gains to bidders and targets in mergers. They found that the division of gains was more equitable than indicated by the percentage abnormal returns. Hence, an examination of the dollar abnormal returns to the firms involved in sell-off divestitures will add understanding regarding the valuation effects of these transactions over and above that provided by the pecentage metrics..

The dollar abnormal returns are calculated in a manner similar to that used by Dennis and McConnell (1986). Cumulative abnormal returns (CAR) over identified intervals are applied to the market value of equity as of 6 days before the divestiture announcement. Over the interval T_{1j} to T_{2j} of length $n = (T_{2j} - T_{1j} + 1)$ the dollar abnormal return (DAR) is defined as follows:

DAR = (n-day CAR) x (Stock Price @ day-6) x (# shares outstanding @ day-6).

In our analysis, we present results for the two day (-1,0) interval relative to the announcement date[8].

V. RESULTS

Percentage Returns

U.S. Seller and Canadian Acquirer Samples

Table 2 reports the mean abnormal return (MAR) for individual days around the announcement of the divestiture for the entire sample (Panel A) and the matched pair subsample (Panel B). For the sample of 62 U.S. divestor firms, the MAR have magnitudes of returns similar to those found in prior studies of divestitures by U.S. firms

[8] Results for other event windows are available from the authors upon request.