

Online Appendix to “Strategic News Releases in Equity Vesting Months”

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Definition of variables used in the Online Appendix.

This table describes the calculation of variables used only in this online appendix. The variables used also in the core analysis are described in Appendix A in the paper.

Variable	Definition
<i>G</i>	is the governance index from Gompers, Ishii, and Metrick (2003).
<i>Insiders</i>	is the percentage of insiders on the board.
<i>IO</i>	is the percentage of shares of the firm held by 13F institutions from Thomson Reuters.
<i>Tenure</i>	is the time (in years) since the date in which the CEO is new to office until the current date.
<i>Timer</i>	is the cumulated residuals in the prior year from an OLS regression similar to specification (1) in Table 4, Panel A, except that we exclude <i>VestingMonth</i> , <i>MonthBefore</i> , and <i>MonthAfter</i> .
<i>XWeeksBefore</i>	is an indicator function that equals one if a given week is <i>X</i> weeks prior to the vesting week, and zero otherwise, where $X \in \{1, 2, 3, 4, 5, 6\}$.
<i>YWeeksAfter</i>	is an indicator function that equals one if a given week is <i>Y</i> weeks after the vesting week, and zero otherwise, where $Y \in \{1, 2, 3, 4, 5, 6\}$.

Table OA1
Equity Vesting and CEO Sales

This table regresses CEO equity sales on vesting months. The dependent variable is *SaleMonth*. The variable *VestingMonth* is an indicator function that equals one if a stock (Column (1)) or option (Column (2)) grant vests in a given month. The variables *MonthBefore* and *MonthAfter* indicate the months before and after the vesting month. Controls are described in Appendix A. t-statistics are in parentheses, standard errors are corrected for heteroscedasticity and are clustered at the firm level, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. The sample period is 2002-2011.

Dependent Variable:	<i>SaleMonth</i>	
	Stocks (1)	Options (2)
<i>MonthBefore</i>	0.0077 (1.62)	0.0014 (0.39)
<i>VestingMonth</i>	0.2509*** (29.14)	0.1173*** (20.15)
<i>MonthAfter</i>	0.0135*** (2.97)	0.0057 (1.59)
<i>EAYearly</i>	0.0392*** (7.11)	0.0493*** (8.46)
<i>EAQuarterly</i>	0.0037 (1.18)	0.0025 (0.77)
<i>AGM</i>	0.0148*** (3.53)	0.0173*** (3.92)
<i>Board</i>	0.0075 (0.69)	0.0070 (0.63)
<i>EarningsSurprise</i>	0.0053*** (4.78)	0.0051*** (4.55)
<i>Analyst</i>	-0.0009 (-1.14)	-0.0007 (-0.94)
<i>PastReturn</i>	0.0256*** (8.65)	0.0255*** (8.48)
<i>IdioVol</i>	-0.6743*** (-4.42)	-0.6660*** (-4.54)
<i>Q</i>	0.0098*** (3.20)	0.0096*** (3.07)
<i>SalesGrowth</i>	0.0000 (-0.08)	0.0000 (-0.41)
<i>Liquidity</i>	0.0029 (0.58)	0.0025 (0.48)
<i>DivYield</i>	-0.0760 (-1.55)	-0.0700 (-1.35)
<i>MarketCap</i>	0.0000 (-1.54)	-0.0000* (-1.74)
<i>VestedSensitivity</i>	0.0067*** (2.96)	0.0058** (2.51)
<i>UnvestedSensitivity</i>	-0.0019 (-0.78)	-0.0012 (-0.49)
Constant	0.0514*** (3.18)	0.0536*** (2.80)
Firm Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Month Fixed Effects	Yes	Yes
Observations	98,374	98,374
R-squared	0.212	0.184

Table OA2
Learning by the Market

This table reports an event study of the effect of news releases on stock returns. In Panel A we report the results for the full sample, and in Panel B we split the sample by CEO tenure. We denote by *DV* and *DNV* the discretionary news released in vesting and non-vesting months, respectively, and similarly *NDV* and *NDNV* for non-discretionary news. We use a [0,1], [0,15], and [0,30] window. The cumulative abnormal return is the raw buy-and-hold return adjusted using a beta estimated over [-300,-46] with a market model. It includes the variable *Timer* as well as its interaction with *DV*. t-statistics are in parentheses and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. The sample period is 2002-2011.

Panel A: Learning Analysis			
	Abnormal Returns (basis points)		
	[0, 1]	[0, 15]	[0, 30]
	(1)	(2)	(3)
<i>DV</i>	27.23*** (10.08)	31.64*** (6.52)	13.97** (2.09)
<i>NDV</i>	-14.54 (-0.77)	-4.94 (-0.14)	25.40 (0.54)
<i>DNV</i>	14.51*** (9.55)	15.55*** (5.70)	-1.33 (-0.35)
<i>NDNV</i>	-17.30 (-1.01)	-12.44 (-0.40)	20.60 (0.49)
<i>Timer</i>	0.03 (1.02)	0.02 (0.41)	0.09 (1.14)
<i>DV</i> × <i>Timer</i>	0.01 (0.19)	0.06 (0.43)	-0.29 (-1.53)
<i>EADay</i>	35.19* (1.94)	44.67 (1.37)	12.23 (0.27)
<i>AGMDay</i>	21.50 (1.15)	9.24 (0.27)	-35.62 (-0.77)
<i>BoardDay</i>	59.22** (2.00)	37.15 (0.70)	11.33 (0.15)
<i>EAMonth</i>	5.75* (1.76)	32.98*** (5.64)	35.35*** (4.39)
<i>AGMMonth</i>	-3.50 (-0.90)	21.98*** (3.14)	36.02*** (3.75)
<i>BoardMonth</i>	-58.94*** (-5.52)	-72.08*** (-3.76)	-106.54*** (-4.03)
Observations	268,067	268,045	267,991
R-squared	0.001	0.001	0.000

Table OA2
(Continued)

Panel B: Tenure Analysis						
	Tenure 0-3 Years			Tenure \geq 4 Years		
	Abnormal Returns (basis points)			Abnormal Returns (basis points)		
	[0, 1]	[0, 15]	[0, 30]	[0, 1]	[0, 15]	[0, 30]
	(1)	(2)	(3)	(4)	(5)	(6)
<i>DV</i>	20.48*** (4.38)	29.08*** (3.46)	24.69** (2.10)	29.33*** (9.05)	32.40*** (5.56)	10.57 (1.32)
<i>NDV</i>	13.48 (0.37)	98.50 (1.52)	119.31 (1.32)	-20.25 (-0.91)	-31.76 (-0.80)	-0.58 (-0.01)
<i>DNV</i>	10.01*** (3.93)	9.81** (2.14)	1.05 (0.16)	16.05*** (8.71)	17.58*** (5.31)	-1.95 (-0.43)
<i>NDNV</i>	23.26 (0.71)	47.24 (0.80)	89.46 (1.08)	-26.53 (-1.33)	-26.65 (-0.74)	2.03 (0.04)
<i>Timer</i>	0.05 (0.38)	-0.15 (-0.62)	-0.58* (-1.70)	0.03 (0.94)	0.03 (0.52)	0.12 (1.42)
<i>DV</i> \times <i>Timer</i>	0.24 (0.88)	0.14 (0.27)	-0.89 (-1.27)	-0.00 (-0.00)	0.06 (0.38)	-0.24 (-1.19)
<i>EADay</i>	-1.41 (-0.04)	-28.67 (-0.46)	-54.28 (-0.62)	44.11** (2.09)	63.84* (1.68)	30.82 (0.59)
<i>AGMDay</i>	-24.74 (-0.69)	-57.87 (-0.90)	-85.66 (-0.96)	32.90 (1.50)	25.44 (0.65)	-24.87 (-0.46)
<i>BoardDay</i>	40.78 (0.79)	-33.83 (-0.37)	-54.63 (-0.42)	62.04* (1.74)	57.44 (0.90)	29.87 (0.34)
<i>EAMonth</i>	27.23*** (4.78)	64.76*** (6.32)	58.18*** (4.07)	-0.92 (-0.23)	23.11*** (3.30)	28.33*** (2.95)
<i>AGMMonth</i>	2.20 (0.33)	6.96 (0.58)	-33.05** (-1.99)	-5.41 (-1.15)	27.00*** (3.20)	59.09*** (5.11)
<i>BoardMonth</i>	-30.74* (-1.84)	-31.10 (-1.04)	-90.07** (-2.15)	-70.35*** (-5.28)	-89.07*** (-3.72)	-113.94*** (-3.47)
Observations	67,157	67,153	67,150	200,910	200,892	200,841
R-Squared	0.002	0.002	0.001	0.001	0.001	0.000

Table OA3
Governance

This table reports OLS regressions of discretionary news releases on different governance proxies, using a specification similar to Table 4 in the paper. It interacts both *VestingMonth* and *VestingSensitivity* with four governance variables: a governance index (*G*), analyst coverage (*Analyst*), institutional ownership (*IO*), and board independence (*Insiders*). *t*-statistics are in parentheses, standard errors are corrected for heteroscedasticity and are clustered at the firm level, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. The sample period is 2002-2011.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>G</i>		<i>Analyst</i>		<i>IO</i>		<i>Insiders</i>	
<i>VestingMonth</i>	-0.1972 (-0.89)		0.0712*** (2.78)		0.1529*** (3.40)		0.3532*** (3.81)	
<i>VestingSensitivity</i>		-0.0277 (-1.15)		0.0123*** (3.51)		0.0167*** (3.21)		0.0355*** (3.39)
<i>G</i>	0.2959*** (3.12)	0.2940*** (3.10)						
<i>VestingMonth</i> × <i>G</i>	0.0319 (1.48)							
<i>VestingSensitivity</i> × <i>G</i>		0.0039 (1.64)						
<i>Analyst</i>			0.0455*** (11.14)	0.0459*** (11.24)				
<i>VestingMonth</i> × <i>Analyst</i>			0.0025 (0.80)					
<i>VestingSensitivity</i> × <i>Analyst</i>				0.0001 (0.14)				
<i>IO</i>					3,061.2** (2.07)	3,210.7** (2.23)		
<i>VestingMonth</i> × <i>IO</i>					-1,225.4 (-0.96)			
<i>VestingSensitivity</i> × <i>IO</i>						-116.9 (-0.71)		
<i>Insiders</i>							0.8953** (2.45)	0.8896** (2.44)
<i>VestingMonth</i> × <i>Insiders</i>							-0.6478* (-1.90)	
<i>VestingSensitivity</i> × <i>Insiders</i>								-0.0631 (-1.60)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Month Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,811	11,771	137,496	136,385	78,856	78,573	22,151	22,046
R-squared	0.624	0.624	0.536	0.535	0.517	0.517	0.585	0.585

Table OA4
Weekly Analysis

This table reports OLS and Poisson regressions of discretionary news releases on vesting weeks. The main independent variable (*VestingWeek*) equals one in a vesting week and zero otherwise. We also include indicators for the weeks surrounding the vesting week, using the functions *XWeeksBefore* and *YWeeksAfter* indicating the *X* weeks before and *Y* weeks after vesting, respectively, where *X* and *Y* range from 1 to 6. Both specifications include the list of controls as in the main Table 3 of the paper. t-statistics are in parentheses, standard errors are corrected for heteroscedasticity and are clustered at the firm level, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. The sample period is 2002-2011.

Methodology:	OLS Discretionary	Poisson Discretionary
<i>6WeeksBefore</i>	-0.0008 (-0.10)	-0.0050 (-0.42)
<i>5WeeksBefore</i>	-0.0175** (-2.28)	-0.0410*** (-3.47)
<i>4WeeksBefore</i>	-0.0069 (-0.75)	-0.0260* (-1.82)
<i>3WeeksBefore</i>	0.0033 (0.40)	-0.0028 (-0.22)
<i>2WeeksBefore</i>	0.0110* (1.74)	0.0025 (0.19)
<i>1WeekBefore</i>	0.0196** (2.19)	0.0288 (1.62)
<i>VestingWeek</i>	0.0375*** (4.16)	0.0363** (2.28)
<i>1WeekAfter</i>	0.0140* (1.92)	0.0156 (1.16)
<i>2WeeksAfter</i>	0.0163*** (2.61)	0.0223* (1.95)
<i>3WeeksAfter</i>	0.0060 (0.95)	0.0007 (0.06)
<i>4WeeksAfter</i>	0.0004 (0.06)	-0.0090 (-0.80)
<i>5WeeksAfter</i>	-0.0073 (-1.02)	-0.0270* (-1.84)
<i>6WeeksAfter</i>	0.0004 (0.07)	-0.0064 (-0.55)
Controls	Yes	Yes
Firm Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Week Fixed Effects	Yes	Yes
Observations	540,223	315,002
R-Squared	0.387	