	-0.001524 (-0.401)	-0.0043827 (-0.594)	0.0011637 (0.349)	0.000367 (0.055)	-0.0001221 (-0.033)	-0.0009197 (-0.127)
Pol2	-0.0000435 (-0.019)	- 0.0004447	0.001717 (0.517)	0.001753 (0.528)	-0.0000447 (-0.019)	0.002455 (0.75)	0.0024697 (0.754)	0.000109 (0.032)	0.0016257 (0.249)	0.000146 (0.042)	0.0015875 (0.243)	0.0008548 (0.253)	0.005101 (0.079)	0.0008695 (0.257)	0.0050783 (0.787)
Pol3	0.002065 (0.88)	0.0004447 (-0.187)	0.001406 (0.44)	0.00143 (0.447)	0.002151 (0.905)	0.0004956 (0.159)	0.0005103 (0.164)	0.000537 (0.163)	0.0019689 (0.317)	0.000561 (0.171)	0.001963 (0.316)	-0.0003767 (-0.118)	0.001087 (0.179)	-0.0003619 (-0.113)	0.0010640 (0.175)
Audit4			0.0000773 (0.109)	0.0001631 (0.228)	0.000245 (0.356)	0.0003025 (0.432)	0.0003942 (0.56)	0.0000766 (0.108)	-0.0017819 (-1.473)	0.0001624 (0.227)	-0.001866 (-1.534)	0.0003025 (0.432)	-0.0011 (-0.925)	0.0003942 (0.561)	-0.0011433 (-0.956)
ADR			-0.0001131 (-0.042)	-0.00222 (-0.71)	-0.0002657 (-0.102)	-0.0006832 (-0.257)	-0.003021 (-0.977)	-0.000113 (-0.042)	-0.0009559 (-0.209)	-0.00222 (-0.710)	-0.0006255 (-0.118)	-0.000682 (-0.258)	-0.000092 (-0.02)	-0.00302 (-0.978)	-0.0002225 (-0.042)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			-0.004467 (-0.933)			-0.0051564 (-1.098)		-0.004213 (-0.88)	-0.0067491 (-0.827)			-0.0049145 (-1.047)	-0.01135 (-1.417)		
Pol3*AUorADR			0.001729 (0.351)			0.0040164 (0.838)		0.001724 (0.351)	-0.0078116 (-0.935)			0.0040164 (0.838)	-0.004711 (-0.578)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				-0.004591 (-0.958)			-0.005248 (-1.118)			-0.004339 (-0.906)	-0.0066403 (-0.813)			-0.0050062 (-1.066)	-0.0113021 (-1.411)
Pol3*AU				-0.0006117 (-0.112)			0.0011513 (0.215)			-0.000616 (-0.113)	-0.0049574 (-0.534)			0.0011513 (0.215)	-0.0029781 (-0.327)
Pol1*ADR				0.00707 (0.911)			0.0071733 (0.927)			0.00707 (0.912)	0.0052928 (0.402)			0.007173 (0.928)	0.0053591 (0.408)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.008456 (1.101)			0.011901 (1.581)			0.008449 (1.101)	-0.0138862 (-1.065)			0.0119 (1.582)	-0.0079596 (-0.622)
Intercept	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	No	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes FIN.	FIN.	FIN. PROP.	No	No	No	FIN.	Yes	FIN. PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.02873	0.03087	0.03064	0.03062	0.02859	0.02859	0.02861	0.03244	0.02278	0.03242	0.02241	0.03038	0.01896	0.0304	0.0185
N-Observations	12920	12920	12920	12920	12920	12920	12920	12920	3553	12920	3553	12920	3553	12920	3553

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix B-5: Episode 1: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.2923*** (13.39)	0.2923*** (13.396)	0.2923*** (13.394)	0.2923*** (13.393)	0.2923*** (13.389)	0.2923*** (13.388)	0.2923*** (13.387)	0.3225*** (13.728)	0.4373*** (5.72)	0.3224*** (13.728)	0.4373*** (5.717)	0.3225*** (13.722)	0.4374*** (5.72)	0.3224*** (13.722)	0.4373*** (5.718)
Event								-0.0052*** (-3.721)	-0.0083*** (-3.757)	-0.0052*** (-3.722)	-0.0083*** (-3.756)	-0.0052*** (-3.72)	-0.0083*** (-3.76)	-0.0052*** (-3.721)	-0.0083*** (-3.758)
Pol*Event								0.006527 (1.448)	0.007799. (1.649)	0.006509 (1.444)	0.007841. (1.657)	0.006536 (1.449)	0.007805. (1.65)	0.006514 (1.444)	0.007841. (1.657)
Pol	0.0011175 (0.826)	0.0008229 (0.591)	0.0009512 (0.403)	0.0011024 (0.483)	0.0010318 (0.753)	0.001021 (0.44)	0.0011886 (0.528)	0.0002828 (0.119)	0.0014325 (0.329)	0.0004406 (0.189)	0.0002149 (0.051)	0.0003541 (0.15)	0.002336 (0.545)	0.0005258 (0.229)	0.001107 (0.265)
Audit4			0.0000192 (0.024)	0.0001986 (0.248)	0.0001837 (0.246)	0.0001825 (0.236)	0.0003452 (0.443)	0.000026 (0.033)	-0.001733 (-1.301)	0.0002055 (0.257)	-0.0018485 (-1.371)	0.0001891 (0.245)	-0.001015 (-0.781)	0.0003518 (0.452)	-0.0010718 (-0.818)
ADR			0.0006111 (0.23)	-0.0021563 (-0.68)	0.0008043 (0.31)	0.0008025 (0.307)	-0.0024695 (-0.787)	0.000609 (0.229)	-0.000243 (-0.054)	-0.0021573 (-0.68)	-0.0004355 (-0.082)	0.0007999 (0.307)	0.001663 (0.379)	-0.002471 (-0.788)	0.0003459 (0.066)
Pol*AUorADR			-0.0002536 (-0.088)			0.00001711 (0.006)		-0.0002358 (-0.082)	-0.004112 (-0.847)			0.000035 (0.012)	-0.0048 (-0.995)		
Pol*AU				-0.0014132 (-0.501)			-0.0013213 (-0.472)			-0.0013977 (-0.496)	-0.0022925 (-0.483)			-0.0013055 (-0.467)	-0.0032974 (-0.701)
Pol*ADR				0.0086453 (1.52)			0.0101098. (1.811)			0.0086506 (1.522)	-0.0011506 (-0.12)			0.010114. (1.813)	0.0019771 (0.211)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	PROP.	No	No	No	Yes	Yes	PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.0157	0.01655	0.01629	0.01643	0.01554	0.01545	0.01568	0.01735	0.01137	0.01749	0.01089	0.01651	0.01113	0.01674	0.01067
N-Observations	11160	11160	11160	11160	11160	11160	11160	11160	3069	11160	3069	11160	3069	11160	3069

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix B-6: Episode 1: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.2923*** (13.39)	0.2923*** (13.396)	0.2923*** (13.393)	0.2922*** (13.392)	0.2923*** (13.389)	0.2923*** (13.389)	0.2923*** (13.388)	0.3225*** (13.729)	0.4373*** (5.721)	0.3224*** (13.729)	0.4372*** (5.719)	0.3225*** (13.724)	0.4373*** (5.721)	0.3224*** (13.724)	0.4372*** (5.719)
Event								-0.0052*** (-3.833)	-0.0083*** (-3.796)	-0.0052*** (-3.833)	-0.0083*** (-3.794)	-0.0052*** (-3.832)	-0.0083*** (-3.798)	-0.0052*** (-3.832)	-0.0083*** (-3.796)
Pol*Event								0.01097* (2.057)	0.0119516* (2.136)	0.010929* (2.05)	0.012035* (2.15)	0.011016* (2.065)	0.012008 * (2.145)	0.010963* (2.055)	0.012074* (2.157)
Pol	0.0015407 (0.962)	0.0011763 (0.704)	0.001506 (0.594)	0.0015654 (0.642)	0.0014596 (0.897)	0.0009542 (0.385)	0.0011522 (0.48)	0.000367 (0.141)	0.0002496 (0.052)	0.0004371 (0.175)	-0.0010614 (-0.23)	-0.0001893 (-0.075)	0.0007963 (0.17)	0.0000199 (0.008)	-0.0004357 (-0.096)
Audit4			0.00007019 (0.09)	0.0002229 (0.284)	0.0002199 (0.295)	0.0001769 (0.232)	0.0003218 (0.419)	0.000078 (0.1)	-0.001779 (-1.358)	0.0002299 (0.293)	-0.0019011 (-1.438)	0.0001838 (0.241)	-0.0011386 (-0.889)	0.000328 (0.428)	-0.0012262 (-0.95)
ADR			0.0005709 (0.212)	-0.0021488 (-0.678)	0.000653 (0.25)	0.0005291 (0.2)	-0.0024647 (-0.786)	0.0005606 (0.209)	-0.0005405 (-0.12)	-0.0021499 (-0.678)	-0.0004177 (-0.078)	0.000518 (0.196)	0.0009852 (0.221)	-0.002466 (-0.787)	0.0004157 (0.079)
Pol*AUorADR			-0.0006639 (-0.2)			0.0008866 (0.27)		-0.0005896 (-0.178)	-0.0034269 (-0.614)			0.0009595 (0.293)	-0.0026159 (-0.475)		
Pol*AU				-0.0022766 (-0.705)			-0.0011675 (-0.364)			-0.0022085 (-0.684)	-0.0009396 (-0.173)			-0.0011 (-0.343)	-0.0006421 (-0.119)
Pol*ADR				0.0085693 (1.495)			0.0100658. (1.781)			0.0085747 (1.497)	-0.0019669 (-0.204)			0.010069. (1.783)	0.000628 (0.066)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	PROP.	No	No	No	Yes	Yes	PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.01572	0.01656	0.0163	0.01645	0.01556	0.01548	0.01567	0.01755	0.012	0.01771	0.01158	0.01673	0.01182	0.01693	0.01143
N-Observations	11160	11160	11160	11160	11160	11160	11160	11160	3069	11160	3069	11160	3069	11160	3069

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-7: Episode 1: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.2923*** (13.39)	0.2923*** (13.395)	0.2922*** (13.389)	0.2922*** (13.388)	0.2923*** (13.388)	0.2922*** (13.384)	0.2922*** (13.384)	0.3224*** (13.724)	0.4373*** (5.718)	0.3224*** (13.724)	0.4373*** (5.716)	0.3224*** (13.719)	0.4374*** (5.719)	0.3224*** (13.719)	0.4374*** (5.718)
Event								-0.0052*** (-3.72)	-0.0083*** (-3.756)	-0.0052*** (-3.721)	-0.0083*** (-3.755)	-0.0052*** (-3.72)	-0.0083*** (-3.759)	-0.0052*** (-3.72)	-0.0083*** (-3.758)
Pol1*Event								0.02183. (1.815)	0.02408. (1.908)	0.02183. (1.815)	0.02408. (1.907)	0.02183. (1.814)	0.024085. (1.908)	0.02183. (1.815)	0.024085. (1.908)
Pol2*Event								0.003589 (0.511)	0.002738 (0.371)	0.003589 (0.51)	0.0027397 (0.371)	0.003659 (0.52)	0.002682 (0.363)	0.00366 (0.521)	0.0026819 (0.363)
Pol3*Event								0.004633 (0.727)	0.007513 (1.123)	0.004634 (0.727)	0.0075122 (1.122)	0.004634 (0.726)	0.0075172 (1.123)	0.004635 (0.726)	0.0075171 (1.123)
Pol1	0.003768 (1.043)	0.0027378 (0.714)	0.002702 (0.687)	0.0013455 (0.292)	0.0035911 (0.963)	0.0036142 (0.968)	0.0021074 (0.475)	0.0005166 (0.126)	-0.003256 (-0.404)	-0.0008397 (-0.177)	-0.0050406 (-0.56)	0.0014275 (0.364)	-0.000368 (-0.047)	-0.000079 (-0.017)	-0.001726 (-0.197)
Pol2	-0.000534 (-0.253)	-0.0006383 (-0.301)	0.00171 (0.435)	0.0017589 (0.447)	-0.0005738 (-0.271)	0.0008987 (0.231)	0.0009266 (0.238)	0.001353 (0.337)	0.00291 (0.402)	0.0014025 (0.349)	0.0028646 (0.395)	0.0005333 (0.134)	0.0040375 (0.562)	0.0005611 (0.141)	0.0040262 (0.561)
Pol3	0.001746 (0.912)	0.0015946 (0.819)	0.0006558 (0.227)	0.0006628 (0.229)	0.0017301 (0.899)	0.0010807 (0.382)	0.0011086 (0.391)	0.000196 (0.066)	0.002073 (0.381)	0.0002029 (0.069)	0.0020562 (0.378)	0.0006203 (0.214)	0.0026059 (0.487)	0.0006482 (0.223)	0.0025946 (0.485)
Audit4			0.00007247 (0.091)	0.000216 (0.269)	0.0001827 (0.243)	0.0001992 (0.258)	0.0003452 (0.443)	0.00007928 (0.1)	-0.001721 (-1.289)	0.0002229 (0.278)	-0.0018084 (-1.339)	0.0002057 (0.266)	-0.0010631 (-0.817)	0.0003518 (0.452)	-0.0010718 (-0.818)
ADR			0.00002526 (0.009)	-0.0021717 (-0.684)	0.0002529 (0.095)	0.0001528 (0.057)	-0.0024695 (-0.787)	0.00002582 (0.01)	-0.000671 (-0.147)	-0.0021728 (-0.685)	-0.0005228 (-0.098)	0.000153 (0.057)	0.0008037 (0.179)	-0.002471 (-0.788)	0.0003459 (0.066)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			-0.003356 (-0.71)			-0.0020874 (-0.448)		-0.003361 (-0.711)	-0.003886 (-0.489)			-0.0020812 (-0.449)	-0.0054952 (-0.706)		
Pol3*AUorADR			0.001688 (0.434)			0.0012049 (0.313)		0.001683 (0.432)	-0.00694 (-1.06)			0.0011995 (0.312)	-0.0078673 (-1.217)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				-0.0035717 (-0.755)			-0.0022244 (-0.479)			-0.0035773 (-0.756)	-0.0037624 (-0.473)			-0.00227 (-0.48)	-0.0054865 (-0.704)
Pol3*AU				0.0003726 (0.092)			-0.0004298 (-0.107)			0.0003651 (0.09)	-0.006019 (-0.881)			-0.0004364 (-0.109)	-0.0076781 (-1.139)
Pol1*ADR				0.0063901 (0.775)			0.0067884 (0.824)			0.0063913 (0.775)	0.0050805 (0.366)			0.00679 (0.825)	0.0045242 (0.327)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.0098937 (1.293)			0.011271 (1.503)			0.0098962 (1.294)	-0.0114239 (-0.887)			0.01127 (1.504)	-0.0083115 (-0.659)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	PROP.	No	No	No	PROP.	Yes	PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.01564	0.01645	0.01616	0.01615	0.01547	0.01532	0.01538	0.01722	0.01077	0.0172	0.01024	0.01637	0.01094	0.01644	0.01033
N-Observations	11160	11160	11160	11160	11160	11160	11160	11160	3069	11160	3069	11160	3069	11160	3069

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-8: Episode 1: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60		60		60		60	
Mkt	0.2923*** (13.39)	0.2923*** (13.395)	0.2922*** (13.387)	0.2922*** (13.387)	0.2923*** (13.388)	0.2922*** (13.383)	0.2922*** (13.383)	0.3224*** (13.724)	0.4373*** (5.719)	0.3224*** (13.724)	0.4373*** (5.717)	0.3224*** (13.72)	0.4374*** (5.72)	0.3224*** (13.72)	0.4374*** (5.718)
Event								-0.0052*** (-3.831)	-0.0083*** (-3.795)	-0.0052*** (-3.832)	-0.0083*** (-3.793)	-0.0052*** (-3.83)	-0.0083*** (-3.798)	-0.0052*** (-3.831)	-0.0083*** (-3.796)
Pol1*Event								0.02192. (1.823)	0.02412. (1.912)	0.02192. (1.823)	0.0241208. (1.911)	0.02192. (1.823)	0.02412. (1.912)	0.02192. (1.823)	0.02413. (1.912)
Pol2*Event								0.0063754 (0.745)	0.005389 (0.598)	0.00637 (0.645)	0.0053886 (0.598)	0.006487 (0.758)	0.00527 (0.585)	0.006488 (0.758)	0.005274 (0.585)
Pol3*Event								0.0099738 (1.258)	0.0123 (1.478)	0.009974 (1.258)	0.0123 (1.478)	0.009974 (1.257)	0.0123 (1.479)	0.009975 (1.257)	0.0123 (1.478)
Pol1	0.0037642 (1.043)	0.0028012 (0.73)	0.0028247 (0.716)	0.0013593 (0.295)	0.003624 (0.972)	0.0037544 (1.006)	0.0021204 (0.478)	0.0006299 (0.153)	-0.003218 (-0.399)	-0.0008355 (-0.176)	-0.0050269 (-0.558)	0.001559 (0.398)	-0.0001129 (-0.015)	-0.000075 (-0.016)	-0.0016182 (-0.185)
Pol2	-0.0008205 (-0.32)	-	0.0017497 (0.445)	0.0017689 (0.45)	-0.0008375 (-0.326)	0.0008996 (0.231)	0.0009162 (0.235)	0.0010715 (0.264)	0.001802 (0.239)	0.0010911 (0.269)	0.0017692 (0.234)	0.0002093 (0.052)	0.0029487 (0.394)	0.0002259 (0.056)	0.0029235 (0.39)
Pol3	0.0026116 (1.097)	0.0007528 (-0.293)	0.0013718 (0.423)	0.0013844 (0.427)	0.002643 (1.097)	0.0010024 (0.318)	0.001019 (0.3230)	0.0003786 (0.113)	0.001125 (0.18)	0.0003912 (0.117)	0.0010933 (0.175)	0.0000081 (0.003)	0.0010631 (0.174)	0.000025 (0.008)	0.0010379 (0.17)
Audit4			0.0001363 (0.175)	0.0002427 (0.308)	0.0002173 (0.289)	0.0002199 (0.288)	0.0003218 (0.419)	0.000143 (0.183)	-0.001785 (-1.359)	0.0002494 (0.317)	-0.0018801 (-1.42)	0.0002264 (0.297)	-0.0011688 (-0.911)	0.000328 (0.428)	-0.0012262 (-0.949)
ADR			-0.000171 (-0.062)	-0.0021637 (-0.682)	0.00008663 (0.033)	-0.000327 (-0.121)	-0.0024647 (-0.786)	-0.0001706 (-0.062)	-0.000841 (-0.182)	-0.0021644 (-0.683)	-0.0004867 (-0.091)	-0.000327 (-0.121)	0.0002574 (0.057)	-0.002466 (-0.787)	0.0004157 (0.079)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			-0.0044951 (-0.853)			-0.003077 (-0.594)		-0.004424 (-0.839)	-0.004145 (-0.466)			-0.003005 (-0.58)	-0.0060037 (-0.688)		
Pol3*AUorADR			0.002161 (0.432)			0.003953 (0.813)		0.0021559 (0.431)	-0.006745 (-0.801)			0.003949 (0.813)	-0.0047816 (-0.585)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				-0.0041657 (-0.876)			-0.0031789 (-0.614)			-0.0045448 (-0.862)	-0.004048 (-0.455)			-0.003107 (-0.599)	-0.0059463 (-0.681)
Pol3*AU				-0.0003393 (-0.061)			0.0012237 (0.225)			-0.000347 (-0.062)	-0.0041353 (-0.442)			0.001217 (0.224)	-0.0028953 (-0.317)
Pol1*ADR				0.006383 (0.774)			0.0067836 (0.824)			0.0063838 (0.775)	0.0050384 (0.363)			0.006785 (0.824)	0.0044544 (0.322)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.0091519 (1.172)			0.0113454 (1.487)			0.0091529 (1.173)	-0.0123532 (-0.94)			0.01135 (1.488)	-0.0085977 (-0.67)
Intercept	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	PROP.	PROP.	No	No	No	PROP.	Yes	PROP.	Yes	No	No	No	No
Adjusted R-Squared	0.01567	0.01647	0.0162	0.01617	0.0155	0.01542	0.01541	0.01737	0.0111	0.01734	0.01063	0.01659	0.01116	0.01658	0.01062
N-Observations	11160	11160	11160	11160	11160	11160	11160	11160	3069	11160	3069	11160	3069	11160	3069

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Episode 2: Thaksin Deposed via Coup (19 September 2006) (Tables B-9 to B-16)

Appendix B-9: Episode 2: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
								60	11	60	11	60	11	60	11	60
Mkt	0.6773***	0.6772***	0.6772***	0.6772***	0.6772***	0.6772***	0.6772***	0.4838***	0.6928***	0.4838***	0.6928***	0.4838***	0.6929***	0.4838***	0.6929***	0.4838***
Event	(27.153)	(27.149)	(27.147)	(27.147)	(27.151)	(27.151)	(27.151)	(17.551)	(9.293)	(17.551)	(9.292)	(17.553)	(9.295)	(17.553)	(9.294)	(17.609)
								-0.01388***	-0.00924***	-0.01388***	-0.00924***	-0.01388***	-0.00924***	-0.01388***	-0.00924***	-0.01388***
								(-12.86)	(-5.029)	(-12.86)	(-5.028)	(-12.862)	(-5.029)	(-12.862)	(-5.028)	(-12.902)
Pol*Event								-0.02319***	-0.02505***	-0.02319***	-0.02505***	-0.02319***	-0.02505***	-0.0232***	-0.02505***	-0.03503***
Pol*IND*Event								(-7.862)	(-6.856)	(-7.862)	(-6.855)	(-7.862)	(-6.855)	(-7.862)	(-6.855)	(-5.059)
																AGRO***(+),
																CONS***(+),
																PROP***(-),
																AGRO***(+),
																FIN***(+),
																SER***(+),
																INDUST*(+)
Pol	-0.001166	-0.00117	-0.00139	-0.001437	-0.001223	-0.0014	-0.001467	-0.000312	0.002284	-0.000357	0.002065	-0.000328	0.002293	-0.0003878	0.002092	-0.00035
Pol*IND	(-1.863)	(-1.827)	(-1.601)	(-1.667)	(-1.94)	(-1.652)	(-1.735)	(-0.357)	(1.106)	(-0.412)	(1.007)	(-0.383)	(1.13)	(-0.456)	(1.037)	(-0.192)
																AGRO*(-)
																PROP.(+)
Audit4			0.00051	0.000506	0.0004897	0.00044	0.000433	0.000514	0.001488	0.000513	0.001444	0.0004476	0.001425	0.0004408	0.001384	0.00054
ADR			(1.12)	(1.115)	(1.17)	(0.985)	(0.967)	(1.145)	(1.465)	(1.14)	(1.418)	(1.01)	(1.421)	(0.992)	(1.376)	(1.201)
			-0.00044	-0.001805	-0.000315	-0.0004	-0.0016195	-0.00044	0.001446	-0.001804	0.0001927	-0.000397	0.002015	-0.0016199	0.00119	-0.001911
			(-0.241)	(-0.813)	(-0.175)	(-0.218)	(-0.735)	(-0.243)	(0.35)	(-0.818)	(0.039)	(-0.219)	(0.491)	(-0.741)	(0.24)	(-0.867)
Pol*AUorADR			0.000371			0.0004071		0.000362	-0.001394			0.0003985	-0.00163			
			(0.29)			(0.32)		(0.285)	(-0.485)			(0.316)	(-0.57)			
Pol*AU				0.000264			0.0003152			0.000255	-0.001095			0.0003065	-0.001323	0.000423
Pol*ADR				(0.207)			(0.249)			(0.201)	(-0.381)			(0.244)	(-0.464)	(0.326)
				0.004352			0.0039377			0.004347	0.00308			0.0039375	0.001669	0.00837*
				(1.118)			(1.024)			(1.125)	(0.351)			(1.031)	(0.193)	(2.022)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No	RES.(+)
Adjusted R-Squared	0.03349	0.03333	0.03328	0.03329	0.03347	0.03343	0.03343	0.04736	0.09909	0.04737	0.09893	0.04751	0.09909	0.04751	0.09892	0.05364
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479	21318

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Appendix B-10: Episode 2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(12)	(13)	(14)	(15)	
								60	11	60	11	60	11	60	11	60	
Mkt	0.6772*** (27.15)	0.6772*** (27.147)	0.6772*** (27.145)	0.6772*** (27.145)	0.6772*** (27.149)	0.6772*** (27.149)	0.6772*** (27.149)	0.4838*** (17.556)	0.6928*** (9.301)	0.4838*** (17.556)	0.6928*** (9.3)	0.4838*** (17.559)	0.6929*** (9.303)	0.4838*** (17.558)	0.6929*** (9.302)	0.4838*** (17.598)	0.6928*** (-9.363)
Event								-0.01402*** (-13.162)	-0.00937*** (-5.137)	-0.01402*** (-13.162)	-0.00937*** (-5.136)	-0.01402*** (-13.165)	-0.00937*** (-5.137)	-0.01402*** (-13.165)	-0.00937*** (-5.136)	-0.01402*** (13.193)	-0.009367*** (-5.171)
Pol*Event								-0.0294*** (-8.735)	-0.03206*** (-7.702)	-0.0294*** (-8.735)	-0.03206*** (-7.701)	-0.0294*** (-8.735)	-0.03206*** (-7.701)	-0.0294*** (-8.735)	-0.03206*** (-7.7)	-0.02665*** (-3.4)	-0.02751** (-2.847)
Pol*IND*Event																PROP***(-), CONS**(+), AGRO.(+), FIN.(+)	PROP***(-), CONS*(+), AGRO.(+)
Pol	-0.000437 (-0.612)	-0.00042 (-0.578)	-0.00099 (-1.009)	-0.00104 (-1.073)	-0.000467 (-0.649)	-0.0010679 (-1.104)	-0.00112 (-1.171)	0.000376 (0.38)	0.00367 (1.572)	0.000325 (0.332)	0.003405 (1.472)	0.0002995 (0.308)	0.003734 (1.622)	0.0002463 (0.256)	0.003496 (1.532)	0.00179 (0.864)	0.004002 (0.814)
Pol*IND																Yes	Yes
Audit4			0.000395 (0.892)	0.00039 (0.877)	0.0004333 (1.037)	0.0003119 (0.712)	0.000302 (0.687)	0.000403 (0.915)	0.00126 (1.266)	0.000397 (0.9)	0.001213 (1.216)	0.0003193 (0.735)	0.001204 (1.226)	0.0003091 (0.71)	0.001161 (1.178)	0.000424 (0.962)	0.001234 (1.244)
ADR			-0.00078 (-0.423)	-0.00179 (-0.806)	-0.000482 (-0.266)	-0.0007528 (-0.411)	-0.00157 (-0.711)	-0.00078 (-0.426)	0.00109 (0.263)	-0.00179 (-0.812)	0.000191 (0.038)	-0.0007519 (-0.413)	0.001745 (0.423)	-0.0015661 (-0.716)	0.00125 (0.252)	-0.001811 (-0.822)	-0.000244 (-0.049)
Pol*AUorADR			0.001218 (0.836)			0.0013491 (0.93)		0.001209 (0.8236)	-0.000196 (-0.06)			0.0013404 (0.931)	-0.0007 (-0.215)				
Pol*AU				0.001119 (0.769)			0.0012684 (0.877)			0.00111 (0.769)	0.000226 (0.069)			0.0012594 (0.877)	-0.000266 (-0.082)	0.001019 (0.674)	0.000338 (0.099)
Pol*ADR				0.003725 (0.953)			0.0031808 (0.823)			0.00372 (0.959)	0.002607 (0.297)			0.0031803 (0.829)	0.001122 (0.129)	0.003808 (0.877)	0.003398 (0.346)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No	Yes	RES.(+)
Adjusted R-Squared	0.03335	0.03319	0.03316	0.03315	0.03332	0.03331	0.03329	0.04789	0.1007	0.04788	0.1006	0.04804	0.1007	0.04802	0.1005	0.05239	0.1125
N-Obs	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-11: Episode 2: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6773*** (27.152)	0.6772*** (27.148)	0.6772*** (27.145)	0.6772*** (27.146)	0.6772*** (27.151)	0.6772*** (27.149)	0.6772*** (27.149)	0.4838*** (17.56)	0.6928*** (9.308)	0.4838*** (17.561)	0.6928*** (9.308)	0.4838*** (17.563)	0.6929*** (9.31)	0.4838*** (17.563)	0.6929*** (9.31)
Event								-0.01388*** (-12.867)	-0.00924*** (-5.036)	-0.01388*** (-12.867)	-0.00924*** (-5.037)	-0.01388*** (-12.869)	-0.00924*** (-5.037)	-0.01388*** (-12.869)	-0.00924*** (-5.037)
Pol1*Event								-0.0579*** (-7.373)	-0.06012*** (-6.184)	-0.0579*** (-7.373)	-0.06012*** (-6.185)	-0.0579*** (-7.374)	-0.06012*** (-6.184)	-0.0579*** (-7.374)	-0.06012*** (-6.184)
Pol2*Event								-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0128** (-3.133)	-0.01609** (-3.18)
Pol3*Event								-0.02497*** (-5.421)	-0.02489*** (-4.367)	-0.02497*** (-5.421)	-0.02489*** (-4.367)	-0.02497*** (-5.421)	-0.02489*** (-4.366)	-0.02497*** (-5.421)	-0.02489*** (-4.367)
Pol1	-0.0020722 (-1.241)	-0.002199 (-1.279)	-0.001983 (-0.761)	-0.001893 (-0.727)	-0.002188 (-1.293)	-0.001999 (-0.784)	-0.002016 (-0.791)	0.000728 (0.279)	0.005283 (0.867)	0.000818 (0.313)	0.005448 (0.894)	0.000717 (0.281)	0.004425 (0.74)	0.0007009 (0.274)	0.004386 (0.734)
Pol2	-0.0004541 (-0.523)	-0.000531 (-0.607)	-0.001143 (-0.95)	-0.001155 (-0.96)	-0.000533 (-0.613)	-0.001119 (-0.935)	-0.001135 (-0.948)	-0.000548 (-0.453)	0.003925 (1.373)	-0.000559 (-0.462)	0.003881 (1.358)	-0.000524 (-0.436)	0.004115 (1.447)	-0.0005402 (-0.449)	0.004076 (1.433)
Pol3	-0.0017812 (-1.822)	-0.001706 (-1.716)	-0.001589 (-1.217)	-0.001583 (-1.212)	-0.001809 (-1.845)	-0.001589 (-1.233)	-0.001606 (-1.246)	-0.000428 (-0.326)	-0.001008 (-0.324)	-0.000422 (-0.321)	-0.001031 (-0.331)	-0.000428 (-0.33)	-0.000658 (-0.214)	-0.0004447 (-0.343)	-0.000697 (-0.226)
Audit4			0.0004999 (1.105)	0.000502 (1.106)	0.000487 (1.162)	0.000438 (0.98)	0.000433 (0.967)	0.000507 (1.13)	0.00147 (1.449)	0.000509 (1.132)	0.001424 (1.4)	0.000446 (1.006)	0.00144 (1.438)	0.0004408 (0.992)	0.001384 (1.378)
ADR			-0.000066 (-0.035)	-0.001797 (-0.809)	-0.000055 (-0.03)	0.0000091 (0.005)	-0.00162 (-0.735)	-0.000065 (-0.035)	0.002828 (0.673)	-0.001796 (-0.815)	0.000233 (0.047)	0.0000101 (0.005)	0.003496 (0.837)	-0.0016199 (-0.741)	0.00119 (0.24)
Pol1*AUorADR			-0.00051 (-0.148)			-0.000323 (-0.094)		-0.000535 (-0.157)	-0.005152 (-0.668)			-0.000354 (-0.104)	-0.00426 (-0.555)		
Pol2*AUorADR			0.001118 (0.639)			0.001234 (0.708)		0.001111 (0.639)	-0.001596 (-0.405)			0.001227 (0.709)	-0.00186 (-0.474)		
Pol3*AUorADR			-0.000329 (-0.164)			-0.000511 (-0.257)		-0.000338 (-0.171)	0.000116 (0.026)			-0.000518 (-0.263)	-0.000625 (-0.14)		
Pol1*AU				-0.002365 (-0.649)			-0.001931 (-0.535)			-0.00239 (-0.66)	-0.009673 (-1.183)			-0.0019616 (-0.548)	-0.00806 (-0.995)
Pol2*AU				0.001113 (0.636)			0.0012393 (0.71)			0.001106 (0.636)	-0.001561 (-0.396)			0.0012315 (0.712)	-0.001803 (-0.46)
Pol3*AU				-0.000483 (-0.234)			-0.000707 (-0.345)			-0.000495 (-0.241)	0.000642 (0.138)			-0.0007152 (-0.352)	-0.000256 (-0.056)
Pol1*ADR				0.00892 (1.601)			0.0080819 (1.466)			0.008907 (1.611)	0.02029 (1.62)			0.0080823 (1.478)	0.01773 (1.43)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.002841 (0.558)			0.0027269 (0.539)			0.002841 (0.563)	-0.000342 (-0.03)			0.0027272 (0.543)	-0.000818 (-0.072)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Adjusted R-Squared	0.03347	0.03329	0.03316	0.0332	0.03344	0.03333	0.03334	0.04837	0.1019	0.0484	0.102	0.04853	0.102	0.04854	0.102
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: **** 0.001 *** 0.01 ** 0.05 * 0.1

Appendix B-12: Episode 2: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6772*** (17.151)	0.6772*** (17.147)	0.6772*** (17.144)	0.6772*** (17.145)	0.6772*** (17.149)	0.6772*** (17.148)	0.6772*** (17.148)	0.4838*** (17.57)	0.6928*** (9.324)	0.4838*** (17.571)	0.6928*** (9.325)	0.4838*** (17.573)	0.6929*** (9.326)	0.4838*** (17.573)	0.6929*** (9.326)
Event								-0.01402*** (-13.173)	-0.00937*** (-5.149)	-0.01402*** (-13.173)	-0.00937*** (-5.15)	-0.01402*** (-13.175)	-0.00937*** (-5.149)	-0.01402*** (-13.175)	-0.00937*** (-5.149)
Pol1*Event								-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.0578*** (-7.361)	-0.05999*** (-6.184)
Pol2*Event								-0.00995* (-2.113)	-0.01421* (-2.442)	-0.00995* (-2.113)	-0.01421* (-2.443)	-0.00995* (-2.113)	-0.01421* (-2.442)	-0.00995* (-2.113)	-0.01421* (-2.442)
Pol3*Event								-0.0429*** (-7.674)	-0.0436*** (-6.307)	-0.0429*** (-7.674)	-0.0436*** (-6.308)	-0.0429*** (-7.674)	-0.0436*** (-6.307)	-0.0429*** (-7.674)	-0.0436*** (-6.307)
Pol1	-0.001979 (-1.185)	-0.00207 (-1.204)	-0.00187 (-0.718)	-0.00179 (-0.685)	-0.00208 (-1.227)	-0.001945 (-0.763)	-0.001962 (-0.77)	0.000836 (0.321)	0.005257 (0.864)	0.000919 (0.352)	0.005437 (0.894)	0.000765 (0.299)	0.004462 (0.748)	0.000748 (0.293)	0.004424 (0.741)
Pol2	0.0008066 (0.807)	0.000742 (0.739)	-0.0000224 (-0.016)	-0.000045 (-0.032)	0.00733 (0.731)	-0.000043 (-0.03)	-0.000059 (-0.042)	0.0004412 (0.311)	0.006487 (1.94)	0.000419 (0.295)	0.006425 (1.921)	0.0004196 (0.297)	0.006888* (2.068)	0.000403 (0.285)	0.006849* (2.057)
Pol3	-0.0014452 (-1.217)	-0.00139 (-1.155)	-0.00187 (-1.251)	-0.00187 (-1.25)	-0.001425 (-1.194)	-0.001902 (-1.285)	-0.001919 (-1.296)	0.000123 (0.081)	-0.000202 (-0.056)	0.000124 (0.082)	-0.00022 (-0.061)	0.000094 (0.063)	0.00022 (0.062)	0.000077 (0.051)	0.0001822 (0.051)
Audit4			0.000389 (0.876)	0.000381 (0.857)	0.0004196 (1.002)	0.000316 (0.721)	0.0003017 (0.687)	0.000396 (0.9)	0.001225 (1.233)	0.000388 (0.881)	0.001179 (1.185)	0.000323 (0.745)	0.001218 (1.243)	0.000309 (0.71)	0.001161 (1.182)
ADR			-0.000295 (-1.292)	-0.00177 (-0.799)	-0.0000522 (-0.209)	-0.0002135 (-0.114)	-0.001566 (-0.711)	-0.000294 (-0.157)	0.002729 (0.646)	-0.00177 (-0.805)	0.000256 (0.051)	-0.000213 (-0.115)	0.00347 (0.826)	-0.001566 (-0.717)	0.00125 (0.253)
Pol1*AUorADR			-0.000356 (-0.104)			-0.000145 (-0.042)		-0.000381 (-0.112)	-0.004855 (-0.631)			-0.000175 (-0.052)	-0.004031 (-0.527)		
Pol2*AUorADR			0.00138 (0.685)			0.001585 (0.79)		0.001372 (0.686)	-0.002362 (-0.522)			0.001577 (0.793)	-0.003078 (-0.684)		
Pol3*AUorADR			0.001473 (0.585)			0.001352 (0.541)		0.001465 (0.587)	0.003332 (0.59)			0.001346 (0.543)	0.002348 (0.418)		
Pol1*AU				-0.00228 (-0.624)			-0.0018 (-0.499)			-0.002296 (-0.636)	-0.009392 (-1.151)			-0.00183 (-0.512)	-0.007837 (-0.97)
Pol2*AU				0.001393 (0.691)			0.001599 (0.797)			0.001385 (0.693)	-0.002299 (-0.508)			0.001592 (0.8)	-0.00302 (-0.671)
Pol3*AU				0.00148 (0.55)			0.001282 (0.481)			0.00147 (0.551)	0.004416 (0.731)			0.01275 (0.482)	0.003121 (0.521)
Pol1*ADR				0.00895 (1.606)			0.008028 (1.456)			0.008934 (1.617)	0.02021 (1.616)			0.008029 (1.469)	0.01767 (1.428)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.003183 (0.619)			0.00304 (0.595)			0.003184 (0.625)	0.00224 (0.194)			0.00304 (0.6)	0.001704 (0.148)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03341	0.03324	0.0331	0.03313	0.03336	0.03327	0.03327	0.04941	0.1051	0.04943	0.1052	0.04956	0.1051	0.04957	0.1052
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: **** 0.001 *** 0.01 ** 0.05 * 0.1

Appendix B-13: Episode 2: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.657)	0.6606*** (24.654)	0.6605*** (24.651)	0.6605*** (24.652)	0.6606*** (24.655)	0.6606*** (24.655)	0.6606*** (24.655)	0.4623*** (15.624)	0.6274*** (7.711)	0.4623*** (15.625)	0.6274*** (7.71)	0.4623*** (15.626)	0.6276*** (7.712)	0.4623*** (15.626)	0.6275*** (7.711)
Event								-0.0139*** (-12.065)	-0.00995*** (-4.967)	-0.0139*** (-12.065)	-0.00995*** (-4.966)	-0.0139*** (-12.067)	-0.00995*** (-4.967)	-0.0139*** (-12.067)	-0.00995*** (-4.966)
Pol*Event								-0.0274*** (-8.492)	-0.0295*** (-7.263)	-0.0274*** (-8.492)	-0.0295*** (-7.262)	-0.0274*** (-8.491)	-0.0295*** (-7.263)	-0.0274*** (-8.491)	-0.0295*** (-7.262)
Pol	-0.0015558* (-2.27)	-0.00148* (-2.127)	-0.001555. (-1.669)	-0.0016135. (-1.747)	-0.001614* (-2.338)	-0.001668. (-1.813)	-0.00174. (-1.912)	-0.00028 (-0.299)	0.0028143 (1.247)	-0.0003381 (-0.364)	0.002559 (1.143)	-0.0003924 (-0.424)	0.002523 (1.131)	-0.000468 (-0.51)	0.002281 (1.031)
Audit4			0.00061 (1.25)	0.0006141 (1.254)	0.0005278 (1.164)	0.0005133 (1.064)	0.000508 (1.05)	0.000619 (1.277)	0.0017192 (1.543)	0.0006227 (1.282)	0.001677 (1.501)	0.0005223 (1.092)	0.001533 (1.393)	0.000517 (1.077)	0.001489 (1.349)
ADR			-0.000195 (-0.105)	-0.0018659 (-0.837)	-0.000225 (-0.124)	-0.0002506 (-0.136)	-0.001644 (-0.743)	-0.000194 (-0.106)	0.0018488 (0.437)	-0.0018646 (-0.843)	0.000146 (0.029)	-0.0002494 (-0.137)	0.002461 (0.585)	-0.001645 (-0.749)	0.001304 (0.257)
Pol*AUorADR			0.000028 (0.02)			0.000123 (0.088)		0.000017 (0.013)	-0.001927 (-0.601)			0.0001129 (0.082)	-0.00208 (-0.651)		
Pol*AU				-0.0001638 (-0.117)			-0.000024 (-0.017)			-0.000175 (-0.126)	-0.001661 (-0.518)			-0.000035 (-0.025)	-0.001772 (-0.555)
Pol*ADR				0.0051719 (1.316)			0.004347 (1.123)			0.0051671 (1.326)	0.004222 (0.469)			0.004346 (1.132)	0.002465 (0.278)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03179	0.03167	0.03161	0.03165	0.03176	0.03171	0.03172	0.04712	0.09492	0.04716	0.09475	0.04721	0.09503	0.04723	0.09483
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix B-14: Episode 2: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.654)	0.6606*** (24.651)	0.6605*** (24.649)	0.6605*** (24.649)	0.6606*** (24.652)	0.6606*** (24.652)	0.6606*** (24.652)	0.4623*** (15.628)	0.6274*** (7.715)	0.4623*** (15.628)	0.6274*** (7.715)	0.4623*** (15.63)	0.6275*** (7.717)	0.4623*** (15.63)	0.6275*** (7.716)
Event								-0.01415*** (-12.389)	-0.0102*** (-5.108)	-0.01415*** (-12.389)	-0.0102*** (-5.108)	-0.01415*** (-12.391)	-0.0102*** (-5.108)	-0.01415*** (-12.391)	-0.0102*** (-5.108)
Pol*Event								-0.0334*** (-9.158)	-0.036*** (-7.866)	-0.0334*** (-9.158)	-0.036*** (-7.866)	-0.0334*** (-9.157)	-0.036*** (-7.866)	-0.0334*** (-9.157)	-0.036*** (-7.865)
Pol	-0.0005437 (-0.702)	-0.00043 (-0.545)	-0.0010756 (-1.018)	-0.0011299 (-1.083)	-0.0005747 (-0.735)	-0.0012536 (-1.201)	-0.00131 (-1.27)	0.000479 (0.451)	0.004278 (1.675)	0.000425 (0.405)	0.003967 (1.569)	0.0003014 (0.287)	0.004078 (1.613)	0.000245 (0.236)	0.003789 (1.515)
Audit4			0.0004308 (0.899)	0.0004259 (0.886)	0.0004605 (1.017)	0.000323 (0.6810)	0.0003115 (0.655)	0.0004389 (0.923)	0.00149 (1.363)	0.0004341 (0.91)	0.001442 (1.315)	0.0003318 (0.706)	0.001319 (1.22)	0.0003203 (0.679)	0.001271 (1.173)
ADR			-0.000715 (-0.385)	-0.0018505 (-0.83)	-0.0004603 (-0.253)	-0.0007744 (-0.419)	-0.0015815 (-0.715)	-0.000714 (-0.387)	0.001483 (0.349)	-0.0018494 (-0.836)	0.000165 (0.032)	-0.0007733 (-0.422)	0.0002193 (0.519)	-0.0015818 (-0.721)	0.001387 (0.274)
Pol*AUorADR			0.0014001 (0.882)			0.0015507 (0.982)		0.0013898 (0.883)	-0.000816 (-0.225)			0.0015402 (0.984)	-0.001282 (-0.355)		
Pol*AU				0.0012332 (0.779)			0.0014402 (0.914)			0.0012222 (0.778)	-0.000416 (-0.115)			0.0014294 (0.915)	-0.000832 (-0.2310)
Pol*ADR				0.0042342 (1.073)			0.0032788 (0.842)			0.0042294 (1.081)	0.003615 (0.401)			0.0032781 (0.849)	0.001797 (0.202)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03155	0.03145	0.03142	0.03142	0.03151	0.0315	0.03148	0.04752	0.09613	0.04752	0.09596	0.04761	0.09617	0.04759	0.09598
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix B-15: Episode 2: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.656)	0.6606*** (24.653)	0.6605*** (24.649)	0.6605*** (24.651)	0.6606*** (24.654)	0.6606*** (24.653)	0.6606*** (24.654)	0.4623*** (15.636)	0.6275*** (7.728)	0.4623*** (15.637)	0.6274*** (7.729)	0.4623*** (15.638)	0.6276*** (7.73)	0.4623*** (15.639)	0.6275*** (7.731)
Event								-0.0139*** (-12.074)	-0.00995*** (-4.978)	-0.0139*** (-12.075)	-0.00995*** (-4.979)	-0.0139*** (-12.076)	-0.00995*** (-4.978)	-0.0139*** (-12.077)	-0.00995*** (-4.979)
Pol1*Event								-0.0698*** (-8.207)	-0.07312*** (-6.831)	-0.0698*** (-8.207)	-0.07312*** (-6.833)	-0.0698*** (-8.207)	-0.07312*** (-6.832)	-0.0698*** (-8.207)	-0.07312*** (-6.833)
Pol2*Event								-0.0145** (-3.063)	-0.01839** (-3.082)	-0.0145** (-3.063)	-0.01839** (-3.083)	-0.0145** (-3.063)	-0.01838** (-3.082)	-0.0145** (-3.063)	-0.01838** (-3.083)
Pol3*Event								-0.0276*** (-5.81)	-0.02759*** (-4.624)	-0.0276*** (-5.811)	-0.02759*** (-4.625)	-0.0275*** (-5.811)	-0.02758*** (-4.624)	-0.0275*** (-5.811)	-0.02758*** (-4.625)
Pol1	-0.0024907 (-1.376)	-0.00239 (-1.284)	-0.001678 (-0.64)	-0.0015369 (-0.586)	-0.002592 (-1.412)	-0.0020197 (-0.789)	-0.0020406 (-0.797)	0.001591 (0.605)	0.0080742 (1.287)	0.0017318 (0.658)	0.008336 (1.328)	0.0012541 (0.488)	0.006917 (1.126)	0.0012332 (0.48)	0.006864 (1.118)
Pol2	-0.0009029 (-0.896)	-0.000995 (-0.985)	-0.001451 (-1.071)	-0.0014723 (-1.071)	-0.000977 (-0.968)	-0.0014305 (-1.058)	-0.0014514 (-1.073)	-0.000776 (-0.57)	0.0048209 (1.47)	-0.0007968 (-0.585)	0.004767 (1.454)	-0.0007555 (-0.556)	0.004669 (1.427)	-0.0007764 (-0.572)	0.004616 (1.411)
Pol3	-0.0019293. (-1.915)	-0.001738. (-1.702)	-0.001646 (-1.206)	-0.0016314 (-1.196)	-0.001977. (-1.955)	-0.0017985 (-1.33)	-0.0018194 (-1.346)	-0.000365 (-0.366)	-0.0010294 (-0.312)	-0.00035 (-0.255)	-0.001034 (-0.313)	-0.0005176 (-0.381)	-0.000974 (-0.298)	-0.0005385 (-0.396)	-0.001027 (-0.314)
Audit4			0.0006101 (1.249)	0.0006164 (1.258)	0.0005299 (1.168)	0.0005158 (1.069)	0.0005079 (1.05)	0.0006186 (1.278)	0.0017152 (1.542)	0.000625 (1.287)	0.001669 (1.497)	0.0005248 (1.097)	0.001567 (1.427)	0.000517 (1.078)	0.001489 (1.352)
ADR			0.000158 (0.084)	-0.0018671 (-0.837)	0.0000011 (0.001)	0.0001394 (0.074)	-0.0016442 (-0.743)	0.0001596 (0.085)	0.0034064 (0.789)	-0.0018657 (-0.844)	0.000186 (0.036)	0.0001406 (0.075)	0.004144 (0.965)	-0.0016445 (-0.75)	0.001304 (0.258)
Pol1*AUorADR			-0.00157 (-0.424)			-0.0011788 (-0.32)		-0.001602 (-0.436)	-0.0079437 (-0.94)			-0.0012151 (-0.332)	-0.007576 (-0.901)		
Pol2*AUorADR			0.000824 (0.404)			0.0010156 (0.5)		0.000816 (0.404)	-0.0025177 (-0.54)			0.0010066 (0.5)	-0.002686 (-0.579)		
Pol3*AUorADR			-0.000309 (-0.151)			-0.0004056 (-0.199)		-0.000319 (-0.157)	0.0004797 (0.103)			-0.0004138 (-0.205)	0.000126 (0.027)		
Pol1*AU				-0.0048013 (-1.174)			-0.003915 (-0.968)			-0.004829 (-1.192)	-0.01581. (-1.696)			-0.003951 (-0.985)	-0.01455 (-1.578)
Pol2*AU				0.0008276 (0.406)			0.0010235 (0.503)			0.000819 (0.405)	-0.002468 (-0.53)			0.0010144 (0.503)	-0.001608 (-0.562)
Pol3*AU				-0.0004985 (-0.236)			-0.0005931 (-0.283)			-0.0005108 (-0.244)	0.000981 (0.203)			-0.0006022 (-0.29)	0.000575 (0.12)
Pol1*ADR				0.0114611. (1.946)			0.0100158. (1.722)			0.0114477* (1.961)	0.02645* (1.967)			0.0100161. (1.737)	0.02401. (1.807)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.0034447 (0.671)			0.0029407 (0.577)			0.0034453 (0.677)	0.0009 (0.077)			0.002941 (0.582)	0.0000028 (0.0)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03174	0.0316	0.03145	0.03155	0.0317	0.03157	0.03163	0.04854	0.0989	0.04865	0.09927	0.04866	0.09908	0.04872	0.09934
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix B-16: Episode 2: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)				
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.655)	0.6606*** (24.651)	0.6605*** (24.648)	0.6605*** (24.65)	0.6606*** (24.653)	0.6606*** (24.652)	0.6606*** (24.653)	0.4623*** (15.648)	0.6274*** (7.745)	0.4623*** (15.649)	0.6274*** (7.746)	0.4623*** (15.65)	0.6275*** (7.746)	0.4623*** (15.65)	0.6275*** (7.747)
Event								-0.01415*** (-12.405)	-0.01016*** (-5.127)	-0.01415*** (-12.405)	-0.01016*** (-5.128)	-0.01415*** (-12.407)	-0.01016*** (-5.128)	-0.01415*** (-12.407)	-0.01016*** (-5.128)
Pol1*Event								-0.06961*** (-8.19)	-0.07291*** (-6.828)	-0.06961*** (-8.19)	-0.07291*** (-6.829)	-0.0696*** (-8.19)	-0.0729*** (-6.828)	-0.0696*** (-8.19)	-0.0729*** (-6.829)
Pol2*Event								-0.0079071 (-1.501)	-0.012017 (-1.816)	-0.0079076 (-1.501)	-0.01202 (-1.816)	-0.007904 (-1.5)	-0.01202 (-1.816)	-0.007904 (-1.501)	-0.01202 (-1.816)
Pol3*Event								-0.04806*** (-8.253)	-0.04884*** (-6.675)	-0.04806*** (-8.253)	-0.04884*** (-6.677)	-0.04805*** (-8.252)	-0.04884*** (-6.676)	-0.04805*** (-8.253)	-0.04884*** (-6.677)
Pol1	-0.0023694 (-1.309)	-0.002236 (-1.202)	-0.001549 (-0.591)	-0.00142 (-0.541)	-0.002456 (-1.338)	-0.001957 (-0.764)	-0.001978 (-0.772)	0.0017102 (0.651)	0.0080707 (1.289)	0.0018393 (0.7)	0.008348 (1.333)	0.001307 (0.509)	0.00696 (1.136)	0.001286 (0.501)	0.006908 (1.127)
Pol2	0.0009996 (0.892)	0.000945 (0.841)	0.0000486 (0.031)	0.0000206 (0.013)	0.000918 (0.817)	-0.0000042 (-0.003)	-0.000025 (-0.016)	0.0004171 (0.263)	0.007725* (2.031)	0.0003892 (0.245)	0.007652* (2.012)	0.000363 (0.23)	0.007861* (2.075)	0.000342 (0.216)	0.007809* (2.062)
Pol3	-0.0016039 (-1.295)	-0.001408 (-1.122)	-0.002073 (-1.306)	-0.002066 (-1.302)	-0.001603 (-1.288)	-0.002219 (-1.408)	-0.00224 (-1.421)	0.0001616 (0.101)	-0.0003836 (-0.1)	0.0001684 (0.106)	-0.000388 (-0.101)	0.000015 (0.01)	-0.000285 (-0.074)	-0.0000055 (-0.003)	-0.000337 (-0.088)
Audit4			0.0004308 (0.898)	0.000425 (0.883)	0.00044 (0.97)	0.000331 (0.697)	0.000312 (0.655)	0.0004389 (0.923)	0.0014739 (1.351)	0.0004328 (0.909)	0.001426 (1.305)	0.000339 (0.722)	0.00135 (1.253)	0.00032 (0.68)	0.001271 (1.178)
ADR			-0.000104 (-0.054)	-0.001845 (-0.827)	0.000026 (0.014)	-0.000089 (-0.047)	-0.001581 (-0.715)	-0.0001022 (-0.054)	0.0032865 (0.757)	-0.0018436 (-0.835)	0.000211 (0.041)	-0.000088 (-0.047)	0.004143 (0.96)	-0.001582 (-0.722)	0.001387 (0.275)
Pol1*AUorADR			-0.001322 (-0.357)			-0.000918 (-0.249)		-0.0013541 (-0.369)	-0.0076308 (-0.906)			-0.000954 (-0.261)	-0.007359 (-0.877)		
Pol2*AUorADR			0.001614 (0.715)			0.001883 (0.838)		0.0016051 (0.718)	-0.0047043 (-0.914)			0.001875 (0.842)	-0.005187 (-1.013)		
Pol3*AUorADR			0.001822 (0.704)			0.001621 (0.632)		0.0018133 (0.708)	0.0045147 (0.766)			0.001614 (0.635)	0.003716 (0.635)		
Pol1*AU				-0.004642 (-1.136)			-0.00372 (-0.919)			-0.0046691 (-1.153)	-0.01553 (1.67)			-0.003754 (-0.937)	-0.01434 (-1.558)
Pol2*AU				0.001633 (0.723)			0.001902 (0.846)			0.001624 (0.726)	-0.004629 (-0.9)			0.001894 (0.851)	-0.005108 (-0.998)
Pol3*AU				0.001817 (0.659)			0.001578 (0.578)			0.0018058 (0.662)	0.005619 (0.895)			0.001569 (0.58)	0.004619 (0.742)
Pol1*ADR				0.01148 (1.949)			0.009953 (1.711)			0.0114714* (1.966)	0.02638* (1.965)			0.009953 (1.727)	0.02393 (1.805)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.003949 (0.759)			0.003361 (0.652)			0.003951 (0.767)	0.004178 (0.353)			0.003362 (0.658)	0.003176 (0.27)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03164	0.03151	0.03137	0.03147	0.03159	0.03149	0.03154	0.0499	0.1029	0.05	0.1032	0.05001	0.103	0.05006	0.1033
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: **** 0.001 *** 0.01 ** 0.05 * . 0.1

Appendix C: Multiple Linear Regression Results of Episode 2 (Exclude SHIN-Group)

Appendix C-1: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.6773*** (27.152)	0.6772*** (27.149)	0.6772*** (27.147)	0.6772*** (27.146)	0.6772*** (27.151)	0.6772*** (27.15)	0.6772*** (27.15)	0.4838*** (17.542)	0.6928*** (9.278)	0.4838*** (17.541)	0.6928*** (9.277)	0.4838*** (17.544)	0.6929*** (9.279)	0.4838*** (17.543)	0.6929*** (9.278)
Event								-0.01449*** (-13.467)	-0.00989*** (-5.386)	-0.01449*** (-13.467)	-0.00989*** (-5.386)	-0.01449*** (-13.47)	-0.00989*** (-5.386)	-0.01449*** (-13.469)	-0.00989*** (-5.386)
Pol*Event								-0.01905*** (-6.244)	-0.02062*** (-5.449)	-0.01905*** (-6.244)	-0.02062*** (-5.449)	-0.01905*** (-6.244)	-0.02062*** (-5.449)	-0.01905*** (-6.244)	-0.02062*** (-5.448)
Pol	-0.0011372. (-1.758)	-0.001148. (-1.747)	-0.001436 (-1.61)	-0.001432 (-1.605)	-0.0011949. (-1.839)	-0.0014292 (-1.625)	-0.0014286 (-1.624)	-0.00055 (-0.612)	0.0017127 (0.806)	-0.000546 (-0.608)	0.001703 (0.801)	-0.0005437 (-0.614)	0.0018066 (0.86)	-0.000543 (-0.613)	0.0018049 (0.859)
Audit4			0.000491 (1.094)	0.000501 (1.113)	0.0004789 (1.145)	0.0004212 (0.951)	0.0004303 (0.968)	0.000498 (1.119)	0.0014215 (1.409)	0.000509 (1.138)	0.001395 (1.378)	0.0004289 (0.975)	0.001344 (1.349)	0.0004381 (0.992)	0.0013194 (1.32)
ADR			-0.000612 (-0.337)	-0.000826 (-0.417)	-0.0005153 (-0.286)	-0.0005716 (-0.317)	-0.0007738 (-0.393)	-0.000613 (-0.339)	0.0008179 (0.199)	-0.000829 (-0.421)	0.001383 (0.309)	-0.0005721 (-0.319)	0.0013264 (0.326)	-0.0007759 (-0.397)	0.0018781 (0.423)
Pol*AUorADR			0.000505 (0.385)			0.0005149 (0.395)		0.000496 (0.382)	-0.0011676 (-0.395)			0.0005075 (0.392)	-0.0014397 (-0.49)		
Pol*AU				0.000447 (0.337)			0.0004621 (0.35)			0.000438 (0.332)	-0.001016 (-0.34)			0.0004543 (0.347)	-0.0012958 (-0.436)
Pol*ADR				0.001785 (0.364)			0.0017223 (0.353)			0.001789 (0.368)	-0.004544 (-0.411)			0.0017244 (0.356)	-0.0047344 (-0.431)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03348	0.03332	0.03327	0.03327	0.03345	0.03341	0.03337	0.04634	0.09607	0.0463	0.09593	0.04648	0.09603	0.04644	0.09588
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix C-2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6772*** (27.15)	0.6772*** (27.147)	0.6772*** (27.145)	0.6772*** (27.145)	0.6772*** (27.149)	0.6772*** (27.149)	0.6772*** (27.148)	0.4838*** (17.545)	0.6928*** (9.283)	0.4838*** (17.545)	0.6928*** (9.282)	0.4838*** (17.547)	0.6929*** (9.284)	0.4838*** (17.547)	0.6929*** (9.283)
Event								-0.0146*** (-13.756)	-0.01*** (-5.483)	-0.0146*** (-13.756)	-0.01*** (-5.483)	-0.0146*** (-13.759)	-0.01*** (-5.483)	-0.0146*** (-13.758)	-0.01*** (-5.483)
Pol*Event								-0.0246*** (-6.975)	-0.027*** (-6.175)	-0.0246*** (-6.975)	-0.027*** (-6.174)	-0.0246*** (-6.976)	-0.027*** (-6.174)	-0.0246*** (-6.975)	-0.027*** (-6.173)
Pol	-0.0003343 (-0.447)	-0.000345 (-0.455)	-0.001039 (-1.017)	-0.001039 (-1.017)	-0.0003701 (-0.493)	-0.0010674 (-1.057)	-0.0010675 (-1.057)	0.000106 (0.103)	0.003034 (1.245)	0.000106 (0.103)	0.003019 (1.239)	0.000076 (0.075)	0.003246 (1.3345)	0.000076 (0.075)	0.003243 (1.344)
Audit4			0.000387 (0.88)	0.000387 (0.877)	0.0004265 (1.021)	0.000303 (0.697)	0.0003014 (0.692)	0.000394 (0.902)	0.001206 (1.22)	0.000394 (0.899)	0.00117 (1.18)	0.00031 (0.719)	0.001137 (1.164)	0.000309 (0.714)	0.001104 (1.126)
ADR			-0.000764 (-0.42)	-0.000763 (-0.385)	-0.0005669 (-0.315)	-0.0007309 (-0.404)	-0.0006947 (-0.353)	-0.000764 (-0.423)	0.000641 (0.156)	-0.000762 (-0.389)	0.001455 (0.326)	-0.000731 (-0.407)	0.001201 (0.295)	-0.000697 (-0.356)	0.001981 (0.446)
Pol*AUorADR			0.001461 (0.964)			0.0015518 (1.03)		0.001453 (0.966)	0.000198 (0.058)			0.001545 (1.033)	-0.0004 (-0.118)		
Pol*AU				0.001461 (0.948)			0.0015646 (1.022)			0.001453 (0.95)	0.00049 (0.141)			0.001557 (1.024)	-0.000125 (-0.036)
Pol*ADR				0.001455 (0.296)			0.0013355 (0.273)			0.001459 (0.298)	-0.004662 (-0.42)			0.001338 (0.275)	-0.005057 (-0.458)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03335	0.03319	0.03316	0.03312	0.03331	0.03331	0.03326	0.04666	0.09712	0.04662	0.09699	0.04681	0.09706	0.04676	0.09693
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix C-3: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60	11	60	11	60	11	60	11
Mkt	0.6773*** (27.152)	0.6772*** (27.149)	0.6772*** (27.146)	0.6772*** (27.145)	0.6772*** (27.151)	0.6772*** (27.149)	0.6772*** (27.149)	0.4838*** (17.544)	0.6928*** (9.281)	0.4838*** (17.543)	0.6928*** (9.28)	0.4838*** (17.546)	0.6929*** (9.282)	0.4838*** (17.546)	0.6929*** (9.281)
Event								-0.01449*** (-13.468)	-0.00989*** (-5.388)	-0.01449*** (-13.468)	-0.00989*** (-5.388)	-0.01449*** (-13.471)	-0.00989*** (-5.388)	-0.01449*** (-13.471)	-0.00989*** (-5.387)
Pol1*Event								-0.04362*** (-3.647)	-0.04202** (-2.834)	-0.04362*** (-3.647)	-0.04202** (-2.834)	-0.04362*** (-3.648)	-0.04202** (-2.834)	-0.04361*** (-3.648)	-0.04202** (-2.834)
Pol2*Event								-0.0122** (-2.982)	-0.0154** (-3.043)	-0.0122** (-2.982)	-0.0154** (-3.042)	-0.0122** (-2.981)	-0.0154** (-3.042)	-0.0122** (-2.981)	-0.0154** (-3.042)
Pol3*Event								-0.02436*** (-5.284)	-0.0242*** (-4.24)	-0.02436*** (-5.284)	-0.0242*** (-4.24)	-0.02436*** (-5.285)	-0.0242*** (-4.24)	-0.02436*** (-5.285)	-0.0242*** (-4.24)
Pol1	-0.0029752 (-1.173)	-0.003362 (-1.308)	-0.004418 (-1.002)	-0.004401 (-0.998)	-0.0031449 (-1.238)	-0.0038828 (-0.886)	-0.003882 (-0.885)	-0.002386 (-0.541)	0.001268 (0.123)	-0.00237 (-0.537)	0.001253 (0.122)	-0.0018548 (-0.423)	0.0003986 (0.039)	-0.0018535 (-0.422)	0.000398 (0.039)
Pol2	-0.0004418 (-0.509)	-0.000523 (-0.598)	-0.001137 (-0.945)	-0.001132 (-0.941)	-0.0005229 (-0.601)	-0.0011185 (-0.934)	-0.001117 (-0.933)	-0.000569 (-0.47)	0.003844 (1.341)	-0.000564 (-0.466)	0.00384 (1.34)	-0.0005518 (-0.458)	0.0040072 (1.405)	-0.0005506 (-0.457)	0.0040066 (1.404)
Pol3	-0.0017689 (-1.81)	-0.001668 (1.681)	-0.00157 (-1.203)	-0.001561 (-1.195)	-0.0017821 (-1.818)	-0.0015886 (-1.233)	-0.001587 (-1.232)	-0.000437 (-0.332)	-0.00104 (-0.333)	-0.000428 (-0.325)	-0.001048 (-0.336)	-0.0004563 (-0.352)	-0.0007652 (-0.248)	-0.000455 (-0.351)	-0.0007659 (-0.248)
Audit4			0.000479 (1.067)	0.000496 (1.101)	0.0004785 (1.143)	0.0004128 (0.931)	0.0004303 (0.968)	0.000486 (1.092)	0.001386 (1.374)	0.000503 (1.126)	0.001372 (1.355)	0.0004205 (0.956)	0.0013282 (1.333)	0.0004381 (0.992)	0.0013194 (1.32)
ADR			-0.000478 (-0.261)	-0.000832 (-0.42)	-0.0004163 (-0.231)	-0.0003842 (-0.212)	-0.000774 (-0.393)	-0.000478 (-0.263)	0.001046 (0.254)	-0.000835 (-0.424)	0.001362 (0.305)	-0.0003848 (-0.213)	0.0016799 (0.41)	-0.0007759 (-0.397)	0.0018781 (0.423)
Pol1*AUorADR			0.001387 (0.257)			0.0011414 (0.212)		0.001381 (0.258)	-0.006566 (-0.54)			0.0011337 (0.212)	-0.0050772 (-0.419)		
Pol2*AUorADR			0.001124 (0.642)			0.0012595 (0.723)		0.001116 (0.642)	-0.00156 (-0.395)			0.0012518 (0.723)	-0.0017476 (-0.445)		
Pol3*AUorADR			-0.000247 (-0.124)			-0.000445 (-0.224)		-0.000257 (-0.13)	0.000437 (0.097)			-0.0004519 (-0.229)	-0.0003234 (-0.072)		
Pol1*AU				0.001377 (0.255)			0.0011239 (0.209)			0.00137 (0.256)	-0.006557 (-0.539)			0.0011161 (0.209)	-0.0050683 (-0.418)
Pol2*AU				0.001108 (0.633)			0.001242 (0.712)			0.0011 (0.633)	-0.001546 (-0.392)			0.0012342 (0.713)	-0.0017387 (-0.442)
Pol3*AU				-0.000493 (-0.239)			-0.000705 (-0.344)			-0.000505 (-0.246)	0.000656 (0.141)			-0.0007124 (-0.351)	-0.0001913 (-0.041)
Pol1*ADR				NA			NA			NA	NA			NA	NA
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.001864 (0.374)			0.0018811 (0.279)			0.001868 (0.377)	-0.001448 (-0.129)			0.0018832 (0.382)	-0.0015068 (-0.135)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	No	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	Yes	No	No	No	No
Adjusted R-Squared	0.03346	0.0333	0.03317	0.03314	0.03343	0.03332	0.03329	0.04654	0.09669	0.04651	0.09653	0.04669	0.09665	0.04666	0.09649
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: **** 0.001 *** 0.01 ** 0.05 * . 0.1

Appendix C-4: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6772*** (27.151)	0.6772*** (27.147)	0.6772*** (27.145)	0.6772*** (27.144)	0.6772*** (27.149)	0.6772*** (27.148)	0.6772*** (27.148)	0.4838*** (17.554)	0.6928*** (9.297)	0.4838*** (17.553)	0.6928*** (9.296)	0.4838*** (17.556)	0.6929*** (9.298)	0.4838*** (17.555)	0.6929*** (9.298)
Event								-0.0146*** (-13.763)	-0.01*** (-5.492)	-0.0146*** (-13.763)	-0.01*** (-5.491)	-0.0146*** (-13.765)	-0.01*** (-5.492)	-0.0146*** (-13.765)	-0.01*** (-5.491)
Pol1*Event								-0.0435*** (-3.64)	-0.041913** (-2.832)	-0.0435*** (-3.64)	-0.04191** (-2.832)	-0.0435*** (-3.64)	-0.04191** (-2.832)	-0.0435*** (-3.64)	-0.04191** (-2.832)
Pol2*Event								-0.00936* (-1.986)	-0.013581* (-2.327)	-0.00936* (-1.986)	-0.01358* (-2.327)	-0.00936* (-1.986)	-0.01358* (-2.327)	-0.00936* (-1.986)	-0.01358* (-2.327)
Pol3*Event								-0.0423*** (-7.562)	-0.04296*** (-6.199)	-0.0423*** (-7.562)	-0.04296*** (-6.198)	-0.0423*** (-7.563)	-0.04296*** (-6.198)	-0.0423*** (-7.562)	-0.04296*** (-6.198)
Pol1	-0.0028831 (-1.137)	-0.003234 (-1.258)	-0.004331 (-0.982)	-0.004328 (-0.982)	-0.0030275 (-1.192)	-0.003829 (-0.873)	-0.003828 (-0.873)	-0.002305 (-0.523)	0.0013033 (0.127)	-0.002302 (-0.522)	0.001289 (0.125)	-0.001806 (-0.412)	0.000439 (0.043)	-0.0018059 (-0.412)	0.000438 (0.043)
Pol2	0.0008178 (0.818)	0.000746 (0.744)	-0.000022 (-0.015)	-0.00002 (-0.014)	0.0007422 (0.74)	-0.000042 (-0.03)	-0.000042 (-0.03)	0.000414 (0.292)	0.0063876 (1.905)	0.000416 (0.293)	0.006381 (1.903)	0.000393 (0.278)	0.006784* (2.031)	0.0003932 (0.278)	0.006783* (2.031)
Pol3	-0.001434 (-1.208)	-0.001354 (-1.123)	-0.001853 (-1.238)	-0.00185 (-1.237)	-0.0013929 (-1.168)	-0.001901 (-1.284)	-0.001901 (-1.284)	0.000116 (0.077)	-0.0002259 (-0.063)	0.000118 (0.078)	-0.000237 (-0.066)	0.000067 (0.045)	0.000117 (0.033)	0.0000673 (0.045)	0.000116 (0.033)
Audit4			0.000373 (0.847)	0.000377 (0.854)	0.0004124 (0.985)	0.000296 (0.681)	0.000301 (0.692)	0.00038 (0.87)	0.0011515 (1.166)	0.000384 (0.877)	0.001132 (1.143)	0.000304 (0.704)	0.001117 (1.144)	0.0003089 (0.714)	0.001104 (1.128)
ADR			-0.000669 (-0.364)	-0.000766 (-0.386)	-0.0003968 (-0.22)	-0.000573 (-0.313)	-0.000695 (-0.353)	-0.00067 (-0.367)	0.0009609 (0.232)	-0.000769 (-0.391)	0.001425 (0.319)	-0.000573 (-0.316)	0.001677 (0.407)	-0.0006967 (-0.356)	0.001981 (0.447)
Pol1*AUorADR			0.001504 (0.279)			0.001258 (0.234)		0.001497 (0.28)	-0.006353 (-0.523)			0.001251 (0.234)	-0.004865 (-0.402)		
Pol2*AUorADR			0.001387 (0.688)			0.001605 (0.8)		0.001379 (0.69)	-0.0023076 (-0.509)			0.001597 (0.803)	-0.002976 (-0.659)		
Pol3*AUorADR			0.001585 (0.63)			0.001439 (0.577)		0.001577 (0.632)	0.0038499 (0.68)			0.001434 (0.579)	0.002787 (0.496)		
Pol1*AU				0.001501 (0.278)			0.001253 (0.233)			0.001495 (0.279)	-0.006341 (-0.522)			0.0012453 (0.233)	-0.004853 (-0.401)
Pol2*AU				0.001383 (0.686)			0.001599 (0.797)			0.001374 (0.687)	-0.002286 (-0.504)			0.0015919 (0.8)	-0.002963 (-0.656)
Pol3*AU				0.001459 (0.542)			0.001282 (0.481)			0.001448 (0.542)	0.004454 (0.735)			0.0012748 (0.482)	0.003178 (0.529)
Pol1*ADR				NA			NA			NA	NA			NA	NA
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.002159 (0.429)			0.002169 (0.432)			0.002165 (0.433)	0.001092 (0.096)			0.0021707 (0.436)	0.000974 (0.086)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	No	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.0334	0.03324	0.03312	0.03307	0.03336	0.03327	0.03322	0.0476	0.09991	0.04755	0.09976	0.04774	0.09986	0.0477	0.0997
N-Observations	21318	21318	21318	21318	21318	21318	21318	21318	5479	21318	5479	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix C-5: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.658)	0.6606*** (24.655)	0.6606*** (24.653)	0.6606*** (24.652)	0.6606*** (24.656)	0.6606*** (24.656)	0.6606*** (24.655)	0.4623*** (15.615)	0.6274*** (7.694)	0.4623*** (15.615)	0.6274*** (7.693)	0.4624*** (15.617)	0.6275*** (7.696)	0.4624*** (15.616)	0.6275*** (7.695)
Event								-0.0146*** (-12.711)	-0.0107*** (-5.341)	-0.0146*** (-12.711)	-0.0107*** (-5.341)	-0.0146*** (-12.714)	-0.0107*** (-5.341)	-0.0146*** (-12.713)	-0.0107*** (-5.341)
Pol*Event								-0.0228*** (-6.779)	-0.0246*** (-5.792)	-0.0228*** (-6.779)	-0.0246*** (-5.791)	-0.0228*** (-6.778)	-0.0246*** (-5.792)	-0.0228*** (-6.778)	-0.0246*** (-5.791)
Pol	-0.0015537* (-2.178)	-0.00151* (-2.099)	-0.001655. (-1.72)	-0.001649. (-1.714)	-0.001608* (-2.247)	-0.001715. (-1.797)	-0.001714. (-1.795)	-0.000595 (-0.615)	0.002105 (0.9)	-0.000589 (-0.608)	0.002099 (0.898)	-0.0006562 (-0.683)	0.0019299 (0.831)	-0.0006551 (-0.682)	0.0019285 (0.83)
Audit4			0.000587 (1.215)	0.000608 (1.252)	0.0005129 (1.132)	0.000487 (1.019)	0.0005026 (1.048)	0.000596 (1.242)	0.001633 (1.477)	0.000616 (1.279)	0.001615 (1.455)	0.000496 (1.046)	0.0014293 (1.308)	0.0005117 (1.075)	0.0014093 (1.285)
ADR			-0.000442 (-0.242)	-0.000813 (-0.409)	-0.0004855 (-0.268)	-0.0005125 (-0.282)	-0.0008105 (-0.41)	-0.000442 (-0.244)	0.001085 (0.259)	-0.000816 (-0.413)	0.001424 (0.312)	-0.000513 (-0.285)	0.0015951 (0.383)	-0.0008129 (-0.414)	0.0019794 (0.436)
Pol*AUorADR			0.00019 (0.131)				0.0002448 (0.17)	0.000181 (0.126)	-0.001618 (-0.488)			0.0002363 (0.165)	-0.0018297 (-0.554)		
Pol*AU				0.000066 (0.045)			0.0001469 (0.1)			0.000055 (0.038)	-0.001505 (-0.446)			0.0001378 (0.095)	-0.0017037 (-0.508)
Pol*ADR				0.002416 (0.489)			0.0020225 (0.412)			0.00242 (0.494)	-0.003647 (-0.322)			0.0020249 (0.416)	-0.0041222 (-0.366)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03178	0.03167	0.03161	0.03157	0.03174	0.03169	0.03165	0.04578	0.09109	0.04574	0.0909	0.04586	0.09112	0.04582	0.09094
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix C-6: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.655)	0.6606*** (24.652)	0.6606*** (24.651)	0.6606*** (24.65)	0.6606*** (24.653)	0.6606*** (24.654)	0.6606*** (24.653)	0.4624*** (15.617)	0.6274*** (7.697)	0.4624*** (15.617)	0.6274*** (7.696)	0.4624*** (15.619)	0.6275*** (7.698)	0.4624*** (15.619)	0.6275*** (7.697)
Event								-0.0148*** (-13.022)	-0.0109*** (-5.472)	-0.0148*** (-13.022)	-0.0109*** (-5.471)	-0.0148*** (-13.024)	-0.0109*** (-5.472)	-0.0148*** (-13.024)	-0.0109*** (-5.471)
Pol*Event								-0.0282*** (-7.313)	-0.0306*** (-6.283)	-0.0282*** (-7.313)	-0.0306*** (-6.282)	-0.0282*** (-7.313)	-0.0306*** (-6.282)	-0.0282*** (-7.312)	-0.0306*** (-6.282)
Pol	-0.0004335 (-0.529)	-0.000381 (-0.46)	-0.0011876 (-1.073)	-0.0011867 (-1.073)	-0.0004689 (-0.571)	-0.0012728 (-1.159)	-0.001273 (-1.159)	0.000125 (0.112)	0.003518 (1.309)	0.0001259 (0.113)	0.003507 (1.305)	0.000039 (0.035)	0.003509 (1.314)	0.000039 (0.035)	0.003507 (1.313)
Audit4			0.0004207 (0.886)	0.0004231 (0.887)	0.000452 (0.999)	0.0003126 (0.665)	0.0003102 (0.658)	0.0004288 (0.91)	0.001419 (1.306)	0.0004313 (0.912)	0.001387 (1.273)	0.000321 (0.689)	0.001231 (1.146)	0.000319 (0.682)	0.0012 (1.113)
ADR			-0.0006868 (-0.375)	-0.0007317 (-0.368)	-0.0005635 (-0.311)	-0.0007562 (-0.416)	-0.0007097 (-0.359)	-0.0006872 (-0.379)	0.000906 (0.216)	-0.0007344 (-0.372)	0.001512 (0.331)	-0.000757 (-0.419)	0.001481 (0.355)	-0.000712 (-0.363)	0.002103 (0.464)
Pol*AUorADR			0.0017342 (1.043)			0.0018205 (1.102)		0.0017257 (1.046)	-0.000327 (-0.086)			0.001812 (1.106)	-0.000934 (-0.247)		
Pol*AU				0.0017146 (1.01)			0.0018406 (1.092)			0.0017051 (1.012)	-0.000064 (-0.016)			0.001832 (1.095)	-0.000665 (-0.172)
Pol*ADR				0.002003 (0.403)			0.0015427 (0.313)			0.0020081 (0.407)	-0.003952 (-0.347)			0.001545 (0.315)	-0.004648 (-0.411)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03154	0.03145	0.03143	0.03138	0.0315	0.03151	0.03146	0.04598	0.09176	0.04593	0.09159	0.04606	0.09173	0.04601	0.09157
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix C-7: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.658)	0.6606*** (24.655)	0.6606*** (24.652)	0.6606*** (24.651)	0.6606*** (24.656)	0.6606*** (24.654)	0.6606*** (24.654)	0.4623*** (15.62)	0.6274*** (7.702)	0.4623*** (15.62)	0.6274*** (7.701)	0.4624*** (15.622)	0.6275*** (7.703)	0.4624*** (15.621)	0.6275*** (7.702)
Event								-0.0146*** (-12.715)	-0.0107*** (-5.346)	-0.0146*** (-12.715)	-0.0107*** (-5.346)	-0.0146*** (-12.717)	-0.0107*** (-5.347)	-0.0146*** (-12.717)	-0.0107*** (-5.346)
Pol1*Event								-0.0718*** (-4.89)	-0.0712*** (-3.847)	-0.0718*** (-4.89)	-0.0712*** (-3.847)	-0.0718*** (-4.89)	-0.0712*** (-3.847)	-0.0718*** (-4.89)	-0.0712*** (-3.847)
Pol2*Event								-0.0138** (-2.914)	-0.0176** (-2.948)	-0.0138** (-2.914)	-0.0176** (-2.914)	-0.0138** (-2.913)	-0.0176** (-2.947)	-0.0138** (-2.913)	-0.0176** (-2.947)
Pol3*Event								-0.0269*** (-5.659)	-0.0268*** (-4.485)	-0.0269*** (-5.659)	-0.0268*** (-4.484)	-0.0268*** (-5.659)	-0.0268*** (-4.485)	-0.0268*** (-5.658)	-0.0268*** (-4.484)
Pol1	-0.0045985 (-1.477)	-0.005062 (-1.609)	-0.004295 (-0.97)	-0.004272 (-0.965)	-0.0047003 (-1.509)	-0.0039053 (-0.887)	-0.0039038 (-0.887)	-0.000954 (-0.215)	0.0067513 (0.632)	-0.000931 (-0.209)	0.00674 (0.631)	-0.0005685 (-0.129)	0.0058239 (0.548)	-0.0005671 (-0.128)	0.0058232 (0.548)
Pol2	-0.0008883 (-0.882)	-0.000987 (-0.978)	-0.00145 (-1.07)	-0.001448 (-1.069)	-0.0009644 (-0.956)	-0.0014322 (-1.06)	-0.0039038 (-1.058)	-0.000807 (-0.592)	0.00471 (1.431)	-0.000805 (-0.591)	0.004709 (1.431)	-0.0007899 (-0.581)	0.0045354 (1.381)	-0.0007884 (-0.58)	0.0045346 (1.381)
Pol3	-0.0019147 (-1.901)	-0.001698 (-1.664)	-0.001629 (-1.195)	-0.001618 (-1.187)	-0.0019437 (-1.924)	-0.0018002 (-1.332)	-0.0017988 (1.3310)	-0.00038 (-0.277)	-0.0010769 (-0.325)	-0.000369 (-0.269)	-0.001082 (-0.327)	-0.000552 (-0.406)	-0.001108 (-0.337)	-0.0005505 (-0.405)	-0.0011087 (-0.338)
Audit4			0.00058 (1.2)	0.000603 (1.243)	0.0005132 (1.133)	0.0004813 (1.007)	0.0005026 (1.048)	0.000589 (1.227)	0.001606 (1.454)	0.000612 (1.271)	0.001595 (1.438)	0.0004903 (1.034)	0.0014197 (1.301)	0.0005117 (1.075)	0.0014093 (1.286)
ADR			-0.000384 (-0.209)	-0.00081 (-0.407)	-0.0004288 (-0.237)	-0.0004046 (-0.222)	-0.0008105 (-0.41)	-0.000384 (-0.211)	0.0012269 (0.292)	-0.000813 (-0.412)	0.001431 (0.314)	-0.0004052 (-0.224)	0.0017795 (0.426)	-0.0008129 (-0.414)	0.0019794 (0.437)
Pol1*AUorADR			-0.00169 (-0.271)			-0.0015774 (-0.253)		-0.001699 (-0.275)	-0.0159774 (-1.119)			-0.0015863 (-0.257)	-0.0157678 (-1.104)		
Pol2*AUorADR			0.000835 (0.41)			0.0010501 (0.517)		0.000826 (0.409)	-0.0024514 (-0.525)			0.0010411 (0.516)	-0.0025391 (-0.545)		
Pol3*AUorADR			-0.000208 (-0.102)			-0.0003146 (-0.155)		-0.000218 (-0.108)	0.0008684 (0.185)			-0.0003225 (-0.16)	0.0005196 (0.112)		
Pol1*AU				-0.001715 (-0.275)			-0.0015987 (-0.257)			-0.001724 (-0.279)	-0.01597 (-1.118)			-0.0016077 (-0.26)	-0.0157574 (-1.103)
Pol2*AU				0.000818 (0.401)			0.0010288 (0.506)			0.000809 (0.4)	-0.002443 (-0.523)			0.0010197 (0.506)	-0.0025287 (-0.543)
Pol3*AU				-0.000506 (-0.239)			-0.0005878 (-0.28)			-0.000519 (-0.247)	0.001011 (0.209)			-0.0005969 (-0.287)	0.0006541 (0.136)
Pol1*ADR				NA			NA			NA	NA			NA	NA
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.002345 (0.467)			0.002107 (0.422)			0.00235 (0.471)	-0.000355 (-0.031)			0.0021093 (0.425)	-0.0006727 (-0.059)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03175	0.03165	0.03149	0.03146	0.03172	0.03158	0.03155	0.04637	0.09284	0.04634	0.09265	0.04645	0.09291	0.04642	0.09272
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix C-8: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.6606*** (24.656)	0.6606*** (24.654)	0.6606*** (24.651)	0.6606*** (24.65)	0.6606*** (24.654)	0.6606*** (24.654)	0.6606*** (24.653)	0.4624*** (15.632)	0.6274*** (7.718)	0.4624*** (15.631)	0.6274*** (7.718)	0.4624*** (15.634)	0.6275*** (7.72)	0.4624*** (15.633)	0.6275*** (7.719)
Event								-0.0148*** (-13.034)	-0.011*** (-5.487)	-0.0148*** (-13.034)	-0.011*** (-5.487)	-0.0148*** (-13.036)	-0.011*** (-5.487)	-0.0148*** (-13.036)	-0.011*** (-5.487)
Pol1*Event								-0.0716*** (-4.881)	-0.071*** (-3.846)	-0.0716*** (-4.881)	-0.071*** (-3.845)	-0.0716*** (-4.881)	-0.071*** (-3.846)	-0.0716*** (-4.881)	-0.071*** (-3.845)
Pol2*Event								-0.00723 (-1.372)	-0.0113. (-1.701)	-0.00723 (-1.372)	-0.0113. (-1.7)	-0.00723 (-1.371)	-0.0113. (-1.7)	-0.00723 (-1.371)	-0.0113. (-1.7)
Pol3*Event								-0.0474*** (-8.129)	-0.048*** (-6.555)	-0.0474*** (-8.128)	-0.048*** (-6.554)	-0.0474*** (-8.128)	-0.048*** (-6.555)	-0.0474*** (-8.128)	-0.048*** (-6.554)
Pol1	-0.004479 (-1.438)	-0.004919 (-1.564)	-0.004182 (-0.945)	-0.004177 (-0.944)	-0.0045616 (-1.464)	-0.003842 (-0.873)	-0.003841 (-0.873)	-0.00085 (-0.191)	0.006799 (0.638)	-0.000844 (-0.19)	0.006785 (0.636)	-0.000514 (-0.116)	0.005871 (0.553)	-0.000514 (-0.116)	0.00587 (0.553)
Pol2	0.001013 (0.904)	0.00095 (0.846)	0.000049 (0.031)	0.000051 (0.032)	0.0009298 (0.828)	-0.0000054 (-0.003)	-0.000005 (-0.003)	0.000387 (0.243)	0.00761* (1.995)	0.000388 (0.244)	0.007606* (1.993)	0.000333 (0.209)	0.007732* (2.034)	0.000331 (0.209)	0.007731* (2.034)
Pol3	-0.001591 (-1.285)	-0.001363 (-1.088)	-0.002054 (-1.295)	-0.002052 (-1.293)	-0.0015625 (-1.257)	-0.00222 (-1.409)	-0.00222 (-1.409)	0.000149 (0.093)	-0.000426 (-0.11)	0.000152 (0.095)	-0.000434 (-0.112)	-0.000017 (-0.011)	-0.000414 (-0.108)	-0.000017 (-0.011)	-0.000415 (-0.108)
Audit4			0.000409 (0.86)	0.000416 (0.872)	0.000425 (0.938)	0.000304 (0.647)	0.00031 (0.658)	0.000417 (0.884)	0.001378 (1.271)	0.000424 (0.896)	0.001359 (1.25)	0.000313 (0.671)	0.001215 (1.134)	0.000319 (0.682)	0.0012 (1.116)
ADR			-0.000591 (-0.32)	-0.00073 (-0.367)	-0.000383 (-0.211)	-0.000584 (-0.318)	-0.00071 (-0.359)	-0.000592 (-0.323)	0.001123 (0.266)	-0.000732 (-0.371)	0.001506 (0.331)	-0.000585 (-0.321)	0.001796 (0.427)	-0.000712 (-0.363)	0.002103 (0.465)
Pol1*AUorADR			-0.001522 (-0.244)			-0.0014 (-0.225)		-0.00153 (-0.248)	-0.01575 (-1.105)			-0.001409 (-0.228)	-0.01556 (-1.092)		
Pol2*AUorADR			0.001621 (0.718)			0.00191 (0.85)		0.001611 (0.72)	-0.004632 (-0.898)			0.001901 (0.854)	-0.005052 (-0.984)		
Pol3*AUorADR			0.001958 (0.758)			0.001741 (0.68)		0.00195 (0.762)	0.005151 (0.872)			0.001735 (0.683)	0.004294 (0.733)		
Pol1*AU				-0.001529 (-0.245)			-0.001406 (-0.226)			-0.001538 (-0.249)	-0.01573 (-1.104)			-0.001415 (-0.229)	-0.01555 (-1.091)
Pol2*AU				0.001614 (0.715)			0.001904 (0.847)			0.001604 (0.717)	-0.004613 (-0.894)			0.001895 (0.851)	-0.005037 (-0.98)
Pol3*AU				0.001778 (0.645)			0.001579 (0.578)			0.001767 (0.647)	0.005649 (0.897)			0.001571 (0.58)	0.004691 (0.751)
Pol1*ADR				NA			NA			NA	NA			NA	NA
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.002783 (0.547)			0.00249 (0.492)			0.002789 (0.552)	0.002871 (0.247)			0.002492 (0.496)	0.00246 (0.213)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	RES.	Yes	RES.	No	No	No	No
Adjusted R-Squared	0.03167	0.03156	0.03143	0.03138	0.03161	0.03152	0.03147	0.04775	0.09686	0.0477	0.09668	0.04783	0.09693	0.04778	0.09675
N-Observations	18610	18610	18610	18610	18610	18610	18610	18610	4786	18610	4786	18610	4786	18610	4786

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Appendix D: Multiple Linear Regression Results of Other Additional Episodes

Episode: Thaksin Acquitted from Asset Concealment Case (3 August 2001)(Tables D-1 to D8)

Appendix D-1: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
								60	11	60	11	60	11	60
Mkt	0.5627*** (25.542)	0.5627*** (25.547)	0.5627*** (25.545)	0.5627*** (25.545)	0.5627*** (25.541)	0.5627*** (25.54)	0.5627*** (25.539)	0.5621*** (25.538)	0.4162*** (12.813)	0.5621*** (25.537)	0.4162*** (12.811)	0.5621*** (25.532)	0.4162*** (12.818)	0.5621*** (25.531)
Event								0.00704*** (4.846)	0.00915*** (6.519)	0.00704*** (4.846)	0.00915*** (6.519)	0.00704*** (4.845)	0.00915*** (6.522)	0.00704*** (4.845)
Pol*Event								-0.00386 (-0.8)	-0.006735 (-1.45)	-0.00386 (-0.8)	-0.006735 (-1.45)	-0.00386 (0.8)	-0.006735 (-1.451)	-0.00386 (-0.8)
Pol	-0.0002103 (-0.202)	-0.000034 (-0.031)	0.0000346 (0.022)	0.000046 (0.030)	-0.000299 (-0.284)	-0.000486 (-0.31)	-0.00044 (-0.286)	0.000223 (0.138)	0.003313 (1.147)	0.000235 (0.148)	0.003382 (1.195)	-0.000297 (-0.188)	0.0034506 (1.223)	-0.00025 (-0.161)
Audit4			0.000089 (0.139)	0.000073 (0.114)	-0.000032 (-0.054)	-0.000061 (-0.097)	-0.000081 (-0.129)	0.000089 (0.139)	0.001179 (1.074)	0.000073 (0.114)	0.00122 (1.104)	-0.000061 (-0.097)	0.0013835 (1.29)	-0.000081 (-0.129)
ADR			0.00187 (0.899)	0.00254 (0.994)	0.001146 (0.564)	0.0010912 (0.53)	0.00199 (0.784)	0.00187 (0.899)	0.002267 (0.633)	0.00354 (0.995)	0.001748 (0.397)	0.0010912 (0.53)	0.0024274 (0.685)	0.00199 (0.785)
Pol*AUorADR			-0.00038 (-0.18)				0.0003406 (0.161)	-0.00084 (-0.18)	-0.001485 (-0.404)			0.0003406 (0.161)	-0.001464 (-0.402)	
Pol*AU				-0.000181 (-0.085)			0.000568 (0.272)			-0.000181 (-0.085)	-0.001804 (-0.495)			0.000568 (0.272)
Pol*ADR				-0.00204 (-0.473)			-0.00243 (-0.571)			-0.00204 (-0.473)	0.001031 (0.139)			-0.00243 (-0.571)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No
Adjusted R-Squared	0.04301	0.04341	0.04326	0.04321	0.0429	0.04284	0.04279	0.04471	0.04603	0.04466	0.04581	0.04429	0.04674	0.04424
N-Observations	14473	14473	14473	14473	14473	14473	14473	14473	3883	14473	3883	14473	3883	14473

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60	60	60	60	60	60	60	60
Mkt	0.5627*** (25.542)	0.5627*** (25.547)	0.5627*** (25.545)	0.5627*** (25.545)	0.5627*** (25.541)	0.5627*** (25.54)	0.5627*** (25.539)	0.5621*** (25.537)	0.4162*** (12.81)	0.5621*** (25.537)	0.4162*** (12.808)	0.5621*** (25.532)	0.4162*** (12.815)	0.5621*** (25.531)	0.4162*** (12.813)
Event								0.00674*** (4.719)	0.00876*** (6.347)	0.00674*** (4.719)	0.00876*** (6.346)	0.00674*** (4.718)	0.00876*** (6.349)	0.00674*** (4.718)	0.00876*** (6.348)
Pol*Event								-0.00086 (-0.146)	-0.003741 (-0.663)	-0.00086 (-0.146)	-0.003741 (-0.663)	-0.00086 (-0.146)	-0.003741 (-0.664)	-0.00086 (-0.146)	-0.003741 (-0.664)
Pol	-0.000215 (-0.17)	0.000146 (0.112)	-0.000022 (-0.011)	0.000037 (0.019)	-0.00036 (-0.283)	-0.00069 (-0.361)	-0.000595 (-0.32)	0.0000197 (0.01)	0.002087 (0.591)	0.000079 (0.041)	0.0022754 (0.663)	-0.00065 (-0.336)	0.0019471 (0.562)	-0.00055 (-0.294)	0.0023732 (0.705)
Audit4			0.000061 (0.098)	0.000046 (0.073)	-0.000034 (-0.057)	-0.000065 (-0.106)	-0.000085 (-0.138)	0.000061 (0.098)	0.001054 (0.978)	0.000046 (0.073)	0.0010821 (0.998)	-0.000065 (-0.106)	0.0012244 (1.161)	-0.000085 (-0.138)	0.001285 (1.211)
ADR			0.001796 (0.85)	0.00255 (0.998)	0.001177 (0.574)	0.001078 (0.515)	0.00199 (0.787)	0.001796 (0.85)	0.001937 (0.532)	0.00255 (0.998)	0.0017475 (0.397)	0.001078 (0.515)	0.0018953 (0.525)	0.00199 (0.787)	0.0013111 (0.301)
Pol*AUorADR			-0.00011 (-0.041)			0.000599 (0.231)		-0.000106 (-0.041)	0.0000298 (0.007)			0.000599 (0.231)	0.0008732 (0.196)		
Pol*AU				0.000197 (0.077)			0.000927 (0.364)			0.000197 (0.077)	-0.000451 (-0.102)			0.000927 (0.365)	-0.00031 (-0.071)
Pol*ADR				-0.00227 (-0.518)			-0.00251 (-0.578)			-0.00227 (-0.519)	0.0006413 (0.085)			-0.0025 (-0.578)	0.0021707 (0.291)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.04301	0.04341	0.04326	0.04321	0.0429	0.04284	0.0428	0.04467	0.04556	0.04462	0.04532	0.04425	0.0463	0.04421	0.04606
N-Observations	14473	14473	14473	14473	14473	14473	14473	14473	3883	14473	3883	14473	3883	14473	3883

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Appendix D-3: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.5627*** (25.541)	0.5627*** (25.546)	0.5627*** (25.544)	0.5627*** (25.542)	0.5627*** (25.539)	0.5627*** (25.538)	0.5627*** (25.536)	0.5621*** (25.534)	0.4162*** (12.809)	0.5621*** (25.532)	0.4162*** (12.804)	0.5621*** (25.528)	0.4162*** (12.813)	0.5621*** (25.527)	0.4162*** (12.81)
Event								0.00704*** (4.845)	0.00915*** (6.517)	0.00704*** (4.845)	0.00915*** (6.515)	0.00704*** (4.844)	0.00915*** (6.52)	0.00704*** (4.844)	0.00915*** (6.518)
Pol1*Event								-0.007035 (-0.537)	-0.01581 (-1.254)	-0.007035 (-0.537)	-0.0158101 (-1.253)	-0.007035 (-0.537)	-0.0158101 (-1.254)	-0.007035 (-0.537)	-0.0158101 (-1.254)
Pol2*Event								-0.004691 (-0.704)	-0.006106 (-0.951)	-0.004691 (-0.703)	-0.0061061 (-0.951)	-0.004691 (-0.703)	-0.0061061 (-0.951)	-0.004691 (-0.703)	-0.0061061 (-0.951)
Pol3*Event								-0.001691 (-0.221)	-0.004549 (-0.617)	-0.001791 (-0.221)	-0.0045487 (-0.617)	-0.001691 (-0.221)	-0.0045487 (-0.617)	-0.001691 (-0.221)	-0.0045487 (-0.617)
Pol1	0.0008492 (0.301)	0.001943 (0.663)	0.001525 (0.512)	0.001396 (0.418)	0.000627 (0.218)	0.0006339 (0.22)	0.0003927 (0.12)	0.001869 (0.613)	0.008781 (1.561)	0.001739 (0.511)	0.0084854 (1.369)	0.0009771 (0.331)	0.0087932 (1.609)	0.000736 (0.221)	0.008435 (1.387)
Pol2	-0.0005025 (-0.35)	-0.00034 (-0.231)	-0.0004759 (-0.228)	-0.0004995 (-0.239)	-0.000552 (-0.383)	-0.001349 (-0.663)	-0.001339 (-0.117)	-0.000247 (0.568)	0.002148 (0.128)	-0.0002706 (-0.128)	0.0021634 (0.572)	-0.00112 (-0.544)	0.0023167 (0.628)	-0.00111 (-0.539)	0.0023479 (0.636)
Pol3	-0.0001737 (-0.105)	-0.000222 (-0.132)	0.0008037 (0.339)	0.0008337 (0.352)	-0.0002499 (-0.151)	0.0006505 (0.279)	0.0006608 (0.283)	0.0008862 (0.37)	0.004597 (1.07)	0.0009162 (0.382)	0.0046248 (1.067)	0.000733 (0.31)	0.0043911 (1.037)	0.000743 (0.315)	0.0044223 (1.044)
Audit4			0.00008349 (0.131)	0.00008913 (0.139)	-0.0000519 (-0.086)	-0.0000732 (-0.117)	-0.000081 (-0.129)	0.00008349 (0.131)	0.0012 (1.092)	0.00008913 (0.139)	0.0012585 (1.137)	-0.00007324 (-0.118)	0.0013754 (1.281)	-0.000081 (-0.129)	0.0014613 (1.354)
ADR			0.001785 (0.856)	0.002523 (0.988)	0.0010571 (0.517)	0.001073 (0.519)	0.001985 (0.784)	0.001785 (0.856)	0.001977 (0.55)	0.002523 (0.988)	0.0017282 (0.393)	0.001073 (0.52)	0.0021015 (0.591)	0.00199 (0.785)	0.0013203 (0.303)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			0.00009891 (0.034)			0.001592 (0.551)		0.00009891 (0.034)	-0.002495 (-0.492)			0.001592 (0.552)	-0.002536 (-0.51)		
Pol3*AUorADR			-0.002263 (-0.681)			-0.001807 (-0.547)		-0.002263 (-0.681)	-0.003714 (-0.648)			-0.001807 (-0.548)	-0.0032918 (-0.579)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				0.0007573 (0.249)			0.002325 (0.782)			0.0007573 (0.249)	-0.0020916 (-0.4)			0.002325 (0.783)	-0.0021036 (-0.411)
Pol3*AU				-0.002366 (-0.679)			-0.001761 (-0.51)			-0.002366 (-0.679)	-0.0045158 (-0.752)			-0.001761 (-0.51)	-0.0046822 (-0.787)
Pol1*ADR				-0.000262 (-0.038)			0.0001249 (0.018)			-0.000262 (-0.038)	0.0014409 (0.12)			0.000125 (0.018)	0.0019949 (0.166)
Pol2*ADR				-0.005837 (-0.887)			-0.006711 (-1.03)			-0.005837 (-0.888)	-0.0035335 (-0.312)			-0.006711 (-1.031)	-0.0033654 (-0.3)
Pol3*ADR				-0.002451 (-0.367)			-0.002908 (-0.443)			-0.002451 (-0.367)	0.0003291 (0.029)			-0.00291 (-0.443)	0.004012 (0.355)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.04289	0.04331	0.04312	0.04297	0.04278	0.04269	0.04256	0.04445	0.04538	0.0443	0.04472	0.04402	0.04608	0.04389	0.04553
N-Observations	14473	14473	14473	14473	14473	14473	14473	14473	3883	14473	3883	14473	3883	14473	3883

Significance codes: **** 0.001 *** 0.01 ** 0.05 * . 0.1

Appendix D-4: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.5627*** (25.54)	0.5627*** (25.546)	0.5627*** (25.544)	0.5627*** (25.543)	0.5627*** (25.539)	0.5627*** (25.538)	0.527*** (25.537)	0.5621*** (25.534)	0.4162*** (12.806)	0.5621*** (25.533)	0.4162*** (12.802)	0.5621*** (25.528)	0.4162*** (12.81)	0.5621*** (25.527)	0.4162*** (12.807)
Event								0.00674*** (4.719)	0.00876*** (6.345)	0.00674*** (4.718)	0.00876*** (6.343)	0.00674*** (4.717)	0.00876*** (6.347)	0.00674*** (4.717)	0.00876*** (6.345)
Pol1*Event								-0.00674 (-0.514)	-0.01542 (-1.233)	-0.00674 (-0.514)	-0.01542 (-1.223)	-0.00674 (-0.514)	-0.01542 (-1.223)	-0.00674 (-0.514)	-0.01542 (-1.223)
Pol2*Event								-0.000004 (0.0)	-0.000705 (-0.083)	-0.000004 (0.0)	-0.000705 (-0.083)	-0.000004 (0.0)	-0.000705 (-0.083)	-0.000004 (0.0)	-0.000705 (-0.083)
Pol3*Event								0.001121 (0.12)	-0.00132 (-0.147)	0.001121 (0.12)	-0.00132 (-0.147)	0.001121 (0.12)	-0.00132 (-0.147)	0.001121 (0.12)	-0.00132 (-0.147)
Pol1	0.0008554 (0.303)	0.001957 (0.668)	0.001494 (0.501)	0.001404 (0.42)	0.0006255 (0.217)	0.0006221 (0.216)	0.0004 (0.122)	0.001822 (0.598)	0.008624 (1.532)	0.001733 (0.51)	0.0083419 (1.346)	0.000951 (0.322)	0.0088289 (1.615)	0.000729 (0.219)	0.0084258 (1.386)
Pol2	-0.00032 (-0.169)	-0.0000843 (-0.044)	-0.001135 (-0.393)	-0.001113 (-0.386)	-0.000424 (-0.222)	-0.00186 (-0.655)	-0.001844 (-0.649)	-0.001134 (-0.389)	-0.00079 (-0.152)	-0.001113 (-0.382)	-0.0007453 (-0.143)	-0.00186 (-0.648)	-0.000341 (-0.067)	-0.00184 (-0.642)	-0.0003059 (-0.06)
Pol3	-0.0006317 (-0.315)	-0.000422 (-0.208)	0.0009212 (0.355)	0.0009729 (0.375)	-0.0007708 (-0.38)	0.0002172 (0.085)	0.000233 (0.091)	0.000867 (0.329)	0.003689 (0.775)	0.000918 (0.349)	0.0037489 (0.787)	0.000163 (0.063)	0.0028713 (0.613)	0.000178 (0.069)	0.0029064 (0.621)
Audit4			0.0000268 (0.043)	0.0000557 (0.088)	-0.00006457 (-0.107)	-0.000093 (-0.151)	-0.000085 (-0.138)	0.0000268 (0.043)	0.001025 (0.949)	0.0000557 (0.089)	0.0011054 (1.018)	-0.000093 (-0.151)	0.0011977 (1.133)	-0.000085 (-0.138)	0.001285 (1.211)
ADR			0.001901 (0.898)	0.002548 (0.998)	0.001114 (0.541)	0.001188 (0.566)	0.001991 (0.787)	0.001901 (0.898)	0.001994 (0.546)	0.002548 (0.998)	0.0017324 (0.394)	0.001188 (0.566)	0.0019114 (0.528)	0.00199 (0.787)	0.0013111 (0.301)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			0.001557 (0.399)			0.002575 (0.671)		0.001557 (0.4)	0.001086 (0.162)			0.002575 (0.671)	0.000862 (0.13)		
Pol3*AUorADR			-0.004095 (-0.962)			-0.002675 (-0.64)		-0.004095 (-0.963)	-0.005496 (-0.75)			-0.00268 (-0.641)	-0.0027303 (-0.379)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				0.002858 (0.701)			0.003978 (0.99)			0.002858 (0.701)	0.00222 (0.316)			0.003978 (0.991)	0.0020501 (0.296)
Pol3*AU				-0.005117 (-1.066)			-0.00318 (-0.671)			-0.00512 (-1.067)	-0.0083002 (-1.003)			-0.00318 (-0.672)	-0.0062998 (-0.772)
Pol1*ADR				-0.0003239 (-0.046)			0.0001193 (0.017)			-0.000324 (-0.046)	0.001355 (0.113)			0.000119 (0.017)	0.0020042 (0.167)
Pol2*ADR				-0.007279 (-1.063)			-0.007857 (-1.161)			-0.00728 (-1.064)	-0.005857 (-0.497)			-0.00786 (-1.162)	-0.0057769 (-0.496)
Pol3*ADR				-0.002699 (-0.399)			-0.002482 (-0.373)			-0.0027 (-0.399)	0.000374 (0.032)			-0.00448 (-0.374)	0.0048343 (0.422)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PORP***	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.04289	0.04331	0.04316	0.04305	0.04278	0.04271	0.0426	0.04446	0.045	0.04435	0.04446	0.044	0.04563	0.0439	0.04517
N-Observations	14473	14473	14473	14473	14473	14473	14473	14473	3883	14473	3883	14473	3883	14473	3883

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix D-5: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5217*** (21.06)	0.5217*** (21.064)	0.5217*** (21.063)	0.5217*** (21.062)	0.5217*** (21.059)	0.5217*** (21.058)	0.5217*** (21.057)	0.5209*** (21.057)	0.3572*** (9.821)	0.5209*** (21.056)	0.3572*** (9.82)	0.5209*** (21.052)	0.3572*** (9.824)	0.5209*** (21.051)	0.3572*** (9.824)
Event								0.00901*** (5.553)	0.01139*** (7.296)	0.00901*** (5.552)	0.01139*** (7.296)	0.00901*** (5.551)	0.01139*** (7.299)	0.00901*** (5.551)	0.01139*** (7.298)
Pol*Event								-0.00182 (-0.317)	-0.0040812 (-0.741)	-0.00182 (-0.317)	-0.004081 (-0.74)	-0.00182 (-0.317)	-0.004081 (-0.741)	-0.00182 (-0.317)	-0.0040812 (0.741)
Pol	0.000095 (0.077)	0.000199 (0.155)	0.000114 (0.058)	-0.000016 (-0.008)	-0.000017 (-0.014)	-0.00041 (-0.213)	-0.000499 (-0.268)	0.000203 (0.103)	0.0029732 (0.85)	0.000071 (0.038)	0.002757 (0.808)	-0.00032 (-0.165)	0.002792 (0.817)	-0.00041 (-0.218)	0.0027138 (0.81)
Audit4			0.000244 (0.341)	0.00022 (0.306)	0.000123 (0.182)	0.000074 (0.106)	0.000041 (0.059)	0.000244 (0.341)	0.001151 (0.94)	0.00022 (0.306)	0.001198 (0.969)	0.000074 (0.106)	0.001441 (1.209)	0.000041 (0.059)	0.0015243 (1.27)
ADR			0.00247 (1.078)	0.002543 (0.959)	0.001633 (0.728)	0.001552 (0.686)	0.001883 (0.716)	0.00247 (1.08)	0.0029411 (0.748)	0.002543 (0.96)	0.001756 (0.386)	0.001552 (0.686)	0.003291 (0.848)	0.001883 (0.716)	0.0013578 (0.301)
Pol*AUorADR			-0.00013 (-0.051)			0.00068 (0.27)		-0.00013 (-0.051)	-0.001539 (-0.353)			0.00068 (0.27)	-0.001084 (-0.251)		
Pol*AU				0.000139 (0.055)			0.000998 (0.401)			0.00014 (0.055)	-0.001674 (-0.389)			0.000998 (0.402)	-0.0018 (-0.422)
Pol*ADR				-0.000323 (-0.063)			-0.000852 (-0.169)			-0.00032 (-0.063)	0.003702 (0.419)			-0.000852 (-0.169)	0.0065157 (0.754)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.03454	0.03494	0.0348	0.03472	0.03443	0.03436	0.03429	0.03719	0.03885	0.03711	0.03861	0.03674	0.03945	0.03667	0.03936
N-Observations	12341	12341	12341	12341	12341	12341	12341	12341	3311	12341	3311	12341	3311	12341	3311

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-6: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5217*** (21.06)	0.5217*** (21.064)	0.5217*** (21.063)	0.5217*** (21.062)	0.5217*** (21.059)	0.5217*** (21.058)	0.5217*** (21.057)	0.5209*** (21.057)	0.3572*** (9.82)	0.5209*** (21.056)	0.3572*** (9.819)	0.5209*** (21.052)	0.3572*** (9.824)	0.5209*** (21.051)	0.3572*** (9.823)
Event								0.00877*** (5.474)	0.01111*** (7.206)	0.00877*** (5.473)	0.01111*** (7.205)	0.00877*** (5.472)	0.01111*** (7.208)	0.00877*** (5.472)	0.01111*** (7.208)
Pol*Event								0.001645 (0.244)	-0.000814 (-0.126)	0.001645 (0.244)	-0.000814 (-0.126)	0.001645 (0.244)	-0.000814 (-0.126)	0.001645 (0.244)	-0.000814 (-0.126)
Pol	-0.000034 (-0.023)	0.00035 (0.23)	0.000135 (0.062)	-0.0000055 (-0.003)	-0.0001983 (-0.135)	-0.00066 (-0.313)	-0.00076 (-0.367)	0.000055 (0.025)	0.00228 (0.586)	-0.000086 (-0.04)	0.002026 (0.535)	-0.00074 (-0.348)	0.0018732 (0.491)	-0.00084 (-0.401)	0.0018375 (0.493)
Audit4			0.000237 (0.336)	0.000213 (0.301)	0.0001208 (0.18)	0.000077 (0.112)	0.000045 (0.065)	0.000237 (0.336)	0.001124 (0.93)	0.000213 (0.301)	0.001159 (0.952)	0.000077 (0.112)	0.0013767 (1.169)	0.000045 (0.065)	0.0014424 (1.216)
ADR			0.002431 (1.05)	0.00255 (0.96)	0.0016764 (0.743)	0.00155 (0.678)	0.001872 (0.712)	0.002431 (1.052)	0.002828 (0.712)	0.002546 (0.961)	0.001753 (0.386)	0.00155 (0.679)	0.0029508 (0.751)	0.001872 (0.713)	0.0013621 (0.302)
Pol*AUorADR			0.000017 (0.006)			0.0008999 (0.306)		0.000017 (0.006)	-0.00104 (-0.204)			0.0008999 (0.306)	0.0004081 (0.081)		
Pol*AU				0.0004 (0.136)			0.001328 (0.456)			0.0004 (0.137)	-0.001263 (-0.251)			0.001328 (0.456)	-0.000681 (-0.136)
Pol*ADR				-0.00044 (-0.086)			-0.00076 (-0.149)			-0.00044 (-0.086)	0.003621 (0.406)			-0.00076 (-0.149)	0.0062303 (0.711)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PORP**	PROP**	No	No	No	PORP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.03454	0.03494	0.0348	0.03473	0.03443	0.03436	0.03429	0.03718	0.03867	0.03711	0.03843	0.03674	0.03932	0.03667	0.03918
N-Observations	12341	12341	12341	12341	12341	12341	12341	12341	3311	12341	3311	12341	3311	12341	3311

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Appendix D-7: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5217*** (21.058)	0.5217*** (21.063)	0.5217*** (21.061)	0.5217*** (21.059)	0.5217*** (21.057)	0.5217*** (21.057)	0.5217*** (21.055)	0.5209*** (21.054)	0.3572*** (9.817)	0.5209*** (21.052)	0.3572*** (9.815)	0.5209*** (21.049)	0.3572*** (9.821)	0.5209*** (21.048)	0.3572*** (9.819)
Event								0.00901*** (5.552)	0.01139*** (7.294)	0.00901*** (5.551)	0.01139*** (7.292)	0.00901*** (5.551)	0.01139*** (7.296)	0.00901*** (5.55)	0.01139*** (7.295)
Pol1*Event								-0.00479 (-0.305)	-0.01401 (-0.932)	-0.00479 (-0.305)	-0.01401 (-0.931)	-0.00479 (-0.305)	-0.0140119 (-0.932)	-0.00479 (-0.305)	-0.0140119 (-0.932)
Pol2*Event								0.001599 (0.175)	0.003128 (0.356)	0.001599 (0.175)	0.003128 (0.356)	0.001599 (0.175)	0.0031277 (0.357)	0.001599 (0.175)	0.0031277 (0.356)
Pol3*Event								-0.00365 (-0.458)	-0.007005 (-0.917)	-0.00365 (-0.458)	-0.007005 (-0.917)	-0.00365 (-0.458)	-0.0070051 (-0.917)	-0.00365 (-0.458)	-0.0070051 (-0.917)
Pol1	0.0007309 (0.216)	0.00206 (0.576)	0.00117 (0.319)	0.001206 (0.281)	0.000151 (0.043)	0.000132 (0.038)	-0.000059 (-0.014)	0.001401 (0.375)	0.00832 (1.216)	0.00144 (0.33)	0.008211 (1.044)	0.000365 (0.103)	0.0086295 (1.316)	0.000174 (0.041)	0.0084452 (1.108)
Pol2	0.0003659 (0.185)	0.00018 (0.091)	-0.00105 (-0.35)	-0.00105 (-0.35)	0.0003891 (0.197)	-0.001986 (-0.672)	-0.00199 (-0.673)	-0.00113 (-0.373)	-0.000225 (-0.042)	-0.001131 (-0.373)	-0.00021 (-0.039)	-0.00206 (-0.691)	-0.0009594 (-0.181)	-0.002068 (-0.693)	-0.00093 (-0.176)
Pol3	-0.000267 (-0.155)	-0.00019 (-0.11)	0.00092 (0.373)	0.000921 (0.373)	-0.0003667 (-0.213)	0.000636 (0.262)	0.000632 (0.26)	0.001098 (0.44)	0.005002 (1.123)	0.001099 (0.44)	0.005014 (1.125)	0.000814 (0.331)	0.0049191 (1.12)	0.0008097 (0.329)	0.0049441 (1.126)
Audit4			0.000227 (0.317)	0.000228 (0.316)	0.0001117 (0.165)	0.0000517 (0.074)	0.000041 (0.059)	0.000227 (0.317)	0.001183 (0.964)	0.000228 (0.317)	0.001243 (1.004)	0.000052 (0.074)	0.0014262 (1.195)	0.000041 (0.059)	0.0015243 (1.269)
ADR			0.002521 (1.084)	0.00252 (0.95)	0.0016605 (0.726)	0.001818 (0.79)	0.00188 (0.715)	0.002521 (1.085)	0.002383 (0.597)	0.00252 (0.951)	0.001715 (0.377)	0.001818 (0.791)	0.0026565 (0.673)	0.00188 (0.716)	0.0013578 (0.301)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			0.002265 (0.556)			0.004287 (1.08)		0.002265 (0.557)	-0.001407 (-0.201)			0.00429 (1.081)	-0.0005763 (-0.085)		
Pol3*AUorADR			-0.00248 (-0.716)			-0.002035 (-0.592)		-0.00248 (-0.717)	-0.003784 (-0.637)			-0.002035 (-0.593)	-0.0034267 (-0.582)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				0.002263 (0.555)			0.004298 (1.082)			0.002263 (0.556)	-0.00149 (-0.213)			0.004298 (1.083)	-0.00067 (-0.099)
Pol3*AU				-0.002499 (-0.688)			-0.00188 (-0.523)			-0.002499 (-0.689)	-0.004455 (-0.715)			-0.00188 (-0.524)	-0.004745 (-0.769)
Pol1*ADR				-0.000111 (-0.015)			0.000528 (0.069)			-0.000111 (-0.015)	0.001086 (0.083)			0.000528 (0.07)	0.0016327 (0.125)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.002388 (-0.343)			-0.00281 (-0.411)			-0.002388 (-0.344)	-0.000014 (-0.001)			-0.002805 (-0.412)	0.0039745 (0.34)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.0344	0.03481	0.03465	0.03449	0.03428	0.03425	0.03409	0.0369	0.03809	0.03674	0.03755	0.03649	0.03877	0.03634	0.03835
N-Observations	12341	12341	12341	12341	12341	12341	12341	12341	3311	12341	3311	12341	3311	12341	3311

Significance codes: **** 0.001 *** 0.01 ** 0.05 * 0.1

Appendix D-8: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5217*** (21.058)	0.5217*** (21.063)	0.5217*** (21.062)	0.5217*** (21.06)	0.5217*** (21.057)	0.5217*** (21.057)	0.5217*** (21.055)	0.5209*** (21.055) (9.817)	0.3572*** (9.817)	0.5209*** (21.053) (9.815)	0.3572*** (9.815) (7.202)	0.5209*** (21.05) (9.82)	0.3572*** (9.82) (7.206)	0.5209*** (21.048) (5.471)	0.3572*** (9.818) (7.204)
Event								0.00877*** (5.473)	0.01111*** (7.203)	0.00877*** (5.473)	0.01111*** (7.202)	0.00877*** (5.472)	0.01111*** (7.206)	0.00877*** (5.471)	0.01111*** (7.204)
Pol1*Event								-0.00455 (-0.29)	-0.0137324 (-0.913)	-0.00455 (-0.29)	-0.01373 (-0.913)	-0.00455 (-0.29)	-0.0137324 (-0.913)	-0.00455 (-0.29)	-0.0137324 (-0.913)
Pol2*Event								0.00813 (0.73)	0.0097353 (0.911)	0.00813 (0.729)	0.009735 (0.911)	0.00813 (0.729)	0.0097353 (0.911)	0.00813 (0.729)	0.0097353 (0.911)
Pol3*Event								-0.000897 (-0.093)	-0.0038812 (-0.418)	-0.000897 (-0.093)	-0.003881 (-0.418)	-0.000897 (-0.093)	-0.0038812 (-0.418)	-0.000897 (-0.093)	-0.0038812 (-0.418)
Pol1	0.0007214 (0.213)	0.002056 (0.575)	0.001045 (0.285)	0.001184 (0.276)	0.000127 (0.036)	0.000062 (0.018)	-0.000072 (-0.017)	0.001267 (0.339)	0.0080544 (1.176)	0.001406 (0.323)	0.00805 (1.024)	0.000284 (0.08)	0.0085921 (1.31)	0.00015 (0.036)	0.0084315 (1.106)
Pol2	0.0005302 (0.221)	0.000592 (0.244)	-0.001322 (-0.385)	-0.001314 (-0.382)	0.000561 (0.233)	-0.00212 (-0.623)	-0.002118 (-0.623)	-0.001719 (-0.494)	-0.001687 (-0.272)	-0.001711 (-0.492)	-0.001663 (-0.268)	-0.002516 (-0.732)	-0.001871 (-0.304)	-0.002514 (-0.731)	-0.001844 (-0.3)
Pol3	-0.0007408 (-0.355)	-0.00039 (-0.185)	0.001061 (0.393)	0.001068 (0.396)	-0.000903 (-0.428)	0.000191 (0.072)	0.000193 (0.073)	0.001105 (0.403)	0.0042543 (0.863)	0.001112 (0.406)	0.004276 (0.867)	0.000235 (0.087)	0.0034917 (0.72)	0.000236 (0.088)	0.0035183 (0.725)
Audit4			0.000184 (0.261)	0.000211 (0.297)	0.000095 (0.14)	0.0000367 (0.053)	0.000045 (0.065)	0.000184 (0.261)	0.0010919 (0.902)	0.000211 (0.298)	0.001179 (0.968)	0.000037 (0.053)	0.001341 (1.136)	0.000045 (0.065)	0.0014424 (1.216)
ADR			0.0028 (1.189)	0.002546 (0.96)	0.001733 (0.756)	0.00203 (0.871)	0.001872 (0.712)	0.0028 (1.191)	0.0027217 (0.674)	0.00255 (0.961)	0.001722 (0.378)	0.00203 (0.872)	0.0027331 (0.684)	0.001872 (0.712)	0.0013621 (0.302)
Pol1*AUorADR			NA			NA		NA	NA			NA	NA		
Pol2*AUorADR			0.004 (0.817)			0.00537 (1.117)		0.004 (0.818)	0.0005926 (0.071)			0.00537 (1.118)	0.0008945 (0.109)		
Pol3*AUorADR			-0.004489 (-1.011)			-0.00304 (-0.699)		-0.00449 (-1.012)	-0.006077 (-0.798)			-0.003042 (-0.7)	-0.0031 (-0.416)		
Pol1*AU				NA			NA			NA	NA			NA	NA
Pol2*AU				0.00397 (0.81)			0.005362 (1.115)			0.00397 (0.811)	0.000495 (0.059)			0.005362 (1.116)	0.0007931 (0.096)
Pol3*AU				-0.00527 (-1.055)			-0.003311 (-0.672)			-0.00527 (-1.056)	-0.00857 (-1.0)			-0.003311 (-0.673)	-0.006457 (-0.765)
Pol1*ADR				-0.00015 (-0.019)			0.000539 (0.071)			-0.00015 (-0.019)	0.001065 (0.082)			0.000539 (0.071)	0.0016283 (0.125)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.002666 (-0.378)			-0.002364 (-0.342)			-0.00267 (-0.278)	-0.000054 (-0.004)			-0.002364 (-0.343)	0.0047833 (0.404)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP**	PROP**	PROP**	No	No	No	PROP**	Yes	PROP**	Yes	No	No	No	No
Adjusted R-Squared	0.0344	0.03481	0.03472	0.03457	0.03429	0.03428	0.03412	0.03699	0.03809	0.03685	0.03762	0.03654	0.03866	0.03639	0.03829
N-Observations	12341	12341	12341	12341	12341	12341	12341	12341	3311	12341	3311	12341	3311	12341	3311

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Episode: Thaksin Elected as Prime Minister the Second Term (6 February 2005)(Tables D-9 to D-16)

Appendix D-9: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60		60		60		60	
Mkt	0.3837*** (12.608)	0.3837*** (12.611)	0.3837*** (12.611)	0.3837*** (12.611)	0.3837*** (12.608)	0.3837*** (12.608)	0.3837*** (12.607)	0.3816*** (12.298)	0.2845*** (4.517)	0.3816*** (12.298)	0.2845*** (4.516)	0.3816*** (12.295)	0.2845*** (4.511)	0.3816*** (12.295)	0.2845*** (4.511)
Event								0.000307 (0.233)	-0.0005995 (-0.546)	0.000307 (0.233)	-0.0005995 (-0.546)	0.000307 (0.233)	-0.0005997 (-0.545)	0.0003072 (0.233)	-0.000599 (-0.545)
Pol*Event								0.00106 (0.286)	0.0009667 (0.328)	0.00106 (0.286)	0.0009667 (0.328)	0.0010601 (0.285)	0.0009668 (0.328)	0.0010601 (0.285)	0.0009668 (0.328)
Pol	-0.0010306 (-1.303)	-0.0005 (-0.619)	-0.000533 (-0.396)	-0.000535 (-0.397)	-0.0010505 (-1.325)	-0.0012619 (-0.954)	-0.00126 (-0.952)	-0.00058 (-0.43)	-0.001123 (-0.56)	-0.000585 (-0.431)	-0.001131 (-0.564)	-0.0013124 (-0.983)	-0.0021857 (-1.106)	-0.0013105 (-0.982)	-0.0022039 (-1.115)
Audit4			0.000872 (1.517)	0.000871 (1.516)	0.0005383 (1.018)	0.0004999 (0.889)	0.0005009 (0.89)	0.000872 (1.517)	0.000671 (0.813)	0.000871 (1.516)	0.000667 (0.808)	0.0004999 (0.888)	0.0005613 (0.694)	0.0005009 (0.89)	0.0005513 (0.681)
ADR			0.000055 (0.026)	-0.000084 (-0.034)	-0.0003857 (-0.186)	-0.0004211 (-0.202)	-0.0003229 (-0.132)	0.000055 (0.026)	-0.000862 (-0.285)	-0.000084 (-0.034)	-0.001641 (-0.462)	-0.0004211 (-0.202)	-0.0013338 (-0.444)	-0.0003229 (-0.132)	-0.0022944 (-0.65)
Pol*AUorADR			0.0000083 (0.005)			0.0003306 (0.2)		0.0000083 (0.005)	0.001234 (0.516)			0.0003306 (0.2)	0.001851 (0.777)		
Pol*AU				-0.000011 (-0.007)			0.0003443 (0.207)			-0.000011 (-0.007)	0.001126 (0.478)			0.0003443 (0.207)	0.0017176 (0.717)
Pol*ADR				0.000503 (0.107)			-0.0003548 (-0.076)			0.000503 (0.107)	0.002819 (0.417)			-0.0003548 (-0.076)	0.0034699 (0.517)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	INDUST. PROP.	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.008456	0.008881	0.00886	0.008808	0.008407	0.008356	0.008303	0.008765	0.006292	0.008712	0.006122	0.00826	0.003573	0.008207	0.003423
N-Observations	18606	18606	18606	18606	18606	18606	18606	18606	4873	18606	4873	18606	4873	18606	4873

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-10: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.3837*** (12.608)	0.3837*** (12.611)	0.3837*** (12.611)	0.3837*** (12.611)	0.3837*** (12.608)	0.3837*** (12.608)	0.3837*** (12.607)	0.3816*** (12.298)	0.2845*** (4.517)	0.3816*** (12.298)	0.2845*** (4.516)	0.3816*** (12.295)	0.2845*** (4.511)	0.3816*** (12.295)	0.2845*** (4.51)
Event								0.0002995 (0.232)	-0.0005529 (-0.512)	0.0002995 (0.232)	-0.0005529 (-0.512)	0.0002996 (0.232)	-0.0005532 (-0.512)	0.0002996 (0.232)	-0.0005532 (-0.512)
Pol*Event								0.001595 (0.368)	0.0008309 (0.241)	0.001595 (0.368)	0.0008309 (0.241)	0.0015951 (0.368)	0.000831 (0.241)	0.0015951 (0.368)	0.000831 (0.241)
Pol	-0.0012381 (-1.34)	-0.000532 (-0.561)	-0.00055 (-0.321)	-0.00055 (-0.321)	-0.001294 (-1.392)	-0.0016925 (-0.998)	-0.0016917 (-0.997)	-0.000629 (-0.362)	0.0002079 (0.081)	-0.000629 (-0.362)	0.0002067 (0.081)	-0.0017685 (-1.035)	-0.0010339 (-0.41)	-0.0017676 (-1.035)	-0.0010512 (-0.417)
Audit4			0.000886 (1.574)	0.000886 (1.573)	0.000564 (1.065)	0.0005216 (0.947)	0.000522 (0.948)	0.000886 (1.574)	0.0008161 (1.009)	0.000886 (1.573)	0.000813 (1.005)	0.0005216 (0.947)	0.0007273 (0.918)	0.000522 (0.948)	0.000718 (0.906)
ADR			0.000092 (0.044)	-0.000071 (-0.029)	-0.0002969 (-0.143)	-0.0003476 (-0.166)	-0.0003008 (-0.123)	0.0000923 (0.044)	-0.0007895 (-0.261)	-0.000071 (-0.029)	-0.001575 (-0.443)	-0.0003476 (-0.166)	-0.0012387 (-0.412)	-0.0003008 (-0.123)	-0.0021976 (-0.623)
Pol*AUorADR			-0.000071 (-0.035)			0.0005709 (0.281)		-0.000071 (-0.035)	-0.0001269 (-0.043)			0.0005709 (0.281)	0.0006281 (0.215)		
Pol*AU				-0.000102 (-0.05)			0.0005796 (0.283)			-0.000102 (-0.05)	-0.0002792 (-0.094)			0.0005796 (0.283)	0.0004483 (0.152)
Pol*ADR				0.000598 (0.126)			-0.0001712 (-0.036)			0.000598 (0.126)	0.002878 (0.423)			-0.0001712 (-0.036)	0.0035112 (0.52)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	INDUST. PROP.	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.008461	0.008878	0.008859	0.008807	0.008417	0.008367	0.008314	0.008766	0.006232	0.008714	0.006064	0.008275	0.003363	0.008221	0.003214
N-Observations	18606	18606	18606	18606	18606	18606	18606	18606	4873	18606	4873	18606	4873	18606	4873

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-11: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.3837*** (12.608)	0.3837*** (12.611)	0.3837*** (12.61)	0.3837*** (12.609)	0.3837*** (12.607)	0.3837*** (12.607)	0.3837*** (12.606)	0.3816*** (12.297)	0.2845*** (4.515)	0.3816*** (12.296)	0.2845*** (4.514)	0.3816*** (12.294)	0.2845*** (4.509)	0.3816*** (12.293)	0.2845*** (4.508)
Event								0.000307 (0.233)	-0.0005995 (-0.546)	0.000307 (0.233)	-0.0005995 (-0.546)	0.000307 (0.233)	-0.0005995 (-0.545)	0.000307 (0.233)	-0.0005997 (-0.546)
Pol1*Event								0.003743 (0.41)	0.003384 (0.467)	0.003743 (0.41)	0.003384 (0.467)	0.0037431 (0.41)	0.003384 (0.466)	0.0037431 (0.41)	0.003384 (0.466)
Pol2*Event								-0.00112 (-0.223)	-0.001275 (-0.321)	-0.00112 (-0.223)	-0.001275 (-0.321)	-0.0011165 (-0.223)	-0.001275 (-0.321)	-0.0011165 (-0.223)	-0.001275 (-0.321)
Pol3*Event								0.003254 (0.528)	0.003379 (0.691)	0.003254 (0.528)	0.003379 (0.691)	0.0032536 (0.528)	0.003379 (0.69)	0.0032536 (0.528)	0.003379 (0.691)
Pol1	-0.0012748 (0.655)	-0.000238 (-0.12)	0.002508 (0.642)	0.002507 (0.641)	-0.0013238 (-0.675)	0.0025618 (0.661)	0.0025596 (0.66)	0.00233 (0.592)	-0.000124 (-0.021)	0.002329 (0.592)	-0.000129 (-0.022)	0.0023836 (0.611)	-0.0004837 (-0.084)	0.0023813 (0.611)	-0.0005059 (-0.088)
Pol2	-0.000886 (-0.832)	-0.000464 (-0.428)	-0.000749 (-0.454)	-0.000754 (-0.457)	-0.0008779 (-0.824)	-0.0014124 (-0.866)	-0.001415 (-0.867)	-0.000696 (-0.417)	-0.001918 (-0.774)	-0.0007 (-0.42)	-0.001937 (-0.782)	-0.0013592 (-0.824)	-0.0029618 (-1.206)	-0.0013615 (-0.826)	-0.002984 (-1.215)
Pol3	-0.0011471 (-0.874)	-0.000668 (-0.504)	-0.001251 (-0.5)	-0.001253 (-0.501)	-0.0012033 (-0.913)	-0.0024146 (-0.976)	-0.002417 (-0.977)	-0.00141 (-0.558)	0.000821 (0.222)	-0.00141 (-0.559)	0.0008199 (0.221)	-0.0025695 (-1.031)	-0.000625 (-0.17)	-0.0025718 (-1.032)	-0.0006472 (-0.176)
Audit4			0.000865 (1.505)	0.000863 (1.503)	0.000546 (1.031)	0.0005021 (0.892)	0.0005009 (0.89)	0.000865 (1.505)	0.000677 (0.819)	0.000863 (1.502)	0.000671 (0.812)	0.0005021 (0.892)	0.0005635 (0.696)	0.0005009 (0.89)	0.0005513 (0.681)
ADR			0.000165 (0.078)	-0.000086 (-0.035)	-0.0003239 (-0.155)	-0.0002036 (-0.097)	-0.000323 (-0.132)	0.000165 (0.078)	-0.000665 (-0.218)	-0.000086 (-0.035)	-0.001654 (-0.465)	-0.0002036 (-0.097)	-0.001121 (-0.37)	-0.0003229 (-0.132)	-0.0022944 (-0.65)
Pol1*AUorADR			-0.00384 (-0.842)			-0.0051896 (-1.154)		-0.00384 (-0.842)	-0.000384 (-0.058)			-0.0051896 (-1.154)	-0.0007634 (-0.118)		
Pol2*AUorADR			0.000549 (0.253)			0.0009363 (0.435)		0.000549 (0.253)	0.003483 (1.119)			0.0009363 (0.435)	0.0039994 (1.29)		
Pol3*AUorADR			0.00066 (0.223)			0.0016778 (0.573)		0.000658 (0.223)	-0.002348 (-0.554)			0.0016778 (0.573)	-0.0011453 (-0.272)		
Pol1*AU				-0.004246 (-0.913)			-0.00554 (-1.208)			-0.00425 (-0.913)	-0.00109 (-0.163)			-0.0055444 (-1.208)	-0.0015611 (-0.236)
Pol2*AU				0.000545 (0.252)			0.0009375 (0.435)			0.000545 (0.252)	0.003488 (1.12)			0.0009375 (0.435)	0.0040115 (1.294)
Pol3*AU				0.000732 (0.246)			0.0017784 (0.602)			0.000732 (0.246)	-0.002445 (-0.571)			0.0017784 (0.602)	-0.0012774 (-0.301)
Pol1*ADR				0.002744 (0.423)			0.0022551 (0.35)			0.00274 (0.423)	0.005404 (0.58)			0.0022551 (0.35)	0.0060327 (0.65)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.000676 (-0.109)			-0.001173 (-0.19)			-0.00068 (-0.109)	0.002248 (0.252)			-0.001173 (-0.19)	0.003048 (0.343)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	INDUST. PROP.	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.008352	0.008777	0.008695	0.008599	0.008304	0.008245	0.008148	0.008515	0.005492	0.008419	0.005156	0.008065	0.002738	0.007968	0.002426
N-Observations	18606	18606	18606	18606	18606	18606	18606	18606	4873	18606	4873	18606	4873	18606	4873

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-12: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.3837*** (12.608)	0.3837*** (12.611)	0.3837*** (12.61)	0.3837*** (12.609)	0.3837*** (12.608)	0.3837*** (12.607)	0.3837*** (12.606)	0.3816*** (12.297)	0.2845*** (4.514)	0.3816*** (12.296)	0.2845*** (4.514)	0.3816*** (12.293)	0.2845*** (4.508)	0.3816*** (12.293)	0.2845*** (4.508)
Event								0.0002995 (0.232)	-0.0005529 (-0.512)	0.0002995 (0.232)	-0.0005529 (-0.512)	0.0002996 (0.232)	-0.0005532 (-0.512)	0.0002996 (0.232)	-0.0005532 (-0.512)
Pol1*Event								0.005601 (0.575)	0.003598 (0.465)	0.005601 (0.575)	0.003598 (0.465)	0.0056005 (0.574)	0.003598 (0.465)	0.0056005 (0.574)	0.003598 (0.465)
Pol2*Event								-0.00071 (-0.118)	-0.0004322 (-0.091)	-0.00071 (-0.118)	-0.0004322 (-0.091)	-0.000709 (-0.118)	-0.0004321 (-0.091)	-0.000709 (-0.118)	-0.0004322 (-0.091)
Pol3*Event								0.002907 (0.388)	0.001217 (0.205)	0.002907 (0.388)	0.001217 (0.205)	0.0029067 (0.388)	0.001217 (0.204)	0.0029067 (0.388)	0.001217 (0.204)
Pol1	-0.0023509 (-1.132)	-0.00126 (-0.59)	-0.00212 (-0.385)	-0.00212 (-0.386)	-0.0025 (-1.191)	-0.0015329 (-0.281)	-0.001537 (-0.281)	-0.00239 (-0.432)	0.000745 (0.093)	-0.00239 (-0.433)	0.000746 (0.093)	-0.0017996 (-0.328)	0.0030977 (0.388)	-0.001804 (-0.329)	0.0030785 (0.385)
Pol2	-0.0004666 (-0.365)	0.0000695 (0.054)	-0.000114 (-0.05)	-0.000116 (-0.051)	-0.00052 (-0.408)	-0.0011281 (-0.498)	-0.001132 (-0.5)	-0.00008 (-0.035)	-0.001255 (-0.369)	-0.000082 (-0.036)	-0.001264 (-0.48)	-0.0010943 (-0.861)	-0.0029018 (-0.861)	-0.001098 (-0.861)	-0.002921 (-0.866)
Pol3	-0.0018105 (-1.135)	-0.001104 (-0.684)	-0.00086 (-0.307)	-0.000857 (-0.307)	-0.00185 (-1.155)	-0.0025656 (-0.931)	-0.00257 (-0.932)	-0.00099 (-0.354)	0.002431 (0.585)	-0.000996 (-0.354)	0.00243 (0.585)	-0.002704 (-0.973)	0.0008887 (0.216)	-0.002708 (-0.974)	0.0008696 (0.211)
Audit4			0.000883 (1.568)	0.000881 (1.565)	0.000577 (1.089)	0.0005242 (0.952)	0.000522 (0.948)	0.000883 (1.568)	0.000826 (1.02)	0.00088 (1.564)	0.000821 (1.014)	0.0005242 (0.952)	0.0007283 (0.919)	0.000522 (0.948)	0.000718 (0.906)
ADR			0.000284 (0.133)	-0.000059 (-0.024)	-0.000042 (-0.02)	-0.0000755 (-0.036)	-0.0003 (-0.123)	0.00028 (0.133)	-0.000696 (-0.227)	-0.000059 (-0.024)	-0.001568 (-0.441)	-0.0000755 (-0.036)	-0.0011378 (-0.374)	-0.0003 (-0.123)	-0.0021976 (-0.622)
Pol1*AUorADR			0.000798 (0.134)			-0.0011061 (-0.187)		0.000798 (0.134)	-0.001252 (-0.146)			-0.0011061 (-0.187)	-0.0043854 (-0.515)		
Pol2*AUorADR			0.000181 (0.066)			0.0008932 (0.326)		0.00018 (0.065)	0.001898 (0.477)			0.0008932 (0.326)	0.0030831 (0.781)		
Pol3*AUorADR			-0.00044 (-0.128)			0.0010806 (0.319)		-0.00044 (-0.128)	-0.002895 (-0.589)			0.0010806 (0.319)	-0.0016838 (-0.345)		
Pol1*AU				0.000417 (0.069)			-0.001439 (-0.24)			0.000417 (0.069)	-0.001979 (-0.228)			-0.001439 (-0.24)	-0.0051878 (-0.602)
Pol2*AU				0.000175 (0.063)			0.0008954 (0.326)			0.000175 (0.063)	0.00189 (0.475)			0.0008954 (0.326)	0.0030934 (0.783)
Pol3*AU				-0.00039 (-0.113)			0.0011631 (0.336)			-0.00039 (-0.113)	-0.002968 (-0.592)			0.0011631 (0.336)	-0.0018394 (-0.37)
Pol1*ADR				0.0027 (0.416)			0.0022331 (0.346)			0.002698 (0.416)	0.005369 (0.576)			0.0022331 (0.346)	0.0059359 (0.639)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.000014 (0.002)			-0.000418 (-0.066)			0.000015 (0.002)	0.001466 (0.161)			-0.000418 (-0.066)	0.0023864 (0.262)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	INDUST. PROP.	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.008398	0.008796	0.008675	0.008578	0.008355	0.008207	0.008108	0.008494	0.005186	0.008397	0.004845	0.008027	0.002399	0.007927	0.002078
N-Observations	18606	18606	18606	18606	18606	18606	18606	18606	4873	18606	4873	18606	4873	18606	4873

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-13: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60	11	60	11	60	11	60	11
Mkt	0.3506*** (10.217)	0.3506*** (10.218)	0.3506*** (10.218)	0.3506*** (10.218)	0.3506*** (10.216)	0.3506*** (10.216)	0.3506*** (10.216)	0.3455*** (9.874)	0.2137** (3.045)	0.3455*** (9.874)	0.2137** (3.045)	0.3455*** (9.872)	0.2137** (3.041)	0.3455*** (9.871)	0.2137** (3.041)
Event								0.00092 (0.62)	0.0002994 (0.246)	0.00092 (0.62)	0.0002994 (0.246)	0.000917 (0.619)	0.0002991 (0.245)	0.000917 (0.619)	0.0002991 (0.245)
Pol*Event								0.001165 (0.27)	0.0011799 (0.348)	0.001165 (0.27)	0.0011799 (0.348)	0.001165 (0.269)	0.00118 (0.348)	0.001165 (0.269)	0.00118 (0.348)
Pol	-0.0011896 (-1.292)	-0.000785 (-0.839)	-0.000888 (-0.569)	-0.00089 (-0.573)	-0.001218 (-1.317)	-0.001253 (-0.812)	-0.001253 (-0.811)	-0.000943 (-0.599)	-0.001594 (-0.693)	-0.00095 (-0.603)	-0.0016121 (-0.701)	-0.00131 (-0.84)	-0.002517 (-1.104)	-0.001308 (-0.84)	-0.002539 (-1.113)
Audit4			0.001075. (1.661)	0.001076. (1.662)	0.0005936 (1.002)	0.00059 (0.937)	0.000588 (0.937)	0.001075. (1.661)	0.0007656 (0.833)	0.001076. (1.662)	0.0007668 (0.834)	0.00059 (0.937)	0.0005221 (0.586)	0.000588 (0.937)	0.0005111 (0.573)
ADR			0.0002302 (0.105)	-0.000084 (-0.032)	-0.0005186 (-0.238)	-0.00052 (-0.24)	-0.000488 (-0.19)	0.00023 (0.105)	-0.0006638 (-0.212)	-0.000084 (-0.032)	-0.0016708 (-0.455)	-0.000524 (-0.24)	-0.001389 (-0.447)	-0.000488 (-0.19)	-0.002418 (-0.663)
Pol*AUorADR			0.000079 (0.04)				0.000055 (0.029)	0.000079 (0.04)	0.0015476 (0.562)			0.000055 (0.029)	0.0019376 (0.705)		
Pol*AU				0.000025 (0.013)			0.0000618 (0.032)			0.000025 (0.013)	0.0013755 (0.496)			0.000062 (0.032)	0.001754 (0.633)
Pol*ADR				0.00115 (0.232)			-0.000132 (-0.027)			0.00115 (0.232)	0.0036892 (0.524)			-0.000132 (-0.027)	0.0037534 (0.539)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.006478	0.006768	0.006775	0.006716	0.006419	0.006357	0.006295	0.00669	0.004714	0.006631	0.004541	0.006272	0.001678	0.00621	0.001508
N-Observations	15960	15960	15960	15960	15960	15960	15960	15960	4180	15960	4180	15960	4180	15960	4180

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-14: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.3506*** (10.217)	0.3506*** (10.218)	0.3506*** (10.218)	0.3506*** (10.218)	0.3506*** (10.216)	0.3506*** (10.216)	0.3506*** (10.216)	0.3455*** (9.874)	0.2137** (3.045)	0.3455*** (9.874)	0.2137** (3.045)	0.3455*** (9.872)	0.2137** (3.041)	0.3455*** (9.872)	0.2137** (3.04)
Event								0.000926 (0.637)	0.000376 (0.314)	0.000926 (0.637)	0.000376 (0.314)	0.000926 (0.637)	0.000376 (0.313)	0.000926 (0.637)	0.000376 (0.313)
Pol*Event								0.001557 (0.307)	0.000722 (0.181)	0.001557 (0.306)	0.000722 (0.181)	0.001557 (0.306)	0.000722 (0.181)	0.001557 (0.306)	0.000722 (0.181)
Pol	-0.0014216 (-1.314)	-0.000825 (-0.75)	-0.000954 (-0.485)	-0.000956 (-0.486)	-0.0014764 (-1.354)	-0.0017421 (-0.892)	-0.001742 (-0.892)	-0.001028 (-0.519)	0.0000784 (0.027)	-0.00103 (-0.52)	0.000071 (0.025)	-0.0018162 (-0.923)	-0.000907 (-0.316)	-0.001816 (-0.923)	-0.000928 (-0.323)
Audit4			0.00018. (1.695)	0.00108. (1.695)	0.0006113 (1.03)	0.0005846 (0.95)	0.000585 (0.95)	0.00108. (1.695)	0.000922 (1.019)	0.001081. (1.695)	0.000924 (1.021)	0.0005846 (0.95)	0.0006933 (0.793)	0.000585 (0.95)	0.000683 (0.78)
ADR			0.000267 (0.121)	-0.00006 (-0.023)	-0.0004215 (-0.193)	-0.0004567 (-0.208)	-0.000467 (-0.182)	0.000267 (0.121)	-0.000586 (-0.187)	-0.00006 (-0.023)	-0.001588 (-0.433)	-0.0004567 (-0.208)	-0.001285 (-0.412)	-0.000467 (-0.182)	-0.00231 (-0.633)
Pol*AUorADR			0.000075 (0.032)			0.0003869 (0.164)		0.000075 (0.032)	-0.000095 (-0.028)			0.0003869 (0.164)	0.0003242 (0.097)		
Pol*AU				-0.0000066 (-0.003)			0.000384 (0.161)			-0.0000066 (-0.003)	-0.000344 (-0.101)			0.000384 (0.161)	0.0000695 (0.021)
Pol*ADR				0.00122 (0.244)			0.000037 (0.007)			0.00122 (0.244)	0.003735 (0.526)			0.000037 (0.007)	0.00381 (0.542)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.006481	0.00676	0.006767	0.006708	0.006425	0.006365	0.006303	0.006683	0.0046	0.006625	0.004427	0.006281	0.001414	0.006219	0.001245
N-Observations	15960	15960	15960	15960	15960	15960	15960	15960	4180	15960	4180	15960	4180	15960	4180

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-15: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60		60		60		60	
Mkt	0.3506*** (10.216)	0.3506*** (10.218)	0.3506*** (10.217)	0.3506*** (10.217)	0.3506*** (10.216)	0.3506*** (10.215)	0.3506*** (10.215)	0.3455*** (9.873)	0.2137** (3.044)	0.3455*** (9.872)	0.2137** (3.043)	0.3455*** (9.871)	0.2137** (3.04)	0.3455*** (9.87)	0.2137** (3.039)
Event								0.0009168 (0.619)	0.0002994 (0.246)	0.0009168 (0.619)	0.0002994 (0.246)	0.000917 (0.619)	0.0002991 (0.245)	0.000917 (0.619)	0.0002991 (0.245)
Pol1*Event								0.006239 (0.567)	0.0046085 (0.534)	0.0062386 (0.567)	0.0046085 (0.534)	0.0062386 (0.567)	0.0046086 (0.534)	0.0062386 (0.567)	0.0046086 (0.533)
Pol2*Event								-0.001657 (-0.27)	-0.0011049 (-0.229)	-0.001657 (-0.27)	-0.0011049 (-0.229)	-0.001657 (-0.27)	-0.0011048 (-0.229)	-0.001657 (-0.27)	-0.0011048 (-0.229)
Pol3*Event								0.002695 (0.406)	0.0026577 (0.511)	0.0026952 (0.406)	0.0026577 (0.511)	0.0026952 (0.406)	0.0026578 (0.510)	0.0026952 (0.406)	0.0026578 (0.510)
Pol1	-0.0010787 (-0.461)	0.0000871 (0.036)	0.002613 (0.639)	0.002611 (0.639)	-0.0010522 (-0.445)	0.0024326 (0.601)	0.0024291 (0.6)	0.002316 (0.562)	-0.000296 (-0.049)	0.0023139 (0.562)	-0.0002985 (-0.05)	0.0021355 (0.523)	-0.0008507 (-0.143)	0.002132 (0.522)	-0.0008679 (-0.145)
Pol2	-0.0012069 (-0.922)	-0.001079 (-0.817)	-0.001272 (-0.645)	-0.001279 (-0.649)	-0.0011994 (-0.916)	-0.0015205 (-0.778)	-0.001524 (-0.779)	-0.001193 (-0.599)	-0.002942 (-1.003)	-0.0012002 (-1.01)	-0.0029656 (-1.01)	-0.0014416 (-0.729)	-0.0038084 (-1.306)	-0.0014451 (-0.731)	-0.0038256 (-1.132)
Pol3	-0.0012085 (-0.855)	-0.000726 (-0.511)	-0.001741 (-0.6)	-0.001743 (-0.601)	-0.0012977 (-0.913)	-0.0024797 (-0.86)	-0.0024832 (-0.861)	-0.001869 (-0.64)	0.0011755 (0.278)	-0.0018714 (-0.641)	0.0011718 (0.277)	-0.002608 (-0.899)	-0.0001063 (-0.025)	-0.0026115 (-0.9)	-0.0001235 (-0.029)
Audit4			0.001075 (1.659)	0.001073 (1.657)	0.0005955 (1.002)	0.0005899 (0.94)	0.0005881 (0.937)	0.001075 (1.659)	0.0007916 (0.861)	0.0010732 (1.657)	0.0007899 (0.858)	0.0005899 (0.94)	0.0005198 (0.583)	0.0005881 (0.937)	0.0005111 (0.573)
ADR			0.000252 (0.113)	-0.000095 (-0.037)	-0.0005311 (-0.242)	-0.0003229 (-0.146)	-0.0004882 (-0.19)	0.0002522 (0.113)	-0.0009389 (-0.296)	-0.000095 (-0.037)	-0.0017087 (-0.465)	-0.0003229 (-0.146)	-0.0015984 (-0.507)	-0.0004882 (-0.19)	-0.0024176 (-0.663)
Pol1*AUorADR			-0.00383 (-0.754)			-0.0052738 (-1.055)		-0.003828 (-0.754)	0.0027087 (0.376)			-0.0052738 (-1.055)	0.0019505 (0.274)		
Pol2*AUorADR			0.000403 (0.152)			0.0005891 (0.224)		0.000403 (0.152)	0.0034931 (0.927)			0.0005891 (0.224)	0.0038506 (1.029)		
Pol3*AUorADR			0.001105 (0.332)			0.001535 (0.463)		0.001105 (0.332)	-0.0024821 (-0.525)			0.001535 (0.463)	-0.0015969 (-0.338)		
Pol1*AU				-0.00456 (-0.859)			-0.0059039 (-1.129)			-0.0045551 (-0.859)	0.0021717 (0.288)			-0.0059039 (-1.129)	0.0013404 (0.18)
Pol2*AU				0.000403 (0.152)			0.0005909 (0.224)			0.000403 (0.152)	0.0035105 (0.932)			0.0005909 (0.224)	0.0038593 (1.031)
Pol3*AU				0.00115 (0.342)			0.001627 (0.487)			0.0011498 (0.342)	-0.0026566 (-0.557)			0.001627 (0.487)	-0.0017691 (-0.372)
Pol1*ADR				0.003312 (0.468)			0.0026928 (0.382)			0.0033121 (0.468)	0.0030145 (0.3)			0.0026928 (0.382)	0.0032946 (0.329)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.000244 (-0.037)			-0.0010076 (-0.156)			-0.0002435 (-0.037)	0.0030361 (0.329)			-0.0010076 (-0.156)	0.0031713 (0.346)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	Yes	Yes	Yes	No	No	No	Yes	CONSUMP* INDUST* PROP*SER.	Yes	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.006353	0.006656	0.006582	0.006472	0.006295	0.006196	0.006084	0.006404	0.003831	0.006293	0.003393	0.006018	0.0007087	0.005905	0.0002764
N-Observations	15960	15960	15960	15960	15960	15960	15960	15960	4180	15960	4180	15960	4180	15960	4810

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-16: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.3506*** (10.216)	0.3506*** (10.218)	0.3506*** (10.217)	0.3506*** (10.217)	0.3506*** (10.216)	0.3506*** (10.215)	0.3506*** (10.215)	0.3455*** (9.872)	0.2137** (3.044)	0.3455*** (9.872)	0.2137** (3.043)	0.3455*** (9.87)	0.2137** (3.039)	0.3455*** (9.87)	0.2137** (3.039)
Event								0.000926 (0.637)	0.0003759 (0.314)	0.000926 (0.637)	0.0003759 (0.313)	0.0009259 (0.637)	0.0003757 (0.313)	0.0009259 (0.637)	0.0003757 (0.313)
Pol1*Event								0.009384 (0.78)	0.0052352 (0.555)	0.009384 (0.78)	0.0052352 (0.555)	0.009384 (0.78)	0.0052353 (0.554)	0.009384 (0.78)	0.0052353 (0.554)
Pol2*Event								-0.001723 (-0.237)	-0.0004281 (-0.075)	-0.001723 (-0.237)	-0.0004281 (-0.075)	-0.001723 (-0.237)	-0.000428 (-0.075)	-0.001723 (-0.237)	-0.000428 (-0.075)
Pol3*Event								0.002714 (0.266)	0.0001332 (0.021)	0.002714 (0.266)	0.0001332 (0.021)	0.002714 (0.266)	0.0001333 (0.021)	0.002714 (0.266)	0.0001333 (0.021)
Pol1	-0.002517 (-0.983)	-0.0012748 (-0.483)	-0.001873 (-0.326)	-0.00187 (-0.326)	-0.0026238 (-1.01)	-0.0016723 (-0.293)	-0.0016778 (-0.294)	-0.00232 (-0.402)	0.0007438 (0.089)	-0.00232 (-0.402)	0.0007506 (0.09)	-0.0021192 (-0.369)	0.0026695 (0.322)	-0.0021247 (-0.37)	0.0026554 (0.32)
Pol2	-0.0006761 (-0.436)	-0.0003746 (-0.241)	-0.000494 (-0.19)	-0.0005 (-0.192)	-0.0007217 (-0.465)	-0.0011833 (-0.458)	-0.0011888 (-0.46)	-0.000412 (-0.157)	-0.001745 (-0.454)	-0.000418 (-0.159)	-0.0017583 (-0.458)	-0.0011013 (-0.422)	-0.0032606 (-0.853)	-0.0011068 (-0.424)	-0.0032747 (-0.856)
Pol3	-0.0018726 (-1.075)	-0.0012186 (-0.694)	-0.00143 (-0.43)	-0.00144 (-0.43)	-0.0019542 (-1.115)	-0.0026807 (-0.808)	-0.0026861 (-0.81)	-0.00154 (-0.457)	0.0032024 (0.656)	-0.00154 (-0.458)	0.0031968 (0.655)	-0.0027842 (-0.834)	0.0019845 (0.408)	-0.0027897 (-0.835)	0.0019704 (0.405)
Audit4			0.001073. (1.683)	0.001072. (1.681)	0.0006264 (1.055)	0.0005873 (0.955)	0.0005845 (0.95)	0.001073. (1.683)	0.0009572 (1.057)	0.001072. (1.681)	0.0009559 (1.055)	0.0005873 (0.954)	0.00069 (0.788)	0.0005845 (0.95)	0.0006829 (0.78)
ADR			0.000373 (0.167)	-0.000053 (-0.02)	-0.0001859 (-0.084)	-0.0001942 (-0.087)	-0.0004667 (-0.182)	0.000373 (0.167)	-0.0009822 (-0.309)	-0.000053 (-0.02)	-0.0016053 (-0.437)	-0.0001942 (-0.087)	-0.00161 (-0.509)	-0.0004667 (-0.182)	-0.002309 (-0.633)
Pol1*AUorADR			0.000632 (0.098)			-0.0011764 (-0.183)		0.000632 (0.098)	0.0015961 (0.173)			-0.0011764 (-0.183)	-0.0016767 (-0.184)		
Pol2*AUorADR			0.000095 (0.029)			0.0007221 (0.223)		0.000095 (0.029)	0.0008468 (0.183)			0.0007221 (0.223)	0.0020238 (0.44)		
Pol3*AUorADR			0.000156 (0.04)			0.0010079 (0.258)		0.000156 (0.04)	-0.003291 (-0.589)			0.0010079 (0.258)	-0.0026158 (-0.47)		
Pol1*AU				-0.00006 (-0.009)			-0.0017734 (-0.269)			-0.00006 (-0.009)	0.0010296 (0.109)			-0.0017734 (-0.269)	-0.0022914 (-0.244)
Pol2*AU				0.000094 (0.029)			0.0007249 (0.224)			0.000094 (0.029)	0.0008529 (0.184)			0.0007249 (0.224)	0.0020309 (0.442)
Pol3*AU				0.000164 (0.041)			0.0010762 (0.271)			0.000164 (0.041)	-0.0034738 (-0.612)			0.0010762 (0.271)	-0.0028335 (-0.501)
Pol1*ADR				0.00325 (0.46)			0.0026713 (0.379)			0.003253 (0.46)	0.0029343 (0.292)			0.0026713 (0.379)	0.003186 (0.318)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				0.000371 (0.056)			-0.0002517 (-0.038)			0.000371 (0.056)	0.0021264 (0.226)			-0.0002517 (-0.038)	0.0024978 (0.266)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	PROP.	INDUST. PROP.	INDUST. PROP.	No	No	No	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	INDUST. PROP.	CONSUMP* INDUST* PROP*SER.	No	No	No	No
Adjusted R-Squared	0.006388	0.006645	0.00653	0.006418	0.006333	0.006155	0.00604	0.006362	0.003586	0.00625	0.003135	0.005987	0.000427	0.005872	-0.000017
N-Observations	15960	15960	15960	15960	15960	15960	15960	15960	4180	15960	4180	15960	4180	15960	4180

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Episode: Sale of Shin Corp to Temasek (23 January 2006) (Tables D-17 to D-24)

Appendix D-17: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	11	(9)	11	(10)	11	(11)	11
								60	11	60	11	60	11	60	11
Mkt	0.6203*** (11.479)	0.6203*** (11.479)	0.6207*** (11.485)	0.6207*** (11.484)	0.6206*** (11.485)	0.6206*** (11.485)	0.6206*** (11.485)	0.6306*** (11.52)	0.8615*** (4.344)	0.6306*** (11.52)	0.8615*** (4.344)	0.6306*** (11.52)	0.8615*** (4.346)	0.6306*** (11.52)	0.8615*** (4.345)
Event								-0.0039691 (-1.442)	-0.0071269 (-1.279)	-0.003969 (-1.442)	-0.0071269 (-1.278)	-0.0039684 (-1.442)	-0.0071269 (-1.279)	-0.003969 (-1.442)	-0.0071269 (-1.279)
Pol*Event								0.009441 (1.126)	0.0120021 (0.734)	0.009441 (1.126)	0.0120021 (0.733)	0.0094402 (1.126)	0.0120021 (0.734)	0.0094403 (1.126)	0.0120021 (0.734)
Pol	-0.0009844 (-0.539)	-0.000721 (-0.386)	-0.001745 (-0.563)	-0.001753 (-0.565)	-0.0007353 (-0.398)	-0.0015579 (-0.504)	-0.0015671 (-0.507)	-0.0022238 (-0.711)	-0.0053642 (-0.485)	-0.002232 (-0.713)	-0.0053628 (-0.484)	-0.0020365 (-0.653)	-0.0048917 (-0.443)	-0.0020458 (-0.656)	-0.004897 (-0.444)
Audit4			-0.001179 (-0.944)	-0.001183 (-0.947)	-0.0012399 (-1.098)	-0.0013634 (-1.147)	-0.0013719 (-1.153)	-0.0011896 (-0.953)	-0.0049002 (-1.131)	-0.001194 (-0.956)	-0.0048994 (-1.131)	-0.001373 (-1.155)	-0.0048917 (-1.303)	-0.0013816 (-1.161)	-0.0053524 (-1.303)
ADR			-0.001608 (-0.29)	-0.002292 (-0.326)	-0.0012945 (-0.237)	-0.0014844 (-0.27)	-0.0021655 (-0.31)	-0.0016169 (-0.292)	0.0004471 (0.023)	-0.002304 (-0.327)	0.0005538 (0.022)	-0.0014921 (-0.271)	-0.0002776 (-0.014)	-0.0021775 (-0.312)	-0.0006651 (-0.027)
Pol*AUorADR			0.001802 (0.464)			0.0012831 (0.332)		0.0018137 (0.467)	0.0038236 (0.285)			0.0012954 (0.335)	0.0027346 (0.205)		
Pol*AU				0.001747 (0.448)			0.0012247 (0.316)			0.001758 (0.451)	0.0038316 (0.285)			0.0012366 (0.319)	0.0027029 (0.202)
Pol*ADR				0.0018 (0.158)			0.0017906 (0.158)			0.001809 (0.158)	-0.0002751 (-0.007)			0.0018018 (0.159)	0.0009978 (0.025)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	IND. PROP.	IND* PROP*	IND. PROP.	No	No	No	No
Adjusted R-Squared	0.006809	0.006764	0.006658	0.006607	0.006769	0.006723	0.006672	0.006688	0.001898	0.006637	0.001706	0.006753	0.002739	0.006702	0.002548
N-Observations	18972	18972	18972	18972	18972	18972	18972	18972	5225	18972	5225	18972	5225	18972	5225

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix D-18: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6203*** (11.479)	0.6203*** (11.48)	0.6206*** (11.484)	0.6206*** (11.484)	0.6206*** (11.485)	0.6206*** (11.485)	0.6206*** (11.484)	0.6306*** (11.519)	0.8615*** (4.344)	0.6306*** (11.519)	0.8615*** (4.344)	0.6306*** (11.52)	0.8615*** (4.346)	0.6306*** (11.519)	0.8615*** (4.345)
Event								-0.003788 (-1.395)	-0.0069076 (-1.255)	-0.003788 (-1.395)	-0.0069076 (-1.255)	-0.0037872 (-1.395)	-0.0069076 (-1.256)	-0.0037875 (-1.395)	-0.0069076 (-1.255)
Pol*Event								0.01016 (1.072)	0.0130513 (0.705)	0.01016 (1.072)	0.0130513 (0.705)	0.010164 (1.072)	0.0130513 (0.705)	0.010164 (1.072)	0.0130513 (0.705)
Pol	-0.0005175 (-0.25)	-0.0002175 (-0.103)	-0.0006854 (-0.195)	-0.0006927 (-0.197)	-0.0002475 (-0.118)	-0.0005357 (-0.153)	-0.0005434 (-0.155)	-0.001201 (-0.338)	-0.004389 (-0.35)	-0.001209 (-0.34)	-0.0043876 (-0.349)	-0.001051 (-0.297)	-0.0041925 (-0.335)	-0.0010588 (-0.299)	-0.0041976 (-0.336)
Audit4			-0.001096 (-0.889)	-0.0011 (-0.891)	-0.0012749 (-1.131)	-0.0013078 (-1.116)	-0.0013151 (-1.121)	-0.001106 (-0.897)	-0.0047435 (-1.108)	-0.00111 (-0.9)	-0.0047427 (-1.108)	-0.0013168 (-1.123)	-0.0052421 (-1.296)	-0.0013241 (-1.128)	-0.0052472 (-1.295)
ADR			-0.001605 (-0.288)	-0.002203 (-0.313)	-0.0014324 (-0.261)	-0.0014981 (-0.271)	-0.0020839 (-0.298)	-0.001614 (-0.29)	0.0005734 (0.03)	-0.002214 (-0.315)	0.0006831 (0.028)	-0.0015057 (-0.273)	-0.0001897 (-0.01)	-0.0020953 (-0.3)	-0.0005688 (-0.023)
Pol*AUorADR			0.0009245 (0.21)			0.0004487 (0.103)		0.0009372 (0.213)	0.0025168 (0.166)			0.0004617 (0.106)	0.0017602 (0.117)		
Pol*AU				0.0008572 (0.194)			0.0003784 (0.086)			0.0008696 (0.196)	0.002585 (0.165)			0.0003909 (0.089)	0.0017165 (0.113)
Pol*ADR				0.001592 (0.139)			0.00156 (0.137)			0.0016 (0.139)	-0.0002861 (-0.007)			0.0015702 (0.138)	0.0009888 (0.025)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	IND. PROP.	IND* PROP*	IND. PROP.	No	No	No	No
Adjusted R-Squared	0.006797	0.006757	0.006644	0.006592	0.006762	0.00671	0.006659	0.006667	0.001878	0.006616	0.001686	0.006734	0.002723	0.006682	0.002532
N-Observations	18972	18972	18972	18972	18972	18972	18972	18972	5225	18972	5225	18972	5225	18972	5225

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-19: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6203*** (11.479)	0.6203*** (11.479)	0.6206*** (11.484)	0.6207*** (11.483)	0.6206*** (11.484)	0.6206*** (11.484)	0.6206*** (11.484)	0.6306*** (11.519)	0.8615*** (4.342)	0.6306*** (11.518)	0.8615*** (4.341)	0.6306*** (11.519)	0.8615*** (4.344)	0.6306*** (11.519)	0.8615*** (4.343)
Event								-0.003969 (-1.442)	-0.007127 (-1.278)	-0.0039693 (-1.442)	-0.0071269 (-1.278)	-0.0039683 (-1.442)	-0.0071269 (-1.279)	-0.0039686 (-1.442)	-0.0071269 (-1.278)
Pol1*Event								0.0282482 (1.412)	0.02512 (0.643)	0.0282485 (1.411)	0.0251167 (0.643)	0.0282501 (1.412)	0.0251167 (0.643)	0.0282504 (1.412)	0.0251167 (0.643)
Pol2*Event								0.0081081 (0.661)	0.01332 (0.557)	0.0081084 (0.661)	0.0133245 (0.557)	0.00811 (0.661)	0.0133245 (0.557)	0.0081103 (0.661)	0.0133245 (0.557)
Pol3*Event								0.0033849 (0.264)	0.005302 (0.212)	0.0033864 (0.264)	0.0053016 (0.212)	0.0033854 (0.264)	0.0053016 (0.212)	0.0033868 (0.264)	0.0053016 (0.212)
Pol1	0.0004283 (0.098)	0.0005602 (0.125)	0.0058777 (0.669)	0.0058568 (0.666)	0.000973 (0.22)	0.0084827 (0.977)	0.0084737 (0.976)	0.0044583 (0.504)	0.02173 (0.697)	0.0044374 (0.502)	0.0217043 (0.696)	0.007065 (0.808)	0.0287679 (0.934)	0.007056 (0.807)	0.0287665 (0.933)
Pol2	-0.002409 (-0.902)	-0.002202 (-0.818)	-0.0041197 (-0.987)	-0.0041303 (-0.989)	-0.0022999 (-0.86)	-0.0039278 (-0.944)	-0.003937 (-0.946)	-0.004531 (-1.073)	-0.01239 (-0.822)	-0.0045412 (-1.076)	-0.0123769 (-0.821)	-0.0043385 (-1.032)	-0.0125048 (-0.834)	-0.0043476 (-1.034)	-0.0125062 (-0.833)
Pol3	0.0000177 (0.006)	0.0004635 (0.164)	-0.0006582 (-0.129)	-0.0006708 (-0.131)	0.0003658 (0.13)	-0.0013469 (-0.264)	-0.001356 (-0.266)	-0.000832 (-0.161)	-0.003611 (-0.199)	-0.0008445 (-0.164)	-0.0036146 (-0.199)	-0.0015203 (-0.296)	-0.00464 (-0.257)	-0.0015295 (-0.297)	-0.0046414 (-0.257)
Audit4			-0.0011769 (-0.942)	-0.0011869 (0.95)	-0.0012822 (1.134)	-0.0013636 (-1.147)	-0.001372 (-1.153)	-0.0011876 (-0.95)	-0.00483 (-1.114)	-0.0011976 (-0.958)	-0.0048308 (-1.113)	-0.0013732 (-1.155)	-0.0053509 (-1.303)	-0.0013816 (-1.161)	-0.0053524 (-1.302)
ADR			-0.0016471 (-0.294)	-0.0023305 (-0.331)	-0.0018521 (-0.335)	-0.0014996 (-0.269)	-0.002166 (-0.31)	-0.0016552 (0.295)	-0.0000226 (0.001)	-0.0023423 (-0.333)	0.0004545 (0.018)	-0.0015071 (-0.271)	-0.0005605 (-0.029)	-0.0021775 (-0.312)	-0.0006651 (-0.027)
Pol1*AUorADR			-0.0068019 (-0.664)			-0.0100406 (-0.994)		-0.0067915 (-0.663)	-0.02448 (-0.692)			-0.0100298 (0.993)	-0.0335309 (-0.961)		
Pol2*AUorADR			0.0033196 (0.608)			-0.0027725 (0.51)		0.003329 (0.609)	0.008778 (0.465)			0.0027821 (0.512)	0.0085037 (0.453)		
Pol3*AUorADR			0.0019494 (0.317)			0.0024321 (0.397)		0.0019581 (0.319)	0.0004725 (0.223)			0.0024409 (0.398)	0.0053255 (0.253)		
Pol1*AU				-0.0077504 (-0.744)			-0.011022 (-1.071)			-0.0077412 (-0.743)	-0.025097 (-0.697)			-0.0110119 (-1.07)	-0.0341349 (-0.96)
Pol2*AU				0.0033162 (0.607)			0.0027809 (0.512)			0.0033257 (0.609)	0.0087544 (0.463)			0.0027906 (0.514)	0.0085052 (0.453)
Pol3*AU				0.0021945 (0.354)			0.0026625 (0.431)			0.0022029 (0.356)	0.0050826 (0.238)			0.0026708 (0.432)	0.005536 (0.261)
Pol1*ADR				0.0066437 (0.437)			0.0066018 (0.437)			0.0066543 (0.438)	0.0034701 (0.066)			0.0066138 (0.438)	0.0037371 (0.071)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.0024457 (-0.168)			-0.002464 (-0.17)			-0.002436 (-0.167)	-0.0053308 (-0.106)			-0.0024519 (-0.169)	-0.0028221 (-0.056)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.006732	0.00669	0.006521	0.00643	0.0067	0.006618	0.006527	0.006506	0.001019	0.006415	0.0006386	0.006603	0.001968	0.006512	0.001587
N-Observations	18972	18972	18972	18972	18972	18972	18972	18972	5225	18972	5225	18972	5225	18972	5225

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix D-20: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(11)	(11)	
								60	11	60	11	60	11	60	11
Mkt	0.6203*** (11.478)	0.6203*** (11.479)	0.6206*** (11.483)	0.6206*** (11.483)	0.6206*** (11.484)	0.6206*** (11.484)	0.6206*** (11.483)	0.6306*** (11.518)	0.8615*** (4.342)	0.6306*** (11.517)	0.8615*** (4.341)	0.6306*** (11.518)	0.8615*** (4.344)	0.6306*** (11.518)	0.8615*** (4.343)
Event								-0.0037874 (-1.395)	-0.0069076 (-1.254)	-0.0037875 (-1.395)	-0.0069076 (-1.254)	-0.0037871 (-1.395)	-0.0069076 (-1.255)	-0.003787 (-1.395)	-0.0069076 (-1.255)
Pol1*Event								0.0280668 (1.403)	0.0248974 (0.637)	0.0280669 (1.403)	0.0248974 (0.637)	0.0280691 (1.403)	0.0248974 (0.638)	0.0280693 (1.403)	0.0248974 (0.638)
Pol2*Event								0.0070179 (0.506)	0.0130795 (0.483)	0.007018 (0.506)	0.0130795 (0.483)	0.0070197 (0.506)	0.0130795 (0.483)	0.0070198 (0.506)	0.0130795 (0.483)
Pol3*Event								0.0032852 (0.208)	0.0057244 (0.186)	0.00329 (0.208)	0.0057244 (0.186)	0.0032837 (0.208)	0.0057244 (0.186)	0.0032883 (0.208)	0.0057244 (0.186)
Pol1	0.0004906 (0.113)	0.0006634 (0.148)	0.0060307 (0.686)	0.0060121 (0.684)	0.001037 (0.235)	0.0085643 (0.986)	0.008559 (0.986)	0.0046209 (0.522)	0.0220192 (0.706)	0.0046022 (0.52)	0.0220031 (0.705)	0.007156 (0.819)	0.028901 (0.938)	0.0071506 (0.818)	0.0289027 (0.938)
Pol2	-0.0018456 (-0.611)	-0.0015479 (-0.511)	-0.0026393 (-0.518)	-0.0026372 (-0.518)	-0.0016702 (-0.552)	-0.0028513 (-0.564)	-0.002857 (-0.565)	-0.0029953 (-0.583)	-0.0118365 (-0.648)	-0.0029933 (-0.582)	-0.011809 (-0.646)	-0.0032071 (-0.628)	-0.0134416 (-0.741)	-0.003213 (-0.629)	-0.0134399 (-0.741)
Pol3	0.0005987 (0.174)	0.0010677 (0.307)	-0.0010082 (-0.18)	-0.0010237 (-0.183)	0.0008903 (0.257)	-0.001421 (-0.255)	-0.001426 (-0.255)	-0.0011766 (-0.208)	-0.0054679 (-0.274)	-0.0011923 (-0.211)	-0.005474 (-0.274)	-0.001589 (-0.282)	-0.0058841 (-0.296)	-0.001595 (-0.283)	-0.0058825 (-0.296)
Audit4			-0.0010833 (-0.878)	-0.0010885 (-0.881)	-0.0012835 (-1.138)	-0.0016846 (-1.118)	-0.001315 (-1.121)	-0.0010933 (-0.886)	-0.0046569 (-1.087)	-0.0010986 (-0.89)	-0.0046508 (-1.085)	-0.0013191 (-1.125)	-0.0052488 (-1.297)	-0.001324 (-1.128)	-0.0052472 (-1.295)
ADR			-0.0018315 (-0.325)	-0.0022347 (-0.317)	-0.0019114 (-0.345)	-0.0016846 (-0.301)	-0.002084 (-0.298)	-0.0018391 (-0.326)	-0.0001351 (-0.007)	-0.0022459 (-0.319)	0.0005723 (0.023)	-0.0016917 (-0.302)	-0.0006921 (-0.035)	-0.002095 (-0.3)	-0.0005688 (-0.023)
Pol1*AUorADR			-0.0068405 (-0.668)			-0.0100633 (-0.997)		-0.0068309 (-0.667)	-0.024689 (-0.698)			-0.0100531 (-0.996)	-0.0336111 (-0.964)		
Pol2*AUorADR			0.0018412 (0.29)			0.0018338 (0.29)		0.0018504 (0.291)	0.0076619 (0.348)			0.0018428 (0.292)	0.0092607 (0.425)		
Pol3*AUorADR			0.0035813 (0.499)			0.0036893 (0.517)		0.0035889 (0.5)	0.007665 (0.309)			0.0036974 (0.518)	0.0073997 (0.301)		
Pol1*AU				-0.0078175 (-0.75)			-0.011079 (-1.076)			-0.0078089 (-0.749)	-0.02533 (-0.704)			-0.011069 (-1.075)	-0.0342401 (-0.963)
Pol2*AU				0.0018267 (0.287)			0.0018387 (0.291)			0.0018359 (0.289)	0.0076223 (0.347)			0.0018477 (0.293)	0.009259 (0.425)
Pol3*AU				-0.0041644 (0.568)			0.0042405 (0.583)			0.0041712 (0.569)	0.008465 (0.335)			0.0042476 (0.584)	0.0078983 (0.315)
Pol1*ADR				0.0065711 (0.433)			0.0065202 (0.432)			0.0065812 (0.433)	0.0033781 (0.064)			0.0065316 (0.433)	0.0036408 (0.07)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.0040795 (-0.274)			-0.004025 (-0.272)			-0.0040692 (-0.274)	-0.0069922 (-0.135)			-0.004013 (-0.271)	-0.0041255 (-0.08)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.006711	0.006672	0.006494	0.006407	0.006679	0.006595	0.006507	0.006469	0.0009774	0.006381	0.0005985	0.006569	0.001941	0.006482	0.00156
N-Observations	18972	18972	18972	18972	18972	18972	18972	18972	5225	18972	5225	18972	5225	18972	5225

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix D-21: Exclude Financial Firms/Include Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)			
								60	11	60	11	60	11	60	11
Mkt	0.5682*** (9.115)	0.5682*** (9.116)	0.5685*** (9.12)	0.5685*** (9.12)	0.5685*** (9.121)	0.5686*** (9.121)	0.5686*** (9.121)	0.5808*** (9.197)	0.8367*** (3.641)	0.5808*** (9.197)	0.8367*** (3.64)	0.5808*** (9.198)	0.8367*** (3.642)	0.5808*** (9.198)	0.8367*** (3.642)
Event								-0.0043586 (-1.375)	-0.0081968 (-1.271)	-0.0043589 (-1.375)	-0.0081968 (-1.271)	-0.0043585 (-1.375)	-0.0081968 (-1.271)	-0.0043589 (-1.375)	-0.008197 (-1.271)
Pol*Event								0.0069198 (0.708)	0.0096937 (0.506)	0.0069194 (0.708)	0.0096937 (0.506)	0.0069154 (0.707)	0.0096937 (0.506)	0.0069151 (0.707)	0.009694 (0.506)
Pol	-0.0008965 (-0.421)	-0.000542 (-0.249)	-0.0001733 (-0.515)	-0.00017396 (-0.516)	-0.0006651 (-0.309)	-0.0001786 (-0.535)	-0.0017944 (-0.538)	-0.0020877 (-0.613)	-0.0051371 (-0.425)	-0.002094 (-0.615)	-0.0051418 (-0.425)	-0.0021392 (-0.634)	-0.005119 (-0.427)	-0.0021476 (-0.636)	-0.005129 (-0.428)
Audit4			-0.0012567 (-0.864)	-0.0012584 (-0.866)	-0.0013063 (-1.005)	-0.0014989 (-1.093)	-0.0015067 (-1.097)	-0.0012693 (-0.873)	-0.0053664 (-1.058)	-0.001271 (-0.874)	-0.0053685 (-1.059)	-0.0015101 (-1.101)	-0.0058136 (-1.22)	-0.0015179 (-1.105)	-0.005824 (-1.221)
ADR			-0.0015458 (-0.259)	-0.0023195 (-0.308)	-0.001447 (-0.247)	-0.0017721 (-0.3)	-0.0023382 (-0.313)	-0.0015564 (-0.261)	0.0008232 (0.039)	-0.0023329 (-0.309)	0.0003117 (0.012)	-0.0017808 (-0.301)	-0.0005641 (-0.027)	-0.0023515 (-0.314)	-0.001219 (-0.046)
Pol*AUorADR			0.0022009 (0.5)			0.0019248 (0.439)		0.0022161 (0.503)	0.0037345 (0.245)			0.0069154 (0.707)	0.0031913 (0.21)		
Pol*AU				0.0021108 (0.476)			0.0018583 (0.421)			0.0021257 (0.479)	0.0036773 (0.239)			0.0018724 (0.424)	0.003117 (0.204)
Pol*ADR				0.0020685 (0.168)			0.0015055 (0.123)			0.0020762 (0.169)	0.0013398 (0.031)			0.0015176 (0.124)	0.001706 (0.04)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.00495	0.004908	0.004776	0.004717	0.004893	0.004844	0.004784	0.004775	0.0009109	0.004715	0.0006882	0.004842	0.001808	0.004782	0.001586
N-Observations	16336	16336	16336	16336	16336	16336	16336	16336	4499	16336	4499	16336	4499	16336	4499

Significance codes: **** 0.001 *** 0.01 ** 0.05 . 0.1

Appendix D-22: Exclude Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5682*** (9.115)	0.5682*** (9.116)	0.5685*** (9.12)	0.5685*** (9.12)	0.5685*** (9.121)	0.5686*** (9.121)	0.5686*** (9.121)	0.5808*** (9.197)	0.8367*** (3.641)	0.5808*** (9.197)	0.8367*** (3.64)	0.5808*** (9.198)	0.8367*** (3.64)	0.5808*** (9.197)	0.8367*** (3.642)
Event								-0.0041869 (-1.338)	-0.007984 (-1.253)	-0.0041872 (-1.338)	-0.007984 (-1.253)	-0.0041873 (-1.339)	-0.007984 (-1.253)	-0.0041876 (-1.339)	-0.007984 (-1.253)
Pol*Event								0.0068921 (0.624)	0.0100026 (0.462)	0.0068916 (0.624)	0.0100026 (0.462)	0.0068887 (0.623)	0.0100026 (0.462)	0.0068883 (0.623)	0.010003 (0.462)
Pol	-0.0003405 (-0.141)	0.000125 (0.051)	-0.0005728 (-0.15)	-0.0005782 (-0.151)	-0.00008212 (-0.034)	-0.007183 (-0.19)	-0.0007248 (-0.192)	-0.0009257 (-0.24)	-0.0039766 (-0.29)	-0.0009312 (-0.241)	-0.0039818 (-0.29)	-0.0010699 (-0.28)	-0.0042942 (-0.317)	-0.0010764 (-0.282)	-0.004304 (-0.317)
Audit4			-0.0011442 (-0.798)	-0.0011463 (-0.8)	-0.001337 (-1.029)	-0.0014203 (-1.05)	-0.0014262 (-1.053)	-0.0011564 (-0.807)	-0.005182 (-1.037)	-0.0011584 (-0.808)	-0.0051847 (-1.037)	-0.001431 (-1.058)	-0.0056838 (-1.21)	-0.001437 (-1.061)	-0.005694 (-1.211)
ADR			-0.0015605 (-0.26)	-0.0022143 (-0.294)	-0.001617 (-0.275)	-0.0018021 (-0.303)	-0.0022443 (-0.3)	-0.0015706 (-0.262)	0.0009959 (0.047)	-0.0022272 (-0.295)	0.0004604 (0.017)	-0.0018106 (-0.305)	-0.0004204 (-0.02)	-0.0022571 (-0.302)	-0.001102 (-0.042)
Pol*AUorADR			0.001333 (0.267)			0.0010948 (0.221)		0.0013476 (0.27)	0.0023443 (0.136)			0.0011091 (0.224)	0.0021143 (0.123)		
Pol*AU				0.0012287 (0.244)			0.0010222 (0.204)			0.0012428 (0.247)	0.002262 (0.13)			0.0010358 (0.207)	0.002006 (0.116)
Pol*ADR				0.0017738 (0.143)			0.0011967 (0.097)			0.0017816 (0.144)	0.0014234 (0.033)			0.0012083 (0.098)	0.001807 (0.042)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.004941	0.004905	0.004763	0.004703	0.004887	0.004829	0.004769	0.004755	0.0008883	0.004695	0.0006656	0.004821	0.001787	0.00476	0.001565
N-Observations	16336	16336	16336	16336	16336	16336	16336	16336	4499	16336	4499	16336	4499	16336	4499

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix D-23: Exclude Financial Firms/Include Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(11)		
								60	11	60	11	60	11	60	11
Mkt	0.5682*** (9.115)	0.5682*** (9.116)	0.5685*** (9.119)	0.5685*** (9.119)	0.5685*** (9.121)	0.5685*** (9.12)	0.5685*** (9.119)	0.5807*** (9.196)	0.8367*** (3.639)	0.5808*** (9.195)	0.8367*** (3.638)	0.5808*** (9.196)	0.8367*** (3.64)	0.5808*** (9.196)	0.8367*** (3.639)
Event								-0.0043579 (-1.375)	-0.0081968 (-1.27)	-0.0043583 (-1.375)	-0.0081968 (-1.27)	-0.0043583 (-1.375)	-0.0081968 (-1.271)	-0.0043586 (-1.375)	-0.008197 (-1.270)
Pol1*Event								0.0213183 (0.931)	0.0175829 (0.391)	0.0213187 (0.931)	0.0175829 (0.391)	0.0213162 (0.931)	0.0175828 (0.392)	0.0213166 (0.931)	0.017583 (0.391)
Pol2*Event								0.0046945 (0.306)	0.0107131 (0.356)	0.0046948 (0.306)	0.0107131 (0.356)	0.0046923 (0.306)	0.0107131 (0.356)	0.0046927 (0.306)	0.010713 (0.356)
Pol3*Event								0.0034978 (0.248)	0.0059287 (0.214)	0.0035006 (0.248)	0.0059287 (0.214)	0.0035 (0.248)	0.0059287 (0.214)	0.0035029 (0.248)	0.005929 (0.214)
Pol1	0.0006611 (0.132)	0.0012801 (0.247)	0.0036996 (0.476)	0.0036744 (0.472)	0.0010649 (0.211)	0.0044697 (0.587)	0.0044591 (0.586)	0.002624 (0.334)	0.0119052 (0.422)	0.0025988 (0.331)	0.0118736 (0.421)	0.0033981 (0.441)	0.0149249 (0.54)	0.0033875 (0.44)	0.014918 (0.54)
Pol2	-0.0024827 (-0.743)	-0.0024644 (-0.736)	-0.0044331 (-0.929)	-0.0044499 (-0.932)	-0.0024487 (-0.733)	-0.0042927 (-0.904)	-0.0043033 (-0.906)	-0.0046736 (-0.966)	-0.0122964 (-0.709)	-0.0046905 (-0.97)	-0.0122991 (-0.709)	-0.0045328 (-0.942)	-0.0127138 (-0.737)	-0.0045435 (-0.944)	-0.012721 (-0.737)
Pol3	-0.0001345 (-0.044)	0.0005139 (0.165)	-0.0007339 (-0.133)	-0.00075 (-0.136)	0.0002575 (0.083)	-0.0016012 (-0.29)	-0.0016118 (-0.292)	-0.0009123 (-0.163)	-0.0038887 (-0.199)	-0.0009285 (-0.166)	-0.0038991 (-0.199)	-0.0017792 (-0.32)	-0.0053022 (-0.272)	-0.00179 (-0.322)	-0.005309 (-0.273)
Audit4			-0.0012139 (-0.834)	-0.0012256 (-0.842)	-0.001348 (-1.035)	-0.0014969 (-1.091)	-0.0015067 (-1.097)	-0.0012266 (-0.842)	-0.0051755 (-1.018)	-0.0012383 (-0.85)	-0.0051835 (-1.02)	-0.0016381 (-1.099)	-0.0058164 (-1.22)	-0.0015179 (-1.105)	-0.005824 (-1.22)
ADR			-0.0014860 (-0.235)	-0.0023598 (-0.313)	-0.0019731 (-0.333)	-0.0016298 (-0.271)	-0.0023382 (-0.312)	-0.0014957 (-0.247)	0.0003423 (0.016)	-0.0023732 (-0.315)	0.0002471 (0.009)	-0.0016381 (-0.272)	-0.0007488 (-0.035)	-0.0023515 (-0.314)	-0.001219 (-0.046)
Pol1*AUorADR			-0.0043141 (-0.417)			-0.0060124 (-0.589)		-0.0043002 (-0.415)	-0.0129314 (-0.36)			-0.0059991 (-0.588)	-0.0189901 (-0.536)		
Pol2*AUorADR			0.0039403 (0.586)			0.0036594 (0.548)		0.0039516 (0.588)	0.0075047 (0.321)			0.0036701 (0.549)	0.0083689 (0.361)		
Pol3*AUorADR			0.0021751 (0.325)			0.0027021 (0.404)		0.0021833 (0.326)	0.0049559 (0.215)			0.00271 (0.406)	0.0056773 (0.247)		
Pol1*AU				-0.0059727 (-0.549)			-0.0076727 (-0.712)			-0.0059607 (-0.315)	-0.0141823 (-0.375)			-0.0076615 (-0.711)	-0.020251 (-0.542)
Pol2*AU				0.0039494 (0.587)			0.0036692 (0.549)			0.0039607 (0.589)	0.0074998 (0.321)			0.0036799 (0.55)	0.008376 (0.361)
Pol3*AU				0.0024048 (0.356)			0.002945 (0.437)			0.0024125 (0.357)	0.0052767 (0.226)			0.0029522 (0.438)	0.005886 (0.254)
Pol1*ADR				0.007724 (0.457)			0.0073888 (0.438)			0.0077349 (0.457)	0.0052843 (0.09)			0.007402 (0.439)	0.005543 (0.094)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.0018706 (-0.12)			-0.0023696 (-0.153)			-0.0018605 (-0.119)	-0.0038901 (-0.071)			-0.0023551 (-0.152)	-0.002147 (-0.04)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	Yes	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.004853	0.004822	0.004594	0.004488	0.004802	0.00467	0.004563	0.0045	-0.0002535	0.004394	-0.0006968	0.004576	0.0006896	0.004469	0.0002466
N-Observations	16336	16336	16336	16336	16336	16336	16336	16336	4499	16336	4499	16336	4499	16336	4499

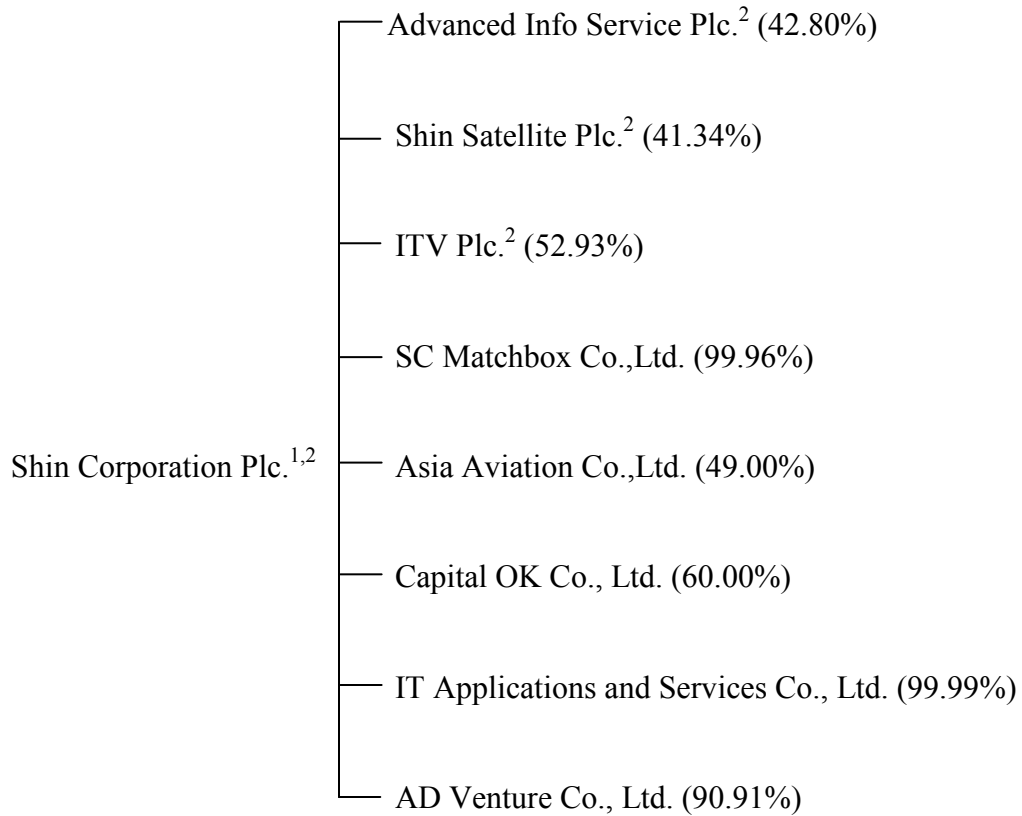
Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix D-24: Exclude Financial Firms/Exclude Regular Directors/Separate Political Levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)		(11)	
								60	11	60	11	60	11	60	11
Mkt	0.5682*** (9.115)	0.5682*** (9.116)	0.5685*** (9.119)	0.5685*** (9.118)	0.5685*** (9.121)	0.5685*** (9.119)	0.5685*** (9.119)	0.5807*** (9.195) (3.638)	0.8367*** (3.638)	0.5807*** (9.194) (3.638)	0.8367*** (3.638)	0.5807*** (9.196) (3.64)	0.8367*** (3.64)	0.5807*** (9.195) (3.639)	0.8367*** (3.639)
Event								-0.004186 (-1.338)	-0.007984 (-1.252)	-0.0041862 (-1.338)	-0.007984 (-1.252)	-0.004187 (-1.338)	-0.007984 (-1.253)	-0.004187 (-1.338)	-0.007984 (-1.253)
Pol1*Event								0.0211469 (0.923)	0.01737 (0.387)	0.0211471 (0.923)	0.01737 (0.387)	0.0211451 (0.923)	0.01737 (0.387)	0.021145 (0.923)	0.01737 (0.387)
Pol2*Event								0.0028044 (0.166)	0.0097033 (0.292)	0.0028047 (0.166)	0.0097033 (0.292)	0.0028062 (0.166)	0.009703 (0.292)	0.002806 (0.166)	0.009703 (0.292)
Pol3*Event								0.0030534 (0.173)	0.0060292 (0.175)	0.0030545 (0.174)	0.0060292 (0.175)	0.0030487 (0.173)	0.006029 (0.175)	0.003056 (0.174)	0.006029 (0.175)
Pol1	0.0007266 (0.146)	0.001367 (0.264)	0.0038999 (0.501)	0.0038762 (0.498)	0.001133 (0.224)	0.004564 (0.6)	0.0045583 (0.599)	0.0028331 (0.36)	0.0122127 (0.433)	0.0028094 (0.357)	0.0121882 (0.432)	0.0035012 (0.455)	0.015077 (0.546)	0.003495 (0.454)	0.015073 (0.545)
Pol2	-0.0016862 (-0.457)	-0.0013945 (-0.377)	-0.0025986 (-0.435)	-0.0026022 (-0.435)	-0.001512 (-0.409)	-0.002966 (-0.501)	-0.0029717 (-0.502)	-0.0027447 (-0.455)	-0.0114769 (-0.531)	-0.0027484 (-0.455)	-0.0114626 (-0.53)	-0.0031118 (-0.52)	-0.013788 (-0.644)	-0.003118 (-0.521)	-0.013791 (-0.644)
Pol3	0.000495 (0.129)	0.0011553 (0.299)	-0.0011422 (-0.188)	-0.0011613 (-0.191)	0.000818 (0.212)	-0.0016804 (-0.278)	-0.0016861 (-0.279)	-0.0012971 (-0.212)	-0.0057483 (-0.267)	-0.0013169 (-0.215)	-0.0057611 (-0.267)	-0.0018345 (-0.3)	-0.006468 (-0.301)	-0.001841 (-0.301)	-0.006471 (-0.301)
Audit4			-0.0011052 (-0.77)	-0.001113 (-0.775)	-0.001333 (-1.027)	-0.0014209 (-1.05)	-0.0014262 (-1.053)	-0.0011175 (-0.779)	-0.0049966 (-0.998)	-0.0011253 (-0.784)	-0.0049987 (-0.998)	-0.0014317 (-1.058)	-0.005691 (-1.211)	-0.001437 (-1.061)	-0.005694 (-1.21)
ADR			-0.0017079 (-0.28)	-0.0022453 (-0.298)	-0.002035 (-0.343)	-0.0018531 (-0.306)	-0.0022443 (-0.3)	-0.0017169 (-0.281)	0.0001833 (0.009)	-0.0022582 (-0.299)	0.0003827 (0.014)	-0.001861 (-0.307)	-0.000877 (-0.041)	-0.002257 (-0.302)	-0.001102 (-0.042)
Pol1*AUorADR			-0.0043673 (-0.422)			-0.0060325 (-0.591)		-0.0043542 (-0.421)	-0.0131454 (-0.366)			-0.0060198 (-0.59)	-0.019084 (-0.539)		
Pol2*AUorADR			0.0021529 (0.281)			0.002385 (0.315)		0.0021643 (0.283)	0.0068481 (0.257)			0.0023958 (0.316)	0.009614 (0.366)		
Pol3*AUorADR			0.0041017 (0.517)			0.0041599 (0.528)		0.0041065 (0.518)	0.0080292 (0.293)			0.0041653 (0.529)	0.007761 (0.285)		
Pol1*AU				-0.0060843 (-0.559)			-0.0077532 (-0.72)			-0.0060728 (-0.558)	-0.0144386 (-0.382)			-0.007742 (-0.719)	-0.020381 (-0.545)
Pol2*AU				0.0021461 (0.28)			0.0023903 (0.315)			0.0021576 (0.282)	0.0068227 (0.256)			0.002401 (0.317)	0.009617 (0.366)
Pol3*AU				0.0047349 (0.583)			0.0048074 (0.596)			0.0047387 (0.583)	0.0088277 (0.314)			0.004811 (0.596)	0.008303 (0.298)
Pol1*ADR				0.0076439 (0.452)			0.0072948 (0.433)			0.0076544 (0.453)	0.0051821 (0.088)			0.007308 (0.433)	0.005426 (0.092)
Pol2*ADR				NA			NA			NA	NA			NA	NA
Pol3*ADR				-0.0038235 (-0.238)			-0.004233 (-0.265)			-0.0038111 (-0.237)	-0.0056618 (-0.101)			-0.004217 (-0.264)	-0.003551 (-0.064)
Intercept	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LnTotalA	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
Leverage	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
IND	No	IND* PROP*	IND* PROP*	IND* PROP*	No	No	No	IND* PROP*	Yes	IND* PROP*	Yes	No	No	No	No
Adjusted R-Squared	0.004833	0.005533	0.004566	0.004463	0.004782	0.004645	0.004542	0.004466	-0.0002961	0.004364	-0.000738	0.004545	0.0006633	0.004442	0.000221
N-Observations	16336	16336	16336	16336	16336	16336	16336	16336	4499	16336	4499	16336	4499	16336	4499

Significance codes: '****' 0.001 '***' 0.01 '**' 0.05 '.' 0.1

Appendix E-1: Shin Corp's Investment Structure (as of 31 December 2005)



Note: 1. Holding Company

2. Listed Company on the Stock Exchange of Thailand

Appendix E-2: Large shareholders of Shin Corporation Plc.

Year End	Name of Large Shareholders	% Shareholding
1992-1994	1. Thaksin Shinawatra	25.19%
	2. Potjaman Shinawatra	25.00%
1995-1998	1. Potjaman Shinawatra	25.00%
	2. Thaksin Shinawatra	23.75%
1999	1. Potjaman Shinawatra	25.00%
	2. Thaksin Shinawatra	11.88%
	3. Ample Rich Investments	11.87%
2000	1. Potjaman Shinawatra	23.60%
	2. Thaksin Shinawatra	11.21%
2001-2002	1. Panthongtae Shinawatra	24.99%
	2. Bannapoj Damapong	13.77%
2003	1. Pinthongta Shinawatra	14.98%
	2. Bannapoj Damapong	13.77%
	3. Panthongtae Shinawatra	10.01%
2004	1. Pinthongta Shinawatra	14.93%
	2. Bannapoj Damapong	13.72%
	3. Panthongtae Shinawatra	9.97%
2005	1. Pinthongta Shinawatra	14.67%
	2. Bannapoj Damapong	13.49%
	3. Ample Rich Investments	10.98%
2006	1. Cedar Holdings Ltd.	54.53%
	2. Aspen Holdings Ltd.	41.76%
2007	1. Cedar Holdings Ltd.	54.51%
	2. Aspen Holdings Ltd.	41.75%
2008-2010	1. Cedar Holdings Ltd.	54.43%
	2. Aspen Holdings Ltd.	41.68%
April 2011	1. Cedar Holdings Ltd.	54.42%
	2. Aspen Holdings Ltd.	41.67%

Source: SETSMART (SET Market Analysis and Reporting Tool)

Note:

1. Potjaman Shinawatra (now Potjaman Na Pombejra) was the wife of Thaksin.
2. Panthongtae Shinawatra is the only son of Thaksin.
3. Pinthongta Shinawatra is one of the two daughters of Thaksin.
4. Bannapoj Damapong is the eldest brother of Potjaman Shinawatra.
5. Ample Rich Investments is an investment company incorporated in British Virgin Islands by Thaksin. On 1 December 2000, Thaksin sold 100% of the company's shares to his son, Panthongtae Shinawatra. On 15 May 2005, Panthongtae held 80% and Pinthongta held 20% of the shares.

Appendix E-3: Prime Ministers of Thailand (1980 – 2012)

• General Prem Tinsulanonda	3 Mar 1980 – 4 Aug 1988
• General Chatichai Choonhavan ¹	4 Aug 1988 – 2 Feb 1991
• Anand Panyarachun	2 Mar 1991 – 23 Mar 1992
• Suchinda Kraprayoon	7 Apr 1992 – 24 May 1992
• Anand Panyarachun	10 June 1992 – 22 Sept 1992
• Chuan Leekpai	20 Sept 1992 – 19 May 1995
• Banharn Silpa-Archa	13 Jul 1995 – 24 Nov 1996
• General Chavalit Yongchaiyudh	25 Nov 1996 – 8 Nov 1997
• Chuan Leekpai	9 Nov 1997 – 9 Feb 2001
• Thaksin Shinawatra	9 Feb 2001 – 19 Sept 2006
• General Sonthi Boonyaratglin ²	19 Sept 2006 – 1 Oct 2006
• General Surayud Chulanont	1 Oct 2006 – 29 Jan 2008
• Samak Sundaravej	29 Jan 2008 – 9 Sept 2008
• Somchai Wongsawat	18 Sept 2008 – 2 Dec 2008
• Chaovarat Chanweerakul	2 Dec 2008 – 17 Dec 2008
• Abhisit Vejjajiva	17 Dec 2008 – 4 August 2011
• Yingluck Shinawatra	5 August 2011 - Present ³

¹ Coup: February 1991.

² Coup: September 2006

³ As of November 2013.

Appendix E-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (SHIN and its Peers)

	NI (,000)					TL (,000)				
	SHIN	DTAC	TRUE	TT&T	ICT	SHIN	DTAC	TRUE	TT&T	ICT
1991	418,733.00	NA	NA	NA	277,588.67	3,198,374.00	NA	NA	NA	1,541,776.00
1992	511,503.00	NA	NA	NA	318,731.75	7,036,893.00	NA	NA	NA	2,585,558.60
1993	1,472,070.00	NA	564,714.00	(166,532.00)	419,256.25	11,640,351.00	NA	7,559,405.00	5,612,347.00	4,462,864.78
1994	2,765,382.00	1,088,665.00	638,607.00	190,355.00	683,510.56	18,192,976.00	10,163,788.00	20,995,182.00	10,227,862.00	8,110,290.89
1995	3,295,925.00	1,905,200.00	1,290,701.00	830,509.00	1,204,704.33	24,133,297.00	16,500,600.00	41,023,612.00	15,491,986.00	12,653,824.67
1996	2,631,359.00	2,736,156.00	(1,924,119.00)	424,215.00	749,243.33	27,117,484.00	37,025,862.00	62,304,184.00	30,594,852.00	18,358,050.11
1997	3,444,889.00	2,329,881.00	(4,357,502.00)	(4,335,404.00)	(547,536.22)	50,800,311.00	73,727,763.00	94,414,962.00	48,468,923.00	29,718,558.67
1998	(1,088,042.00)	13,039,918.00	9,526,373.00	689,949.00	1,523,424.56	46,606,930.00	53,150,714.00	85,346,379.00	44,878,099.00	28,078,292.00
1999	9,387,346.00	1,296,688.00	(6,360,513.00)	(2,527,215.00)	(57,813.00)	11,005,680.00	46,698,694.00	86,020,489.00	44,339,072.00	22,660,742.56
2000	2,384,100.00	647,800.00	(4,686,000.00)	(4,420,378.00)	137,526.92	17,774,600.00	42,800,020.00	79,245,000.00	47,726,437.00	18,403,256.75
2001	2,820,200.00	2,094,961.00	(3,425,000.00)	(2,029,176.00)	260,801.14	17,397,700.00	57,709,100.00	81,052,000.00	34,356,951.00	17,408,288.29
2002	5,281,400.00	2,082,060.00	(5,490,000.00)	569,000.00	597,457.61	20,191,100.00	57,192,368.00	85,779,000.00	32,681,000.00	14,442,187.56
2003	9,722,800.00	2,586,525.00	(5,674,000.00)	984,000.00	1,298,933.81	22,455,400.00	54,355,971.00	85,265,000.00	30,101,000.00	11,931,618.52
2004	8,699,700.00	4,479,675.00	(2,121,000.00)	(233,000.00)	1,299,134.54	24,522,200.00	48,822,252.00	97,887,000.00	25,987,000.00	10,610,012.00
2005	8,573,000.00	4,610,968.00	(5,070,000.00)	(1,753,000.00)	1,052,904.25	29,832,000.00	49,713,851.00	107,751,000.00	23,464,000.00	11,152,893.00
2006	3,410,000.00	4,937,546.00	(4,180,000.00)	(1,080,000.00)	742,990.58	33,611,000.00	52,652,229.00	105,598,000.00	21,206,000.00	11,109,365.13
2007	960,000.00	5,841,426.00	1,697,409.00	(2,028,000.00)	963,124.08	17,461,000.00	47,817,570.00	103,678,330.00	21,132,000.00	9,892,864.63
2008	5,649,000.00	9,329,101.00	(2,355,191.00)	(2,928,000.00)	598,191.88	16,125,000.00	44,597,541.00	102,155,650.00	23,862,000.00	10,006,853.38
2009	6,496,000.00	6,627,772.00	1,227,580.00	(2,489,000.00)	999,486.29	15,490,000.00	36,826,683.00	97,555,000.00	24,892,000.00	10,239,366.46
2010	8,032,000.00	10,891,514.00	1,959,000.00	(12,225,000.00)	830,241.32	15,109,000.00	29,427,730.00	94,021,000.00	25,570,000.00	9,777,557.20

Source: Datastream

Appendix E-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (SHIN and its Peers) (cont'd)

	ROA					TL/TA					ROE				
	SHIN	DTAC	TRUE	TT&T	ICT	SHIN	DTAC	TRUE	TT&T	ICT	SHIN	DTAC	TRUE	TT&T	ICT
1991	6.68%	NA	NA	NA	8.14%	0.51	NA	NA	NA	0.45	18.96%	NA	NA	NA	17.58%
1992	4.74%	NA	NA	NA	7.68%	0.65	NA	NA	NA	0.62	19.66%	NA	NA	NA	24.17%
1993	7.80%	NA	1.34%	-1.68%	3.88%	0.62	NA	0.18	0.57	0.41	39.87%	NA	1.63%	-3.86%	7.05%
1994	9.10%	7.69%	1.14%	0.77%	4.00%	0.60	0.72	0.37	0.42	0.48	42.49%	27.39%	1.82%	1.32%	8.24%
1995	8.26%	5.94%	1.66%	2.70%	5.16%	0.60	0.51	0.53	0.50	0.54	37.31%	12.25%	3.54%	5.46%	12.37%
1996	5.80%	5.05%	-1.99%	0.87%	2.50%	0.60	0.68	0.64	0.63	0.61	25.41%	15.90%	-5.57%	2.34%	7.15%
1997	5.75%	3.36%	-4.22%	-7.47%	-1.57%	0.85	1.06	0.92	0.84	0.85	90.81%	-53.84%	-53.61%	-45.41%	-12.91%
1998	-1.88%	21.06%	9.13%	1.25%	4.27%	0.81	0.86	0.82	0.81	0.79	-40.16%	148.60%	51.35%	6.74%	24.78%
1999	36.72%	2.24%	-6.44%	-4.86%	-0.19%	0.43	0.81	0.87	0.85	0.76	76.94%	11.52%	-51.57%	-32.89%	-0.87%
2000	6.29%	1.00%	-5.33%	-8.67%	0.57%	0.47	0.66	0.90	0.94	0.77	13.26%	2.91%	-57.65%	-135.49%	2.61%
2001	6.82%	2.55%	-3.88%	-4.47%	1.07%	0.42	0.70	0.92	0.76	0.72	13.56%	8.61%	-77.12%	-18.41%	4.13%
2002	10.31%	2.48%	-5.90%	1.28%	2.88%	0.39	0.68	0.92	0.74	0.70	19.79%	7.80%	-81.39%	4.85%	10.02%
2003	16.16%	3.09%	-6.54%	2.30%	7.02%	0.37	0.65	0.98	0.70	0.65	29.74%	8.83%	-526.35%	7.74%	20.98%
2004	13.11%	5.43%	-2.07%	-0.57%	7.42%	0.37	0.59	0.95	0.63	0.61	23.81%	13.27%	-48.57%	-1.53%	19.89%
2005	10.93%	5.35%	-4.69%	-4.59%	5.67%	0.38	0.58	1.00	0.61	0.60	21.72%	12.63%	-6035.71%	-11.90%	15.27%
2006	4.07%	5.25%	-3.70%	-3.08%	3.86%	0.40	0.56	0.93	0.61	0.58	8.11%	11.91%	-60.86%	-7.81%	9.71%
2007	1.43%	5.86%	1.47%	-6.16%	5.29%	0.26	0.48	0.90	0.64	0.54	2.41%	11.27%	16.00%	-17.20%	12.49%
2008	9.01%	8.96%	-2.17%	-8.95%	3.42%	0.26	0.43	0.94	0.73	0.57	15.24%	15.69%	-43.18%	-33.03%	8.62%
2009	10.71%	6.67%	1.13%	-7.96%	5.64%	0.26	0.37	0.90	0.80	0.58	18.06%	10.60%	12.33%	-39.04%	14.30%
2010	17.41%	11.08%	1.84%	-61.99%	5.58%	0.33	0.30	0.88	1.30	0.66	35.90%	15.82%	16.47%	209.01%	17.93%

Source: Datastream

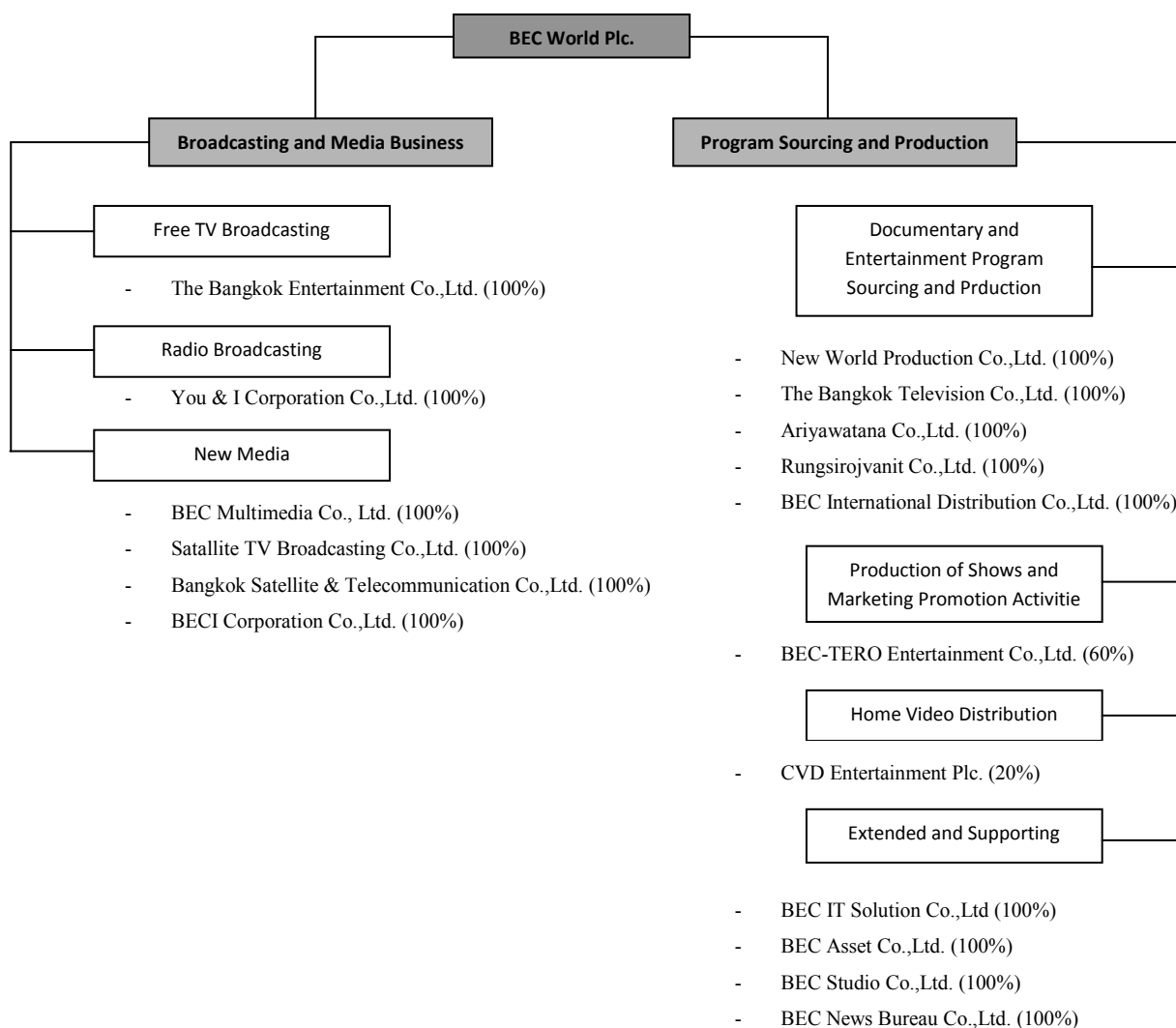
Appendix E-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (SHIN and its Peers) (cont'd)

	PE					PBV				
	SHIN	DTAC	TRUE	TT&T	ICT	SHIN	DTAC	TRUE	TT&T	ICT
1991	60.00	NA	NA	NA	41.73	7.91	NA	NA	NA	7.17
1992	80.40	NA	NA	NA	37.73	8.74	NA	NA	NA	6.07
1993	104.00	NA	546.39	NA	53.08	16.52	NA	9.85	NA	12.13
1994	26.10	NA	241.11	NA	59.28	11.67	NA	4.42	5.32	6.90
1995	26.40	NA	131.77	77	42.28	9.73	NA	4.66	4.5	5.30
1996	14.00	NA	-61.53	22.1	16.96	4.15	NA	3.44	0.88	2.40
1997	NA	NA	-4.49	NA	13.47	4.6	NA	2.41	0.47	2.89
1998	NA	NA	3.50	NA	16.17	6.14	NA	1.8	0.57	1.73
1999	31.20	NA	-17.04	NA	55.38	7.18	NA	8.79	2.12	2.97
2000	4.00	NA	-7.68	NA	15.35	2.56	NA	36.11	1.38	5.15
2001	12.30	NA	-5.64	NA	15.79	2.2	NA	-10.01	0.75	-0.37
2002	10.10	NA	-1.94	NA	6.11	1.11	NA	11.1	0.5	1.31
2003	12.10	NA	-3.43	11.6	15.03	3.48	NA	-4.94	1.12	2.40
2004	13.80	NA	-8.71	NA	15.73	3.21	NA	-29.21	1.02	-0.04
2005	14.20	NA	-5.88	NA	10.06	3.21	NA	-7.56	0.67	1.36
2006	11.60	NA	-4.48	NA	12.76	1.98	NA	-217.95	0.23	-7.74
2007	NA	16.72	22.37	NA	27.76	2.1	1.79	7.22	0.25	2.10
2008	7.40	7.83	-2.71	NA	29.82	1.35	1.27	-5.24	0.14	1.46
2009	19.00	14.80	16.99	NA	14.68	2.45	1.35	4.86	0.28	2.19
2010	13.10	9.85	25.34	NA	14.82	4.18	1.44	4.64	-0.24	2.13

Source: Datastream

Note: DTAC was just listed on the Stock Exchange of Thailand on 22 June 2007.

Appendix F-1: Structure of the BEC World Group (March 2003)



Appendix F-2: BEC World's Shareholding Structure (as at 25 August 2004)

Name of Shareholders	No. of Shares Held	Percentage
1. Maleemont Group*	1,132,760,000	56.64
2. The Bank of New York (Nominees) Limited	50,219,020	2.51
3. HSBC (Singapore) Nominees Pte Ltd	43,545,384	2.18
4. Pictet & Cie	39,643,200	1.98
5. N.C.B. trust Limited	38,998,560	1.95
6. State Street Bank and Trust Company	25,678,860	1.28
7. HSBC Bank Plc – Clients General A/C	24,172,800	1.21
8. Thai NVDR Co.,Ltd	21,196,600	1.06
9. Boston Safe Deposit and Trust Company	20,942,400	1.05
10. Raffles Nominees (Pte) Limited	20,011,000	1.00

Remark: *Detail of the Maleenont Group is as follow:

1. Mr. Prasan Maleenont held	157,140,000 shares equal to	7.86%
2. Mr. Pravut Maleenont	228,400,000	11.42%
3. Mr. Prachum Maleenont	157,140,000	7.86%
4. Ms. Ratana Maleenont	157,160,000	7.86%
5. Ms. Nipa Maleenont	117,740,000	5.89%
6. Ms. Amphorn Maleenont	157,140,000	7.86%
7. Ms. Tracy Ann Maleenont	78,570,000	3.93%
8. Ms. Cathleen Maleenont	79,470,000	3.97%

**Appendix F-3: BEC World's Executive Directors and Executive Officers
(as at year-end 2004)**

Name	Position
1. Mr. Vichai Maleenont	Chairman of the Executive Board, CEO
2. Mr. Prasan Maleenont	Vice Chairman of the Executive Board, COO
3. Mr. Pravith Maleenont	Executive Director, Television Business
4. Mr. Prachum Maleenont	Executive Director, Advertising and Media Business
5. MS. Ratana Maleenont	Executive Director, Finance and Accounting
6. Ms. Amphorn Maleenont	Executive Director, Production Business
7. Mrs. Ratchanee Nipatakusol	Executive Director, Marketing and Sales Business
8. Mr. Somrak Narongvichai	Vice President-Production
9. Mr. Panithan Tosnaitada	Vice President-Advertising
10. Mr. Chatchai Thiamtong	Vice President-Finance
11. Mr. Borisut Puranasamriddhi	Vice President-Administration
12. Dr. Apinya Kangsanarak	Vice President-Human Resource
13. Mr. Pisanu Ruangrajitpakorn	Vice President-Technology
14. Mr. Noppong Bootkhwan	Vice President-Internal Audit Office
15. MR. Nopphadol Khemayotin	Vice President-Business Development and Investment

Appendix F-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (BEC and its Peers)

	NI (,000 Baht)				TL (,000 Baht)			
	BEC	MCOT	ITV	UBC	BEC	MCOT	ITV	UBC
1991	NA	NA	NA	9,890	NA	NA	NA	645,988
1992	NA	NA	NA	160,253	NA	NA	NA	845,603
1993	NA	NA	NA	123,759	NA	NA	NA	655,468
1994	NA	NA	NA	149,232	NA	NA	NA	758,863
1995	NA	NA	NA	(331,258)	NA	NA	NA	1,196,801
1996	1,806,441	NA	NA	(427,375)	803,366	NA	NA	669,074
1997	1,867,962	NA	NA	(1,254,229)	789,763	NA	NA	1,585,039
1998	1,307,254	NA	NA	(4,484,943)	1,013,262	NA	NA	2,696,093
1999	1,105,638	NA	NA	(2,713,558)	859,999	NA	NA	4,812,744
2000	1,545,310	NA	NA	(2,081,200)	981,613	NA	NA	5,773,500
2001	1,542,515	NA	(979,185)	(1,419,576)	717,443	NA	2,090,275	6,377,412
2002	1,668,512	NA	(770,146)	(248,442)	1,066,040	NA	1,481,218	6,310,419
2003	1,969,849	766,100	(660,441)	131,015	1,068,218	1,331,504	1,772,038	6,390,090
2004	1,601,870	158,548	204,562	844,652	1,245,392	2,151,839	1,327,282	6,378,811
2005	881,136	1,103,828	679,111	788,106	958,644	1,432,437	1,116,733	6,742,926
2006	1,642,734	1,504,914	(1,782,691)	NA	1,031,343	1,748,582	3,356,446	NA
2007	2,251,927	1,110,662	(2,720,935)	NA	1,557,751	1,708,455	3,492,068	NA
2008	2,875,210	1,228,281	(445,716)	NA	1,467,285	1,925,802	3,729,991	NA
2009	2,634,671	1,389,363	(431,165)	NA	1,435,846	2,202,022	4,167,663	NA
2010	3,302,286	1,422,720	(431,635)	NA	1,794,146	2,725,298	4,597,754	NA
2011	3,530,346	1,356,406	(422,057)	NA	2,301,235	2,905,836	5,028,097	NA

Source: Datastream

Appendix F-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (BEC and its Peers) (cont'd)

	ROA				TL/TA				ROE			
	BEC	MCOT	ITV	UBC	BEC	MCOT	ITV	UBC	BEC	MCOT	ITV	UBC
1991	NA	NA	NA	1.39%	NA	NA	NA	0.91	NA	NA	NA	14.61%
1992	NA	NA	NA	11.57%	NA	NA	NA	0.61	NA	NA	NA	29.84%
1993	NA	NA	NA	6.82%	NA	NA	NA	0.36	NA	NA	NA	10.79%
1994	NA	NA	NA	4.31%	NA	NA	NA	0.22	NA	NA	NA	5.55%
1995	NA	NA	NA	-9.36%	NA	NA	NA	0.34	NA	NA	NA	-14.28%
1996	24.63%	NA	NA	-16.69%	0.11	NA	NA	0.26	27.69%	NA	NA	-22.59%
1997	23.05%	NA	NA	-29.96%	0.10	NA	NA	0.38	25.56%	NA	NA	-52.04%
1998	15.52%	NA	NA	-56.27%	0.12	NA	NA	0.34	17.63%	NA	NA	-86.57%
1999	13.70%	NA	NA	-27.28%	0.11	NA	NA	0.48	15.32%	NA	NA	-53.79%
2000	18.55%	NA	NA	-23.65%	0.12	NA	NA	0.66	20.99%	NA	NA	-70.23%
2001	19.04%	NA	-33.16%	-17.78%	0.09	NA	0.71	0.80	20.84%	NA	-113.56%	-91.94%
2002	19.55%	NA	-23.27%	-3.23%	0.12	NA	0.45	0.82	22.34%	NA	-42.14%	-18.93%
2003	28.58%	14.71%	-20.71%	1.68%	0.15	0.26	0.56	0.82	34.28%	19.76%	-46.60%	9.75%
2004	21.17%	1.95%	6.88%	9.68%	0.16	0.26	0.45	0.73	26.16%	2.65%	12.42%	37.66%
2005	12.95%	14.41%	19.67%	7.93%	0.14	0.19	0.32	0.68	15.44%	17.74%	29.08%	25.74%
2006	22.73%	17.60%	-45.58%	NA	0.14	0.20	0.86	NA	27.16%	22.18%	-321.59%	NA
2007	27.47%	12.78%	-205.28%	NA	0.19	0.20	2.63	NA	34.65%	15.94%	125.59%	NA
2008	33.14%	13.46%	-39.88%	NA	0.17	0.21	3.34	NA	40.65%	17.11%	17.06%	NA
2009	29.97%	14.33%	-38.11%	NA	0.16	0.23	3.68	NA	36.65%	18.63%	14.20%	NA
2010	34.51%	13.69%	-38.47%	NA	0.19	0.26	4.10	NA	43.56%	18.70%	12.42%	NA
2011	36.28%	12.84%	-37.33%	NA	0.24	0.28	4.45	NA	48.60%	17.86%	10.83%	NA

Source: Datastream

Appendix F-4: Comparative Net Income, Total Liabilities, and Some Financial Ratios (BEC and its Peers) (cont'd)

	PE				PBV			
	BEC	MCOT	ITV	UBC	BEC	MCOT	ITV	UBC
1991	NA	NA	NA	NA	NA	NA	NA	NA
1992	NA	NA	NA	77.6	NA	NA	NA	7.78
1993	NA	NA	NA	78.4	NA	NA	NA	17.01
1994	NA	NA	NA	40.0	NA	NA	NA	3.58
1995	NA	NA	NA	19.1	NA	NA	NA	1.34
1996	NA	NA	NA	-6.8	7.54	NA	NA	1.52
1997	18.7	NA	NA	-0.8	5.25	NA	NA	0.83
1998	28.7	NA	NA	-2.0	5.39	NA	NA	2.47
1999	51.9	NA	NA	12.4	7.37	NA	NA	5.54
2000	30.2	NA	NA	-3.5	5.87	NA	NA	2.45
2001	26.7	NA	NA	-3.9	5.57	NA	NA	3.57
2002	28.1	NA	-6.1	-43.9	5.46	NA	2.71	8.2
2003	21.8	NA	-52.2	158.3	7.87	NA	25.19	15.84
2004	18.3	NA	1380.0	27.8	5.13	2.55	10.09	8.22
2005	32.9	77.0	39.3	19.2	4.73	3.15	5.68	6.48
2006	26.0	11.3	3.0	NA	6.98	2.34	2.57	NA
2007	27.9	14.8	NA	NA	8.85	2.52	-0.58	NA
2008	14.8	7.0	NA	NA	5.60	1.22	-0.49	NA
2009	18.8	12.7	NA	NA	6.84	2.21	-0.42	NA
2010	20.1	14.0	NA	NA	8.38	2.64	-0.36	NA
2011	24.2	9.7	NA	NA	12.39	2.42	-0.33	NA

Source: Datastream

Appendix G: Comparative Net Income, Total Liabilities, and Some Financial Ratios (CPF and its Peers)

	Net Income ('000 baht)				Total Liabilities ('000 baht)			
	CPF	GFPT	TUF	CFRESH	CPF	GFPT	TUF	CFRESH
1994	1,351,224	98,347	219,451	197,935	8,063,514	2,293,774	1,816,836	493,515
1995	1,278,293	63,618	451,495	196,208	12,412,261	2,371,476	2,514,004	797,885
1996	1,357,855	2,660	258,449	142,918	12,856,099	2,346,278	2,621,508	759,299
1997	1,127,949	(408,932)	937,745	352,038	14,803,020	3,060,907	5,389,970	940,326
1998	3,734,500	562,324	1,207,861	324,105	14,904,400	2,179,698	2,625,186	966,341
1999	4,140,979	199,302	1,762,448	208,421	15,814,314	2,057,667	3,277,392	446,393
2000	3,389,000	104,609	1,509,755	488,490	27,379,000	2,089,860	3,239,595	320,727
2001	3,587,000	734,372	1,505,626	576,041	29,152,000	1,516,615	9,294,368	839,735
2002	2,609,000	571,185	1,549,037	40,427	30,266,000	2,233,417	7,492,835	1,403,642
2003	2,242,000	254,295	2,279,301	(38,853)	32,906,000	2,084,674	9,579,144	1,147,064
2004	1,236,000	(502,505)	1,932,919	113,124	38,987,000	2,568,767	11,798,578	368,026
2005	6,710,000	369,055	2,082,437	115,528	43,930,000	2,338,707	13,813,442	286,089
2006	2,510,000	112,032	1,960,560	66,847	51,615,000	2,650,459	12,665,566	176,371
2007	1,275,000	282,907	1,823,297	14,462	56,418,000	3,453,054	18,635,551	149,444
2008	3,128,000	1,076,069	2,200,469	49,421	59,678,000	3,717,569	22,983,700	139,463
2009	10,190,000	1,067,595	3,343,846	183,150	59,610,000	3,614,162	16,934,174	45,284
2010	13,562,000	1,163,447	2,873,694	143,104	64,517,000	3,833,317	51,042,825	82,134
2011	15,837,000	1,203,385	5,074,540	223,621	91,979,000	4,084,013	55,097,960	623,858

Source: Datastream

Appendix G: Comparative Net Income, Total Liabilities, and Some Financial Ratios (CPF and its Peers) (cont'd)

	ROA				TL/TA				ROE			
	CPF	GFPT	TUF	CFRESH	CPF	GFPT	TUF	CFRESH	CPF	GFPT	TUF	CFRESH
1994	8.60%	2.50%	6.95%	15.35%	51.30%	58.36%	57.55%	38.28%	20.95%	6.48%	18.91%	24.87%
1995	6.15%	1.56%	11.48%	12.23%	59.75%	58.21%	63.93%	49.75%	18.07%	4.02%	37.39%	24.34%
1996	6.18%	0.07%	6.05%	8.91%	58.52%	57.81%	61.33%	47.34%	17.53%	0.17%	18.93%	16.92%
1997	4.80%	-9.71%	11.76%	19.14%	62.99%	72.66%	67.59%	51.13%	15.53%	-35.12%	44.59%	39.17%
1998	12.69%	14.04%	16.08%	16.62%	50.64%	54.43%	34.96%	49.57%	27.41%	32.20%	28.82%	32.86%
1999	9.80%	4.89%	17.80%	13.09%	37.43%	50.44%	33.10%	28.03%	16.85%	10.39%	28.51%	17.97%
2000	6.76%	2.56%	13.85%	28.57%	54.59%	51.07%	29.73%	18.76%	15.35%	5.53%	21.58%	35.14%
2001	6.87%	17.24%	8.39%	23.36%	55.86%	35.60%	51.81%	34.05%	15.96%	28.31%	19.21%	35.42%
2002	4.55%	11.38%	8.71%	1.45%	52.82%	44.52%	42.11%	50.26%	9.76%	20.71%	16.39%	2.91%
2003	3.48%	4.68%	11.13%	-1.58%	51.05%	38.37%	46.78%	46.60%	7.36%	7.65%	22.94%	-2.96%
2004	1.71%	-9.29%	8.16%	6.30%	54.07%	47.47%	49.79%	20.50%	3.96%	-17.80%	17.95%	7.92%
2005	7.53%	6.52%	7.82%	6.73%	49.29%	41.34%	51.86%	16.66%	15.58%	11.19%	17.81%	8.07%
2006	2.63%	1.89%	7.30%	4.28%	54.10%	44.68%	47.15%	11.28%	5.96%	3.44%	15.50%	4.82%
2007	1.26%	4.53%	5.49%	0.98%	55.61%	55.24%	56.12%	10.08%	2.92%	10.19%	13.93%	1.09%
2008	2.97%	14.35%	5.61%	3.41%	56.71%	49.58%	58.61%	9.62%	6.94%	28.68%	15.32%	3.77%
2009	8.89%	13.07%	9.46%	12.79%	52.02%	44.26%	47.91%	3.16%	19.64%	23.69%	20.48%	13.21%
2010	10.80%	12.63%	3.87%	10.49%	51.36%	41.60%	68.72%	6.02%	23.38%	21.83%	13.71%	11.16%
2011	9.99%	11.95%	6.18%	10.63%	58.03%	40.56%	67.06%	29.66%	24.90%	20.33%	20.78%	15.68%

Source: Datastream

Appendix G: Comparative Net Income, Total Liabilities, and Some Financial Ratios (CPF and its Peers) (cont'd)

	PE				PBV			
	CPF	GFPT	TUF	CFRESH	CPF	GFPT	TUF	CFRESH
1994	19.8	19.5	NA	NA	3.4	0.6	NA	2.6
1995	13.1	5.2	NA	9.9	2.5	0.4	1.2	2.4
1996	11.5	NA	3.9	7.8	1.7	0.2	1.0	2.1
1997	7.6	-1.1	4.1	2.8	1.3	0.3	0.6	0.4
1998	1.3	2.4	7.3	12	0.6	0.2	1.1	1.0
1999	2	2.1	6.1	4	0.3	0.4	1.8	1.2
2000	4.7	10	5.2	4.1	1.0	0.2	1.4	0.7
2001	1.9	22.1	4.1	4.5	0.7	0.9	1.0	1.0
2002	5.4	3.5	8.3	4.2	1.0	1.0	1.5	2.2
2003	5.2	17.3	8.9	1.2	0.8	1.0	1.5	1.7
2004	12.9	-2.6	10.3	11.5	0.8	0.5	2.5	1.1
2005	13	5.3	13.3	9.3	0.7	0.6	1.8	0.9
2006	5.4	8.5	12.2	11	1.1	0.5	2.1	0.8
2007	14.3	9	11.5	8.8	0.8	0.6	1.7	0.7
2008	24.2	2.4	10.5	12.1	0.8	0.6	1.4	0.6
2009	7.6	4.9	7.2	NA	0.4	1.1	1.0	0.3
2010	9.1	7.6	9.1	9	1.4	1.9	1.4	1.3
2011	12	10.6	14.3	11.6	2.7	2.2	2.1	1.5

Source: Datastream

Appendix H-1: Premchai's and Nijaporn's Shareholding in Italian-Thai Development Plc

Year	Premchai and Family	Nijaporn and Family
2001	32.33%	20.99%
2002	24.41%	16.21%
2003	24.25%	15.18%
2004	20.41%	13.73%
2005	21.56%	13.90%
2006	21.54%	14.07%
2007	21.55%	13.80%
2008	21.55%	14.21%
2009	21.55%	14.15%
2010	21.57%	13.96%
2011	21.57%	13.48%

Source: Italian-Thai Development's annual reports

Note: The shareholding information is as appeared on each year's annual report. The exact dates of the shareholding information are not always on December 31st, however, but around that period.

Appendix H-2: Comparative Net Income, Total Liabilities, and Some Financial Ratios (ITD and its Peers)

	Net Income ('000 baht)			Total Liabilities ('000 baht)		
	Italian-Thai	Sino-Thai	CH. Karnchang	Italian-Thai	Sino-Thai	CH. Karnchang
1996	1,520,509	(159,507)	482,340	18,210,870	5,723,641	6,297,735
1997	(140,125)	(725,513)	456,629	29,096,925	7,782,383	12,635,842
1998	2,380,605	317,276	207,908	24,065,106	6,304,649	13,955,238
1999	(1,437,115)	(1,080,610)	(2,894,642)	21,101,865	6,734,170	11,504,264
2000	(4,046,800)	(1,825,528)	(442,724)	20,985,437	2,568,706	12,013,340
2001	(2,527,987)	354,273	2,618,643	23,541,501	1,804,887	12,141,449
2002	388,642	503,823	(178,910)	14,710,234	2,137,284	11,790,200
2003	921,000	603,886	285,387	14,843,000	2,907,903	11,003,157
2004	1,218,000	123,587	204,468	24,429,000	4,824,366	20,064,481
2005	1,262,000	472,763	684,156	25,241,000	8,393,106	24,893,974
2006	(2,145,000)	(1,779,679)	(1,212,844)	35,671,000	11,876,657	25,511,818
2007	1,010,734	21,671	14,537	36,167,297	10,133,591	18,784,685
2008	(2,655,931)	178,076	544,738	44,535,274	7,963,784	20,568,913
2009	(1,774,113)	304,825	89,731	42,501,703	4,291,061	23,770,608
2010	297,923	443,760	(335,055)	39,174,432	5,629,423	24,258,249
2011	(1,698,458)	903,501	927,401	43,521,670	10,235,878	30,044,515

Source: Datastream

Appendix H-2: Comparative Net Income, Total Liabilities, and Some Financial Ratios (ITD and its Peers) (cont'd)

	ROA			TL/TA			ROE		
	Italian-Thai	Sino-Thai	CH. Karnchang	Italian-Thai	Sino-Thai	CH. Karnchang	Italian-Thai	Sino-Thai	CH. Karnchang
1996	5.08%	-1.95%	4.15%	60.79%	70.09%	54.20%	13.15%	-7.03%	10.14%
1997	-0.40%	-10.09%	2.69%	84.06%	108.22%	74.50%	-2.57%	96.56%	10.91%
1998	7.41%	5.29%	1.12%	74.92%	105.06%	75.42%	30.10%	-84.54%	4.73%
1999	-5.03%	-21.21%	-22.44%	73.79%	132.18%	89.19%	-19.36%	63.43%	-250.98%
2000	-17.51%	-49.81%	-3.81%	90.78%	70.08%	103.40%	-189.96%	-166.47%	71.68%
2001	-11.11%	9.11%	17.67%	103.47%	46.40%	81.94%	295.35%	18.68%	109.04%
2002	1.61%	10.89%	-1.21%	60.93%	46.21%	80.00%	4.15%	21.45%	-6.46%
2003	3.63%	9.80%	1.86%	58.53%	47.19%	71.80%	8.84%	19.37%	6.94%
2004	3.37%	1.54%	0.82%	67.69%	60.04%	80.88%	10.59%	4.05%	4.52%
2005	2.97%	3.77%	2.30%	59.50%	66.96%	83.57%	7.47%	11.83%	14.79%
2006	-4.23%	-11.26%	-4.00%	70.41%	75.14%	84.16%	-14.69%	-46.88%	-26.45%
2007	1.91%	0.15%	0.06%	68.25%	72.17%	76.75%	6.41%	0.57%	0.27%
2008	-4.64%	1.44%	2.11%	77.82%	64.20%	79.50%	-22.46%	4.18%	10.68%
2009	-3.29%	3.46%	0.30%	78.73%	48.76%	80.66%	-16.66%	6.98%	1.64%
2010	0.59%	4.35%	-1.10%	77.08%	55.15%	79.61%	2.74%	9.90%	-5.61%
2011	-3.24%	5.62%	2.53%	83.05%	63.68%	82.00%	-21.08%	16.03%	14.53%

Source: Datastream

Appendix H-2: Comparative Net Income, Total Liabilities, and Some Financial Ratios (ITD and its Peers) (cont'd)

	PE			PBV		
	Italian-Thai	Sino-Thai	CH. Karnchang	Italian-Thai	Sino-Thai	CH. Karnchang
1996	24.40	-12.59	21.80	3.55	0.89	2.87
1997	-20.54	-0.25	4.60	0.63	-0.24	0.5
1998	6.39	0.72	32.32	2.31	-0.61	1.53
1999	-6.09	-0.24	-0.86	1.41	-0.2	2.16
2000	-0.56	-0.17	-2.54	1.26	0.74	-1.83
2001	-1.42	3.66	0.60	-5.05	0.71	0.64
2002	18.61	8.10	-7.41	0.91	1.54	0.48
2003	54.50	27.80	122.60	4.95	6.66	6.58
2004	9.80	32.50	258.00	3.12	2.81	3.02
2005	33.00	33.20	35.60	2.05	3.15	2.83
2006	-10.59	-3.09	7.40	1.55	1.45	2.43
2007	206.30	28.90	845.00	2.19	1.72	2.23
2008	-3.56	16.00	15.80	0.79	0.67	1.03
2009	-7.00	34.10	79.60	1.16	1.68	1.6
2010	66.29	36.20	-45.24	1.79	3.55	2.63
2011	-8.83	18.10	11.60	1.88	2.59	1.95

Source: Datastream

Appendix I: Comparative Net Income, Total Liabilities, and Some Financial Ratios (Banking)

	NI (,000 Baht)						TL (,000 Baht)					
	BBL	KTB	KBANK	SCB	TMB	BAY	BBL	KTB	KBANK	SCB	TMB	BAY
2000	(18,687,000)	(28,939,000)	1,265,000	3,560,171	(25,063,800)	(8,529,755)	1,206,421,000	924,531,000	740,225,000	657,745,429	323,524,100	419,640,299
2001	6,484,000	(4,415,000)	1,008,000	405,000	655,500	(2,667,428)	1,209,174,000	913,254,000	747,144,000	660,205,000	353,051,200	428,263,405
2002	6,271,000	8,009,000	6,684,000	(12,488,000)	(160,000)	2,118,781	1,195,262,000	993,307,000	725,323,000	622,657,000	376,979,000	451,433,694
2003	11,355,000	8,705,000	14,814,000	12,460,000	(14,054,000)	3,053,000	1,260,848,000	1,059,565,000	772,475,000	670,180,000	351,519,000	495,299,000
2004	17,620,000	11,094,000	15,340,000	18,489,000	948,000	4,673,000	1,292,096,000	1,073,046,000	757,886,000	681,796,000	624,976,000	542,214,000
2005	20,306,000	13,024,000	13,930,000	18,882,000	7,800,000	6,017,000	1,259,034,000	1,077,390,000	759,193,000	716,099,000	665,952,000	607,014,000
2006	17,855,000	14,078,000	13,664,000	13,286,000	(12,292,000)	1,666,000	1,344,684,000	1,112,099,000	847,271,000	931,036,000	701,569,000	619,082,000

Source: Datastream

	ROA						TL/TA						ROE					
	BBL	KTB	KBANK	SCB	TMB	BAY	BBL	KTB	KBANK	SCB	TMB	BAY	BBL	KTB	KBANK	SCB	TMB	BAY
2000	-1.51%	-2.92%	0.17%	0.50%	-7.45%	-1.96%	0.97	0.93	0.97	0.92	0.96	0.96	-55.03%	-44.14%	4.95%	5.92%	-192.31%	-55.55%
2001	0.52%	-0.45%	0.13%	0.06%	0.18%	-0.60%	0.97	0.94	0.96	0.91	0.96	0.97	15.01%	-6.95%	3.72%	0.65%	4.81%	-17.60%
2002	0.50%	0.76%	0.88%	-1.85%	-0.04%	0.45%	0.96	0.94	0.95	0.92	0.96	0.96	11.30%	12.30%	19.06%	-23.96%	-1.12%	12.53%
2003	0.83%	0.77%	1.80%	1.67%	-3.71%	0.58%	0.92	0.93	0.94	0.90	0.93	0.95	11.11%	11.62%	30.57%	16.50%	-51.15%	10.68%
2004	1.25%	0.97%	1.86%	2.42%	0.14%	0.81%	0.92	0.93	0.92	0.89	0.93	0.94	15.33%	14.63%	23.12%	22.54%	2.10%	14.24%
2005	1.45%	1.12%	1.66%	2.32%	1.09%	0.93%	0.90	0.93	0.91	0.88	0.93	0.94	14.58%	15.76%	17.83%	19.33%	15.34%	15.28%
2006	1.20%	1.17%	1.46%	1.29%	-1.64%	0.25%	0.90	0.92	0.91	0.90	0.94	0.93	12.04%	15.18%	15.49%	13.35%	-25.88%	3.59%

Source: Datastream

Appendix I: Comparative Net Income, Total Liabilities, and Some Financial Ratios (Banking) (cont'd)

	PE						PBV					
	BBL	KTB	KBANK	SCB	TMB	BAY	BBL	KTB	KBANK	SCB	TMB	BAY
2000	NA	2.5	NA	1.2	-0.3	-1.1	1.1	1.8	1.8	-15.5	-1.6	0.6
2001	7.9	NA	34.4	2.9	11.6	-3.7	1.2	1.9	1.6	3.5	-1.6	0.7
2002	12	8.5	9.5	36.7	-39.1	5.6	1.3	1.2	1.7	-16.8	-1.5	0.7
2003	16.4	21	11.1	5.7	-1.1	8.5	2.0	1.8	3.2	1.4	6.4	1.4
2004	12.2	5.5	10.8	4.4	1.1	9	1.7	1.3	1.9	1.4	2.0	1.0
2005	9.2	9.6	10.6	6.7	39.1	8	1.4	1.5	2.1	1.3	1.9	1.1
2006	11.8	9.3	11.3	8.9	5.5	7.8	1.4	1.4	1.7	1.4	1.6	1.2

Source: Datastream

Appendix J: Tests of the Effects of Exchange Rate Movement, Benchmark Local Interest Rate Movement, and Industry Benchmarks on Explanatory Power of Multiple Linear Regressions

The results are from multiple linear regressions to establish relationship between political connections and firm value. Regression 8 is the base regression specified as $Ret \sim Mkt + Pol + LnTotalA + Leverage + IND + Audit4 + ADR + PolAUorADR + Event + PolEvent$. The tests of the effects of currency movement (Appendix J-1), local benchmark interest rate movement (Appendix J-2), and industry indexes (Appendix J-3) on the explanatory power of the multiple linear regressions were done by using regressions 13, 14, and 15, respectively. Regressions 13, 14, and 15 are specified by extending from the base regression 8 as follow:

(13) $Ret \sim Mkt + \mathbf{FX} + Pol + LnTotalA + Leverage + IND + Audit4 + ADR + PolAUorADR + Event + PolEvent$

(14) $Ret \sim \mathbf{RF} + \mathbf{MRP} + Pol + LnTotalA + Leverage + IND + Audit4 + ADR + PolAUorADR + Event + PolEvent$

(15) $Ret \sim Mkt + \mathbf{INDIndex} + Pol + LnTotalA + Leverage + Audit4 + ADR + PolAUorADR + Event + PolEvent$

FX is daily return of currency exchange rate USD/THB. RF is risk-free rate from 1-year Thai government bond. MRP is market risk premium calculated as $Mkt - RF$. INDIndex is an interaction variable between daily industry index return and a dummy variable equal to 1 if the firm is in that industry.

Please see also the notes at the end of this appendix.

Appendix J-1: Test of the Effects of Exchange Rate Movement

Appendix J-1(a): Episode 2: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(8)		(13)	
	60	11	60	11
Mkt	0.4838*** (17.551)	0.6928*** (9.293)	0.4875*** (17.35)	0.7084*** (9.489)
Event	-0.01388*** (-12.86)	-0.00924*** (-5.029)	-0.01384*** (-12.806)	-0.01032*** (-5.523)
Pol*Event	-0.02319*** (-7.862)	-0.02505*** (-6.856)	-0.02319*** (-7.862)	-0.02506*** (-6.862)
Pol	-0.000312 (-0.357)	0.002284 (1.106)	-0.000312 (-0.357)	0.002286 (1.108)
Audit4	0.000514 (1.145)	0.001488 (1.465)	0.000514 (1.145)	0.001482 (1.46)
ADR	-0.00044 (-0.243)	0.001446 (0.35)	-0.000443 (-0.243)	0.001446 (0.35)
Pol*AUorADR	0.000362 (0.285)	-0.001394 (-0.485)	0.000362 (0.285)	-0.001389 (-0.484)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	Yes	RES.
FX			-1.668 (-0.678)	-18.42** (-3.122)
Adjusted R-Squared	0.04736	0.09909	0.04737	0.1005
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-1(b): Episode 2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(8)		(13)	
	60	11	60	11
Mkt	0.4838*** (17.556)	0.6928*** (9.301)	0.4875*** (17.355)	0.7084*** (9.497)
Event	-0.01402*** (-13.162)	-0.00937*** (-5.137)	-0.01398*** (-13.107)	-0.01044*** (-5.632)
Pol*Event	-0.0294*** (-8.735)	-0.03206*** (-7.702)	-0.0294*** (-8.734)	-0.03207*** (-7.709)
Pol	0.000376 (0.38)	0.00367 (1.572)	0.000375 (0.38)	0.00367 (1.574)
Audit4	0.000403 (0.915)	0.00126 (1.266)	0.000403 (0.915)	0.001254 (1.262)
ADR	-0.00078 (-0.426)	0.00109 (0.263)	-0.00078 (-0.426)	0.00109 (0.263)
Pol*AUorADR	0.001209 (0.8236)	-0.000196 (-0.06)	0.001209 (0.836)	-0.0001911 (-0.058)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	Yes	RES.
FX			-1.667 (-0.677)	-18.43** (-3.126)
Adjusted R-Squared	0.04789	0.1007	0.04787	0.1022
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-1(c): Episode 2: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(8)		(13)	
	60	11	60	11
Mkt	0.4838*** (17.56)	0.6928*** (9.308)	0.4875*** (17.359)	0.7084*** (9.504)
Event	-0.01388*** (-12.867)	-0.00924*** (-5.036)	-0.01384*** (-12.813)	-0.01032*** (-5.531)
Pol1*Event	-0.0579*** (-7.373)	-0.06012*** (-6.184)	-0.0579*** (-7.373)	-0.06012*** (-6.19)
Pol2*Event	-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0128** (-3.133)	-0.01609** (-3.183)
Pol3*Event	-0.02497*** (-5.421)	-0.02489*** (-4.367)	-0.02497*** (5.421)	-0.02489*** (-4.371)
Pol1	0.000728 (0.279)	0.005283 (0.867)	0.0007267 (0.278)	0.005289 (0.868)
Pol2	-0.000548 (-0.453)	0.003925 (1.373)	-0.0005476 (-0.453)	0.003926 (1.375)
Pol3	-0.000428 (-0.326)	-0.001008 (-0.324)	-0.0004279 (-0.326)	-0.001006 (-0.323)
Audit4	0.000507 (1.13)	0.00147 (1.449)	0.0005074 (1.13)	0.001464 (1.444)
ADR	-0.000065 (-0.035)	0.002828 (0.673)	-0.000065 (-0.035)	0.002828 (0.673)
Pol1*AUorADR	-0.000535 (-0.157)	-0.005152 (-0.668)	-0.000533 (-0.156)	-0.005149 (-0.668)
Pol2*AUorADR	0.001111 (0.639)	-0.001596 (-0.405)	0.001111 (0.639)	-0.001591 (-0.405)
Pol3*AUorADR	-0.000338 (-0.171)	0.000116 (0.026)	-0.000339 (-0.171)	0.0001219 (0.027)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	Yes	Yes
FX			-1.667 (-0.678)	-18.42** (-3.126)
Adjusted R-Squared	0.04837	0.1019	0.04834	0.1033
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-1(d): Episode 2: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(8)		(13)	
	60	11	60	11
Mkt	0.4838*** (17.57)	0.6928*** (9.324)	0.4875*** (17.369)	0.7084*** (9.521)
Event	-0.01402*** (-13.173)	-0.00937*** (-5.149)	-0.01398*** (-13.118)	-0.01044*** (-5.646)
Pol1*Event	-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.05779*** (-7.361)	-0.06*** (-6.189)
Pol2*Event	-0.00995* (-2.113)	-0.01421* (-2.442)	-0.00995* (-2.113)	-0.01422* (-2.445)
Pol3*Event	-0.0429*** (-7.674)	-0.0436*** (-6.307)	-0.04292*** (-7.674)	-0.0436*** (-6.313)
Pol1	0.000836 (0.321)	0.005257 (0.864)	0.0008344 (0.32)	0.005263 (0.866)
Pol2	0.0004412 (0.311)	0.006487 (1.94)	0.0004412 (0.311)	0.006488 (1.942)
Pol3	0.000123 (0.081)	-0.000202 (-0.056)	0.0001226 (0.081)	-0.0001998 (-0.056)
Audit4	0.000396 (0.9)	0.001225 (1.233)	0.0003958 (0.9)	0.001219 (1.229)
ADR	-0.000294 (-0.157)	0.002729 (0.646)	-0.000294 (0.157)	0.002728 (0.646)
Pol1*AUorADR	-0.000381 (-0.112)	-0.004855 (-0.631)	-0.000379 (-0.111)	-0.004852 (-0.631)
Pol2*AUorADR	0.001372 (0.686)	-0.002362 (-0.522)	0.001372 (0.686)	-0.002357 (-0.521)
Pol3*AUorADR	0.001465 (0.587)	0.003332 (0.59)	0.001465 (0.587)	0.003338 (0.591)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	Yes	Yes
FX			-1.666 (-0.678)	-18.42** (-3.133)
Adjusted R-Squared	0.04941	0.1051	0.04938	0.1065
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-2: Test of the Effects of Benchmark Local Interest Rate Movement

Appendix J-2(a): Episode 2: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(8)		(14)	
	60	11	60	11
Mkt	0.4838*** (17.551)	0.6928*** (9.293)		
RF			-581.4*** (-6.276)	-1236.0* (-2.231)
MRP			0.4512*** (16.103)	0.685*** (9.183)
Event	-0.01388*** (-12.86)	-0.00924*** (-5.029)	-0.01452*** (-13.405)	-0.007845*** (-4.043)
Pol*Event	-0.02319*** (-7.862)	-0.02505*** (-6.856)	-0.02319*** (-7.87)	-0.02505*** (-6.859)
Pol	-0.000312 (-0.357)	0.002284 (1.106)	-0.000312 (-0.358)	0.002286 (1.107)
Audit4	0.000514 (1.145)	0.001488 (1.465)	0.000503 (1.121)	0.001484 (1.461)
ADR	-0.00044 (-0.243)	0.001446 (0.35)	-0.0004446 (-0.244)	0.001446 (0.35)
Pol*AUorADR	0.000362 (0.285)	-0.001394 (-0.485)	0.000371 (0.293)	-0.00139 (-0.484)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	Yes	RES.
Adjusted R-Squared	0.04736	0.09909	0.04908	0.09975
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-2(b): Episode 2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(8)		(14)	
	60	11	60	11
Mkt	0.4838*** (17.556)	0.6928*** (9.301)		
RF			-581.5*** (-6.28)	-1237.0* (-2.234)
MRP			0.4512*** (16.108)	0.685*** (9.19)
Event	-0.01402*** (-13.162)	-0.00937*** (-5.137)	-0.01466*** (-13.713)	-0.007971*** (-4.137)
Pol*Event	-0.0294*** (-8.735)	-0.03206*** (-7.702)	-0.0294*** (-8.743)	-0.03206*** (-7.705)
Pol	0.000376 (0.38)	0.00367 (1.572)	0.000376 (0.381)	0.00367 (1.573)
Audit4	0.000403 (0.915)	0.00126 (1.266)	0.000392 (0.891)	0.001256 (1.263)
ADR	-0.00078 (-0.426)	0.00109 (0.263)	-0.00078 (-0.427)	0.00109 (0.263)
Pol*AUorADR	0.001209 (0.8236)	-0.000196 (-0.06)	0.001218 (0.843)	-0.0001928 (-0.059)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	Yes	RES.
Adjusted R-Squared	0.04789	0.1007	0.04961	0.1014
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-2(c): Episode 2: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(8)		(14)	
	60	11	60	11
Mkt	0.4838*** (17.56)	0.6928*** (9.308)		
RF			-581.4*** (-6.28)	-1236.0* (-2.234)
MRP			0.4512*** (16.112)	0.6851*** (9.197)
Event	-0.01388*** (-12.867)	-0.00924*** (-5.036)	-0.01452*** (-13.142)	-0.007845*** (-4.05)
Pol1*Event	-0.0579*** (-7.373)	-0.06012*** (-6.184)	-0.0579*** (-7.381)	-0.06012*** (-6.187)
Pol2*Event	-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0128** (-3.136)	-0.01609** (-3.181)
Pol3*Event	-0.02497*** (-5.421)	-0.02489*** (-4.367)	-0.02497*** (5.426)	-0.02489*** (-4.368)
Pol1	0.000728 (0.279)	0.005283 (0.867)	0.0007432 (0.285)	0.005286 (0.867)
Pol2	-0.000548 (-0.453)	0.003925 (1.373)	-0.0005497 (-0.455)	0.003925 (1.374)
Pol3	-0.000428 (-0.326)	-0.001008 (-0.324)	-0.0004299 (-0.328)	-0.001007 (-0.323)
Audit4	0.000507 (1.13)	0.00147 (1.449)	0.0004962 (1.106)	0.001466 (1.445)
ADR	-0.000065 (-0.035)	0.002828 (0.673)	-0.000068 (-0.037)	0.002828 (0.673)
Pol1*AUorADR	-0.000535 (-0.157)	-0.005152 (-0.668)	-0.000538 (-0.158)	-0.00515 (-0.668)
Pol2*AUorADR	0.001111 (0.639)	-0.001596 (-0.405)	0.001121 (0.646)	-0.001593 (-0.405)
Pol3*AUorADR	-0.000338 (-0.171)	0.000116 (0.026)	-0.000327 (-0.165)	0.0001198 (0.027)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	Yes	Yes
Adjusted R-Squared	0.04837	0.1019	0.05008	0.1026
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-2(d): Episode 2: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(8)		(14)	
	60	11	60	11
Mkt	0.4838*** (17.57)	0.6928*** (9.324)		
RF			-581.5*** (-6.285)	-1236.0* (-2.239)
MRP			0.4512*** (16.12)	0.685*** (9.213)
Event	-0.01402*** (-13.173)	-0.00937*** (-5.149)	-0.01466*** (-13.724)	-0.007972*** (-4.148)
Pol1*Event	-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.05779*** (-7.368)	-0.05999*** (-6.186)
Pol2*Event	-0.00995* (-2.113)	-0.01421* (-2.442)	-0.00995* (-2.115)	-0.01422* (-2.444)
Pol3*Event	-0.0429*** (-7.674)	-0.0436*** (-6.307)	-0.04292*** (-7.681)	-0.0436*** (-6.31)
Pol1	0.000836 (0.321)	0.005257 (0.864)	0.0008511 (0.327)	0.005261 (0.865)
Pol2	0.0004412 (0.311)	0.006487 (1.94)	0.0004385 (0.309)	0.006488 (1.941)
Pol3	0.000123 (0.081)	-0.000202 (-0.056)	0.0001216 (0.081)	-0.0002007 (-0.056)
Audit4	0.000396 (0.9)	0.001225 (1.233)	0.0003851 (0.876)	0.001221 (1.23)
ADR	-0.000294 (-0.157)	0.002729 (0.646)	-0.000296 (-0.159)	0.002728 (0.646)
Pol1*AUorADR	-0.000381 (-0.112)	-0.004855 (-0.631)	-0.000385 (-0.113)	-0.004853 (-0.631)
Pol2*AUorADR	0.001372 (0.686)	-0.002362 (-0.522)	0.001383 (0.693)	-0.002358 (-0.522)
Pol3*AUorADR	0.001465 (0.587)	0.003332 (0.59)	0.001474 (0.591)	0.003336 (0.59)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	Yes	Yes
Adjusted R-Squared	0.04941	0.1051	0.05113	0.1057
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-3: Test of the Effects of Industry Benchmarks

Appendix J-3(a): Episode 2: Include Financial Firms/Include Regular Directors/All Political Levels Combined

	(8)		(15)	
	60	11	60	11
Mkt	0.4838*** (17.551)	0.6928*** (9.293)	0.3806*** (11.74)	0.6625*** (7.571)
Event	-0.01388*** (-12.86)	-0.00924*** (-5.029)	-0.01397*** (-12.83)	-0.01016*** (-5.472)
Pol*Event	-0.02319*** (-7.862)	-0.02505*** (-6.856)	-0.02301*** (-7.807)	-0.02419*** (-6.62)
Pol	-0.000312 (-0.357)	0.002284 (1.106)	-0.0003603 (-0.415)	0.001802 (0.878)
Audit4	0.000514 (1.145)	0.001488 (1.465)	0.0004208 (0.945)	0.00137 (1.362)
ADR	-0.00044 (-0.243)	0.001446 (0.35)	-0.0003095 (-0.171)	0.001868 (0.455)
Pol*AUorADR	0.000362 (0.285)	-0.001394 (-0.485)	0.0004158 (0.329)	-0.001506 (-0.526)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	No	No
IND Index			FIN 0.2662*** TECH 0.1257*** PROP 0.0192** SER 0.1985** RES 0.1657.	CONSUMP -0.958** AGRO -0.4866* FIN 0.2993* TECH 0.1905* PROP 0.027.
Adjusted R-Squared	0.04736	0.09909	0.04959	0.1032
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-3(b): Episode 2: Include Financial Firms/Exclude Regular Directors/All Political Levels Combined

	(8)		(15)	
	60	11	60	11
Mkt	0.4838*** (17.556)	0.6928*** (9.301)	0.3805*** (11.738)	0.6605*** (7.555)
Event	-0.01402*** (-13.162)	-0.00937*** (-5.137)	-0.0141*** (-13.114)	-0.01025*** (-5.56)
Pol*Event	-0.0294*** (-8.735)	-0.03206*** (-7.702)	-0.02917*** (-8.681)	-0.03094*** (-7.433)
Pol	0.000376 (0.38)	0.00367 (1.572)	0.0003015 (0.307)	0.003239 (1.396)
Audit4	0.000403 (0.915)	0.00126 (1.266)	0.0003002 (0.689)	0.001156 (1.175)
ADR	-0.00078 (-0.426)	0.00109 (0.263)	-0.0006469 (-0.356)	0.001627 (0.395)
Pol*AUorADR	0.001209 (0.8236)	-0.000196 (-0.06)	0.001347 (0.936)	-0.0006188 (-0.19)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	RES.	No	No
IND Index			FIN 0.2677*** TECH 0.1253*** PROP 0.0192** SER 0.1977** RES 0.1635.	CONSUMP -0.8991** FIN 0.3061** AGRO -0.4788* TECH 0.1904* PROP 0.0271.
Adjusted R-Squared	0.04789	0.1007	0.05011	0.1046
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-3(c): Episode 2: Include Financial Firms/Include Regular Directors/Separate Political Levels

	(8)		(15)	
	60	11	60	11
Mkt	0.4838*** (17.56)	0.6928*** (9.308)	0.381*** (11.757)	0.6661*** (7.624)
Event	-0.01388*** (-12.867)	-0.00924*** (-5.036)	-0.01396*** (-12.833)	-0.01019*** (-5.498)
Pol1*Event	-0.0579*** (-7.373)	-0.06012*** (-6.184)	-0.05693*** (-7.246)	-0.05679*** (-5.826)
Pol2*Event	-0.0128** (-3.133)	-0.01609** (-3.18)	-0.0126** (-3.085)	-0.01513** (-2.993)
Pol3*Event	-0.02497*** (-5.421)	-0.02489*** (-4.367)	-0.02514*** (5.461)	-0.02513*** (-4.408)
Pol1	0.000728 (0.279)	0.005283 (0.867)	0.00072082 (0.275)	0.003092 (0.514)
Pol2	-0.000548 (-0.453)	0.003925 (1.373)	-0.0006126 (-0.508)	0.003652 (1.283)
Pol3	-0.000428 (-0.326)	-0.001008 (-0.324)	-0.0004286 (-0.328)	-0.001164 (-0.376)
Audit4	0.000507 (1.13)	0.00147 (1.449)	0.0004163 (0.936)	0.001352 (1.347)
ADR	-0.000065 (-0.035)	0.002828 (0.673)	0.000083 (0.045)	0.003368 (0.807)
Pol1*AUorADR	-0.000535 (-0.157)	-0.005152 (-0.668)	-0.000471 (-0.1539)	-0.0054405 (-0.576)
Pol2*AUorADR	0.001111 (0.639)	-0.001596 (-0.405)	0.00125 (0.722)	-0.001694 (-0.433)
Pol3*AUorADR	-0.000338 (-0.171)	0.000116 (0.026)	-0.0004295 (-0.218)	-0.0002709 (-0.061)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	No	No
IND Index			FIN 0.2674*** TECH 0.1189*** PROP 0.0191** SER 0.2012** RES 0.1659.	CONSUMP -0.9595** AGRO -0.4742* FIN 0.3015* PROP 0.0266. TECH 0.1565.
Adjusted R-Squared	0.04837	0.1019	0.05056	0.1059
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Appendix J-3(d): Episode 2: Include Financial Firms/Exclude Regular Directors/Separate Political Levels

	(8)		(15)	
	60	11	60	11
Mkt	0.4838*** (17.57)	0.6928*** (9.324)	0.381*** (11.761)	0.6648*** (7.621)
Event	-0.01402*** (-13.173)	-0.00937*** (-5.149)	-0.01409*** (-13.122)	-0.0103*** (-5.601)
Pol1*Event	-0.0578*** (-7.361)	-0.05999*** (-6.184)	-0.05682*** (-7.237)	-0.05677*** (-5.835)
Pol2*Event	-0.00995* (-2.113)	-0.01421* (-2.442)	-0.009894* (-2.103)	-0.01358* (-2.335)
Pol3*Event	-0.0429*** (-7.674)	-0.0436*** (-6.307)	-0.04294*** (-7.686)	-0.04306*** (-6.235)
Pol1	0.000836 (0.321)	0.005257 (0.864)	0.0007803 (0.303)	0.003109 (0.518)
Pol2	0.0004412 (0.311)	0.006487. (1.94)	0.0003552 (0.251)	0.006457. (1.94)
Pol3	0.000123 (0.081)	-0.000202 (-0.056)	0.0000873 (0.058)	-0.0003598 (-0.101)
Audit4	0.000396 (0.9)	0.001225 (1.233)	0.0002965 (0.68)	0.001125 (1.145)
ADR	-0.000294 (-0.157)	0.002729 (0.646)	-0.0001335 (-0.072)	0.003411 (0.813)
Pol1*AUorADR	-0.000381 (-0.112)	-0.004855 (-0.631)	-0.0002983 (-0.088)	-0.004185 (-0.548)
Pol2*AUorADR	0.001372 (0.686)	-0.002362 (-0.522)	0.001619 (0.814)	-0.002688 (-0.598)
Pol3*AUorADR	0.001465 (0.587)	0.003332 (0.59)	0.001436 (0.58)	0.002202 (0.393)
Intercept	Yes	Yes	Yes	Yes
LnTotalA	Yes	Yes	Yes	Yes
Leverage	Yes	Yes	Yes	Yes
IND	Yes	Yes	No	No
IND Index			FIN 0.2691*** TECH 0.1173*** PROP 0.0192** SER 0.2021** RES 0.1624.	CONSUMP -0.08982** FIN 0.3085** AGRO -0.4795* PROP 0.0268. TECH 0.1502.
Adjusted R-Squared	0.04941	0.1051	0.0516	0.1089
N-Observations	21318	5479	21318	5479

Significance codes: '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Note:

1. Episode 2 is when Thaksin was deposed via coup on 19 September 2006.
2. Regressions 8, 13, 14, and 15 are run using both 60-day (around 30-pre, 30-post event) and 11-day (around 5-pre, 5-post event) daily data.
3. Regressions 8, 13, 14, and 15 are run using data that include financial firms. Robustness tests are also done by running the regression models using data that (1) include/exclude connections with regular directors and (2) combine political connection levels/sub-divide political connections into different levels.
4. Figures reported in the body of the table are coefficient estimates. t-statistics are reported in the parentheses.