Online Appendix to "Equity Vesting and Managerial Myopia"

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 of the paper.

Variable	Definition
CEO incentives from equity vesting	
$NEWLYVESTINGIN_t$ ($UNVESTEDIN_{t-1}$ $UNVESTEDADJIN_{t-1}$ $VESTEDIN_{t-1}$)	Similar to $NEWLYVESTING_t$, except that options' deltas are replaced with their intrinsic values, i.e., delta is set to one for all in-the-money options and is set to zero for all out-of-the-money options (calculations are analogous for all measures with a postfix of *IN*);
$NEWLYVESTING1YR_t$ ($UNVESTED1YR_{t-1}$ $UNVESTEDADJ1YR_{t-1}$ $VESTED1YR_{t-1}$)	Similar to $NEWLYVESTING_t$, except that time-to-maturity is assumed to be one year for all options (calculations are analogous for all measures with a postfix of *1YR*);
$NEWLYVESTING0.7_t$ ($UNVESTEDADJ0.7_{t-1}$ $VESTED0.7_{t-1}$ $VESTED0.7_{t-1}$)	Similar to $NEWLYVESTING_t$, except that delta is assumed to be 0.7, the mean delta of all options in our sample, for all options (calculations are analogous for all measures with a postfix of 0.7);
$NEWLYVESTINGAM_t$ ($UNVESTEDADJAM_{t-1}$ $VESTEDAM_{t-1}$)	Similar to $NEWLYVESTING_t$, except that all options are assumed to be at-the-money (calculations are analogous for all measures with a postfix of *AM*);
$DURATION_{t-1}$	One duration measure constructed by Gopalan et al. (2014), defined as the weighted average of the vesting periods of a CEO's total equity holdings, with each equity grant's weight being the ratio of its delta to the aggregate delta;
$VEGA_{t-1}$	The dollar change in the CEO's wealth for a 100% change in stock return volatility for his entire equity holdings.

Table OA1: The relationship between the change in investment and equity sales: 2SLS analysis with alternative calculations of *NEWLYVESTING*

Panel A: Replacing option delta with its intrinsic value

Dependent Variables	(1) EQUITY_ SOLD$_t$	(2.1) ΔRD$_t$	(2.2) ΔRDAD$_t$	(2.3) ΔCAPEX$_t$	(2.4) ΔRDAD_ CAPEX$_t$	(2.5) ΔCAPEX_ ALL$_t$	(2.6) ΔRDAD_ CAPEXALL$_t$
NEWLYVESTINGIN$_t$	0.256***						
	(0.032)						
FIT_EQUITYSOLD$_t$		-1.141*	-1.491*	-0.565	-2.478*	-4.839**	-7.559**
		(0.684)	(0.807)	(0.615)	(1.266)	(2.249)	(3.170)
UNVESTEDADJIN$_{t-1}$	0.002	0.023	0.032	0.017	0.037	0.636	0.736
	(0.025)	(0.082)	(0.103)	(0.106)	(0.192)	(0.463)	(0.574)
VESTEDIN$_{t-1}$	0.028***	0.028	0.042	0.054**	0.107**	0.149*	0.223**
	(0.002)	(0.023)	(0.027)	(0.027)	(0.045)	(0.079)	(0.110)
Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Adjusted R^2 (R^2)	0.408	0.311	0.295	0.294	0.304	0.119	0.070

Panel B: Assuming all options expire in one year

Dependent Variables	(1) EQUITY_ SOLD$_t$	(2.1) ΔRD$_t$	(2.2) ΔRDAD$_t$	(2.3) ΔCAPEX$_t$	(2.4) ΔRDAD_ CAPEX$_t$	(2.5) ΔCAPEX_ ALL$_t$	(2.6) ΔRDAD_ CAPEXALL$_t$
NEWLYVESTING1YR$_t$	0.296***						
	(0.033)						
FIT_EQUITYSOLD$_t$		-1.014*	-1.315*	-0.537	-2.229*	-4.702**	-7.207**
		(0.607)	(0.707)	(0.566)	(1.147)	(2.036)	(2.863)
UNVESTEDADJ1YR$_{t-1}$	-0.022	-0.047	-0.061	-0.047	-0.153	0.360	0.300
	(0.024)	(0.069)	(0.086)	(0.108)	(0.179)	(0.466)	(0.569)
VESTED1YR$_{t-1}$	0.018***	0.014	0.022	0.048**	0.075**	0.105*	0.147*
	(0.002)	(0.015)	(0.018)	(0.023)	(0.034)	(0.061)	(0.082)
Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Adjusted R^2 (R^2)	0.420	0.346	0.344	0.308	0.339	0.142	0.110

Panels A-B report the 2SLS regression results on the relationship between the change in investment and the CEO's equity sales, using *NEWLYVESTING* as an instrument for *EQUITYSOLD*. In Panel A, the option delta is replaced with its intrinsic value. In Panel B, all options are assumed to expire in one year. Column (1) presents the first-stage regression results associated with column (2.1), and columns (2.1)-(2.6) present the second-stage regression results for the six different investment measures. Variable definitions are listed in Appendix A and the table at the start of this Online Appendix. *FIT_EQUITYSOLD* is the fitted value of *EQUITYSOLD* from the first-stage regressions. *EQUITYSOLD*, *NEWLYVESTINGIN*, *UNVESTEDADJIN*, *VESTEDIN*, *NEWLYVESTING1YR*, *UNVESTEDADJ1YR*, and *VESTED1YR* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by firm. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.

Table OA1 (Cont'd)

Panel C: Setting option delta to the sample mean of 0.7

Dependent Variables	(1) $EQUITY\_SOLD_t$	(2.1) ΔRD_t	(2.2) $\Delta RDAD_t$	(2.3) $\Delta CAPEX_t$	(2.4) $\Delta RDAD\_CAPEX_t$	(2.5) $\Delta CAPEX\_ALL_t$	(2.6) $\Delta RDAD\_CAPEXALL_t$
$NEWLYVESTING0.7_t$	0.362***						
	(0.038)						
$FIT\_EQUITYSOLD_t$		-0.978*	-1.221*	-0.571	-2.129**	-4.075**	-6.419**
		(0.569)	(0.649)	(0.558)	(1.080)	(1.856)	(2.597)
$UNVESTEDADJ0.7_{t-1}$	-0.000	-0.045	-0.064	-0.005	-0.109	0.547	0.491
	(0.027)	(0.079)	(0.095)	(0.132)	(0.209)	(0.538)	(0.643)
$VESTED0.7_{t-1}$	0.017***	0.013	0.019	0.050**	0.074**	0.091	0.127*
	(0.002)	(0.013)	(0.016)	(0.023)	(0.032)	(0.058)	(0.076)
Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Adjusted R^2 (R^2)	0.417	0.350	0.355	0.306	0.344	0.165	0.144

Panel D: Assuming that all options are at-the-money

Dependent Variables	(1) $EQUITY\_SOLD_t$	(2.1) ΔRD_t	(2.2) $\Delta RDAD_t$	(2.3) $\Delta CAPEX_t$	(2.4) $\Delta RDAD\_CAPEX_t$	(2.5) $\Delta CAPEX\_ALL_t$	(2.6) $\Delta RDAD\_CAPEXALL_t$
$NEWLYVESTINGAM_t$	0.361***						
	(0.038)						
$FIT\_EQUITYSOLD_t$		-0.929*	-1.163*	-0.599	-2.068*	-4.016**	-6.273**
		(0.547)	(0.624)	(0.601)	(1.081)	(1.931)	(2.623)
$UNVESTEDADJAM_{t-1}$	-0.002	-0.049	-0.077	0.014	-0.108	0.540	0.463
	(0.027)	(0.080)	(0.096)	(0.137)	(0.213)	(0.538)	(0.643)
$VESTEDAM_{t-1}$	0.017***	0.012	0.018	0.051**	0.073**	0.089	0.124
	(0.002)	(0.013)	(0.015)	(0.023)	(0.032)	(0.058)	(0.076)
Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Adjusted R^2 (R^2)	0.417	0.356	0.362	0.305	0.348	0.167	0.150

Panels C-D report the 2SLS regression results on the relationship between the change in investment and the CEO's equity sales, using *NEWLYVESTING* as an instrument for *EQUITYSOLD*. In Panel C, the delta is set to 0.7, the mean delta of all options in our sample. In Panel D, all options are assumed to be at-the-money. Column (1) presents the first-stage regression results associated with column (2.1), and columns (2.1)-(2.6) present the second-stage regression results for the six different investment measures. Variable definitions are listed in Appendix A and the table at the start of this Online Appendix. *FIT_EQUITYSOLD* is the fitted value of *EQUITYSOLD* from the first-stage regressions. *EQUITYSOLD*, *NEWLYVESTING0.7*, *UNVESTEDADJ0.7*, *VESTED0.7*, *NEWLYVESTINGAM*, *UNVESTEDADJAM*, and *VESTEDAM* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by firm. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.

Table OA2: The relationship between the change in investment and equity sales: 2SLS analysis, controlling for duration measure of Gopalan et al. (2014)

Dependent Variables	(1) EQUITY_SOLD$_t$	(2.1) ΔRD$_t$	(2.2) ΔRDAD$_t$	(2.3) ΔCAPEX$_t$	(2.4) ΔRDAD_CAPEX$_t$	(2.5) ΔCAPEX_ALL$_t$	(2.6) ΔRDAD_CAPEXALL$_t$
NEWLYVESTING$_t$	0.359***						
	(0.048)						
FIT_EQUITYSOLD$_t$		-0.362*	-0.748*	-0.812	-1.738*	-4.715**	-6.153**
		(0.218)	(0.388)	(0.642)	(0.906)	(2.266)	(2.693)
DURATION$_{t-1}$	-0.001***	-0.001	-0.003*	-0.002	-0.006*	-0.010	-0.015*
	(0.000)	(0.001)	(0.002)	(0.002)	(0.003)	(0.007)	(0.009)
UNVESTEDADJ$_{t-1}$	-0.061*	0.052	0.009	-0.113	-0.092	0.093	0.101
	(0.036)	(0.061)	(0.091)	(0.153)	(0.219)	(0.646)	(0.727)
VESTED$_{t-1}$	0.018***	0.006	0.009	0.060*	0.078*	0.108	0.132
	(0.003)	(0.007)	(0.011)	(0.032)	(0.040)	(0.068)	(0.082)
SALARY$_{t-1}$	0.043*	0.011	0.006	0.036	-0.025	-0.047	-0.088
	(0.026)	(0.060)	(0.110)	(0.211)	(0.276)	(0.422)	(0.491)
BONUS$_{t-1}$	0.011*	0.003	0.007	0.020	0.032	0.064	0.088
	(0.005)	(0.008)	(0.010)	(0.025)	(0.033)	(0.078)	(0.087)
Q$_t$	0.000*	0.001	0.002	0.006***	0.009***	0.029***	0.033***
	(0.000)	(0.001)	(0.001)	(0.002)	(0.003)	(0.006)	(0.007)
Q$_{t-1}$	0.000	0.000	0.003*	0.001	0.003	-0.009**	-0.007
	(0.000)	(0.001)	(0.002)	(0.002)	(0.003)	(0.005)	(0.006)
MV$_{t-1}$	0.000	-0.004*	-0.003	0.005	0.002	0.001	-0.004
	(0.001)	(0.002)	(0.002)	(0.004)	(0.005)	(0.013)	(0.015)
MOMENTUM$_{t-1}$	0.001	0.002	0.002	0.010***	0.012***	0.019**	0.021**
	(0.000)	(0.001)	(0.002)	(0.002)	(0.003)	(0.008)	(0.010)
AGE$_{t-1}$	0.004	-0.001	0.007	-0.020	-0.015	0.072	0.083
	(0.004)	(0.006)	(0.009)	(0.025)	(0.029)	(0.066)	(0.072)
CASH$_{t-1}$	0.002	0.024***	0.031***	0.070***	0.108***	0.305***	0.359***
	(0.003)	(0.009)	(0.010)	(0.018)	(0.025)	(0.060)	(0.068)
BOOKLEV$_{t-1}$	0.005	-0.002	-0.004	-0.055***	-0.056**	-0.108*	-0.109
	(0.003)	(0.009)	(0.012)	(0.019)	(0.024)	(0.059)	(0.066)
RETEARN$_{t-1}$	0.000	0.004	0.003	-0.003	-0.000	-0.025	-0.021
	(0.001)	(0.006)	(0.007)	(0.006)	(0.010)	(0.028)	(0.031)
ROA$_{t-1}$	-0.002	0.034**	0.044***	0.007	0.062**	0.026	0.113
	(0.003)	(0.015)	(0.017)	(0.018)	(0.031)	(0.062)	(0.076)
Intercept	-0.013	0.046**	0.029	-0.032	0.010	-0.068	-0.022
	(0.013)	(0.022)	(0.027)	(0.049)	(0.059)	(0.154)	(0.174)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,433	3,433	3,433	3,433	3,433	3,433	3,433
Adjusted R^2 (R^2)	0.468	0.387	0.358	0.320	0.315	0.151	0.115

This table reports the 2SLS regression results on the relationship between the change in investment and the CEO's equity sales, using *NEWLYVESTING* as an instrument for *EQUITYSOLD*. The duration measure introduced by Gopalan et al. (2014) is included as an additional control. This measure is the weighted average of the vesting periods of a CEO's total equity holdings, with each equity grant's weight being the ratio of its delta to the aggregate delta. Column (1) presents the first-stage regression results associated with column (2.1), and columns (2.1)-(2.6) present the second-stage regression results for the six different investment measures. Variable definitions are listed in Appendix A and the table at the start of this Online Appendix. *FIT_EQUITYSOLD* is the fitted value of *EQUITYSOLD* from the first-stage regressions. *EQUITYSOLD*, *NEWLYVESTING*, *UNVESTEDADJ*, and *VESTED* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by firm. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.

Table OA3: The relationship between the change in investment and equity sales: 2SLS analysis, controlling for Vega

Dependent Variables	(1) $EQUITY\_SOLD_t$	(2.1) ΔRD_t	(2.2) $\Delta RDAD_t$	(2.3) $\Delta CAPEX_t$	(2.4) $\Delta RDAD\_CAPEX_t$	(2.5) $\Delta CAPEX\_ALL_t$	(2.6) $\Delta RDAD\_CAPEXALL_t$
$NEWLYVESTING_t$	0.288***						
	(0.035)						
$FIT\_EQUITYSOLD_t$		-1.164*	-1.428*	-0.449	-2.269*	-4.584**	-7.290**
		(0.666)	(0.763)	(0.649)	(1.251)	(2.276)	(3.186)
$VEGA_{t-1}$	0.106***	0.193*	0.206*	-0.153	0.100	0.289	0.632
	(0.018)	(0.101)	(0.118)	(0.107)	(0.205)	(0.466)	(0.617)
$UNVESTEDADJ_{t-1}$	-0.023	-0.061	-0.086	-0.007	-0.143	0.411	0.312
	(0.025)	(0.081)	(0.098)	(0.121)	(0.197)	(0.500)	(0.616)
$VESTED_{t-1}$	0.018***	0.017	0.024	0.047**	0.076**	0.104	0.149*
	(0.002)	(0.016)	(0.019)	(0.023)	(0.035)	(0.065)	(0.088)
$SALARY_{t-1}$	0.001***	0.004***	0.005***	0.006***	0.013***	0.024***	0.032***
	(0.000)	(0.001)	(0.001)	(0.001)	(0.002)	(0.004)	(0.005)
$BONUS_{t-1}$	0.000**	0.003***	0.004***	0.000	0.005***	-0.006***	-0.000
	(0.000)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.003)
Q_t	-0.001**	-0.007**	-0.006**	0.004	-0.004	-0.008	-0.020*
	(0.000)	(0.003)	(0.003)	(0.003)	(0.005)	(0.009)	(0.011)
Q_{t-1}	0.001***	0.005***	0.006***	0.010***	0.018***	0.023***	0.033***
	(0.000)	(0.002)	(0.002)	(0.002)	(0.003)	(0.005)	(0.006)
MV_{t-1}	-0.001	-0.018*	-0.018*	-0.010	-0.034*	0.003	-0.014
	(0.002)	(0.010)	(0.011)	(0.012)	(0.019)	(0.038)	(0.045)
$MOMENTUM_{t-1}$	-0.000	0.023**	0.027**	0.089***	0.123***	0.274***	0.315***
	(0.002)	(0.011)	(0.011)	(0.014)	(0.022)	(0.034)	(0.043)
AGE_{t-1}	0.001	-0.003	-0.005	-0.044***	-0.058***	-0.118***	-0.129**
	(0.002)	(0.010)	(0.011)	(0.014)	(0.022)	(0.044)	(0.051)
$CASH_{t-1}$	0.001**	0.009**	0.009**	0.000	0.011**	-0.003	0.013
	(0.000)	(0.004)	(0.004)	(0.002)	(0.006)	(0.007)	(0.010)
$BOOKLEV_{t-1}$	-0.001	0.025*	0.034**	0.010	0.048**	0.002	0.050
	(0.001)	(0.013)	(0.014)	(0.011)	(0.022)	(0.027)	(0.036)
$RETEARN_{t-1}$	0.060***	0.069	0.065	-0.033	0.020	0.311	0.407
	(0.017)	(0.083)	(0.102)	(0.130)	(0.201)	(0.331)	(0.438)
ROA_{t-1}	0.002	0.000	0.002	0.002	0.009	0.041	0.059
	(0.004)	(0.010)	(0.011)	(0.020)	(0.026)	(0.059)	(0.071)
Intercept	0.004	0.040***	0.038**	-0.022	0.028	-0.004	0.053
	(0.009)	(0.015)	(0.015)	(0.016)	(0.026)	(0.049)	(0.059)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Adjusted R^2 (R^2)	0.425	0.329	0.330	0.311	0.337	0.147	0.107

This table reports the 2SLS regression results on the relationship between the change in investment and the CEO's equity sales, using *NEWLYVESTING* as an instrumental variable for *EQUITYSOLD*. *VEGA* is included as an additional control. Column (1) presents the first-stage regression results associated with column (2.1), and columns (2.1)-(2.6) present the second-stage regression results for the six different investment measures. Variable definitions are listed in Appendix A and the table at the start of this Online Appendix. *FIT_EQUITYSOLD* is the fitted value of *EQUITYSOLD* from the first-stage regressions. *EQUITYSOLD*, *NEWLYVESTING*, *UNVESTEDADJ*, *VESTED*, and *VEGA* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by firm. Year and firm fixed effects are included in all columns. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.

Table OA4: The relationship between the likelihood of cutting R&D to beat analyst consensus forecast and equity sales: reduced form regressions

Dependent Variables	(1) All firms	(2) Firms with R&D$_{q-4}$ > 0	(3) Firms with R&D cuts
		$CUTANDBEAT_q$	
$NEWLYVESTING_t$	16.432***	16.588***	22.493**
	(5.544)	(6.380)	(9.279)
	[23.239***]	[23.460***]	[31.810***]
$UNVESTEDADJ_{t-1}$	-3.638	-5.775*	-0.170
	(2.734)	(3.183)	(4.359)
$VESTED_{t-1}$	-0.819***	-0.534***	-0.523**
	(0.173)	(0.180)	(0.213)
$SALARY_{t-1}$	-0.950	1.951	0.048
	(1.058)	(1.276)	(1.726)
$BONUS_{t-1}$	-0.371	0.161	0.358
	(0.567)	(0.653)	(0.668)
Q_q	-0.054***	-0.042**	-0.048**
	(0.018)	(0.019)	(0.024)
Q_{t-1}	-0.130***	-0.127***	-0.051**
	(0.025)	(0.023)	(0.022)
MV_{q-1}	0.068***	0.010	0.034
	(0.021)	(0.024)	(0.031)
$MOMENTUM_{q-1}$	-0.081	-0.064	-0.023
	(0.061)	(0.063)	(0.076)
AGE_{t-1}	0.070**	0.044	-0.016
	(0.030)	(0.036)	(0.039)
$CASH_{q-1}$	0.064	-0.301	-0.209
	(0.186)	(0.188)	(0.210)
$BOOKLEV_{q-1}$	-0.297*	0.006	-0.132
	(0.160)	(0.167)	(0.201)
$RETEARN_{q-1}$	0.014	0.009	0.019
	(0.027)	(0.023)	(0.021)
ROA_{q-1}	0.790	0.124	0.481
	(0.790)	(0.688)	(0.636)
$R\&D_{q-4}$	16.766***	11.327***	9.628***
	(0.563)	(0.635)	(0.936)
Intercept	-2.403***	-1.627***	-1.044***
	(0.148)	(0.162)	(0.209)
Year Fixed Effects	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes
Observations	15,665	6,695	2,435
Pseudo R^2	0.153	0.081	0.047

This table reports the probit regression results on the relationship between the likelihood of cutting R&D to beat the earnings forecast and the CEO's vesting equity. Earnings announcement of fiscal quarter q takes place during fiscal year t. Variable definitions are listed in Appendix A. *NEWLYVESTING*, *UNVESTEDADJ*, and *VESTED* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by fiscal quarter end. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.

Table OA5: The relationship between earnings announcement returns and equity sales: reduced form regressions

Dependent Variables	(1)	(2)
	CAR_q (-1, +1)	
$NEWLYVESTING_t$	32.098***	18.626
	(12.380)	(12.553)
DIF_q		0.331
		(0.291)
$BEAT_q$		6.350***
		(0.201)
$UNVESTEDADJ_{t-1}$	3.829	0.337
	(6.907)	(6.983)
$VESTED_{t-1}$	1.074***	1.326***
	(0.406)	(0.388)
$SALARY_{t-1}$	-3.295	-2.545
	(4.448)	(4.283)
$BONUS_{t-1}$	-1.484	-1.150
	(1.253)	(1.215)
MV_{t-1}	-0.224*	-0.477***
	(0.125)	(0.125)
Q_{t-1}	-0.080	-0.020
	(0.061)	(0.057)
$LEVERAGE_{t-1}$	1.643***	2.010***
	(0.425)	(0.403)
$PASTRET(1Y)$	-0.004	-0.010***
	(0.003)	(0.003)
$PASTRET(1M)$	0.017	0.002
	(0.011)	(0.010)
$Q4$	0.148	0.372*
	(0.209)	(0.206)
$ANNRET_{q-1}$	-0.017*	-0.031***
	(0.010)	(0.010)
$ANNRET_{q-2}$	-0.018*	-0.025***
	(0.010)	(0.009)
$ANNRET_{q-3}$	-0.007	-0.009
	(0.009)	(0.009)
$ANNRET_{q-4}$	0.010	0.009
	(0.009)	(0.008)
Intercept	-0.000	-2.156
	(1.642)	(1.598)
Year Fixed Effects	Yes	Yes
Industry Fixed Effects	Yes	Yes
Observations	18,686	18,686
R^2	0.007	0.088

This table reports the OLS results on the relationship between the cumulative market adjusted returns over days -1 to +1 around the quarterly earnings announcements and the CEO's vesting equity, using *NEWLYVESTING* as an instrument for *EQUITYSOLD*. Earnings announcement of fiscal quarter *q* takes place during fiscal year *t*. Variable definitions are listed in Appendix A. *NEWLYVESTING*, *UNVESTEDADJ*, and *VESTED* are in billions, and *SALARY* and *BONUS* are in ten millions. Standard errors are in parentheses, clustered by announcement day. *** (**) (*) indicates significance at the 1% (5%) (10%) two-tailed level, respectively.