

Online Appendix to
“Managerial Myopia and the Mortgage Meltdown”

A Computation of total CEO vested common stock holdings

Beneficial holdings, as reported in their separate table in proxy statement, include direct and indirect CEO ordinary common share holdings, as well as restricted share holdings and holdings of options that are either exercisable or will become exercisable within 60 days. The Outstanding Equity Awards Table also reports holdings of all options as well as restricted stock. In principle, then, it should be possible to compute total vested, unrestricted shares by taking total beneficial holdings and subtracting all restricted stock, as well as currently exercisable and soon-to-be exercisable options.

In practice, the computation is more subtle. The subtleties arise because of two complications, which we discuss presently.

The first complication arises because not all restricted stock reported in the Outstanding Equity Awards Table is counted as part of beneficial holdings in the Beneficial Ownership Table. Often, restricted stock is held in the form of non-voting units, sometimes called “phantom shares”, which generally are not counted toward beneficial ownership, though there are exceptions. In the uncommon cases where such restricted phantom shares are counted toward beneficial holdings, the SEC requires the firm to disclose it in a footnote to the Beneficial Ownership Table.¹ However, firms need not (and usually do not) disclose in these footnotes the number of ordinary unvested restricted shares that counted toward beneficial ownership. As a result, obtaining vested unrestricted common stock holdings as of fiscal year end requires a careful reading of the proxy statement, and sometimes Form 4 SEC filings, in order to discern which outstanding unvested restricted stock awards are included in total reported beneficial ownership and which are not.

The other complication is that the Outstanding Equity Awards Table reports holdings as of the fiscal year end, whereas the Beneficial Ownership Table reports holdings as of the so-called “record date”, which is used to determine shareholder voting eligibility and usually comes two-to-three months after the fiscal year end. This timing difference requires adjusting for any changes in CEO holdings between the two dates.

Fortunately, we were able to obtain sufficient information for all 254 firms in our sample in order to precisely calculate CEO vested, unrestricted share holdings as of the end of fiscal 2006. Because firms differ in the manner in which they disclose various pieces of information, however, the method differs across our sample. However, all firms in our sample fall into one of three cases, for which we discuss our method below.

1) Case 1 (the most common case).

Footnotes to the Beneficial Ownership Table disclose the number of options, but not restricted shares, that

¹See the answer to Question 2.02 in the following SEC guidance document:
<https://www.sec.gov/divisions/corpfin/guidance/execcomp403interp.htm>, accessed 6/16/2017.

count toward total beneficial holdings. There is also no mention in the footnotes of any phantom shares or units counting toward beneficial holdings. We now outline the steps we take in for this case:

Step 1: subtract options disclosed in the footnote from total beneficial holdings. The result constitutes total unrestricted shares and restricted shares (not counting phantom units) held by the CEO as of the record date.

Step 2: Use the Outstanding Equity Award Table and other information in the Proxy to determine the number of actual shares of unvested restricted stock, but not units or phantom shares, held at the fiscal year end. Usually, the footnotes to the table provide sufficient information to discern which outstanding unvested stock awards consist of shares and which consist of units. In other cases, it is necessary to read descriptions of the plans under which restricted stock (including performance-vesting restricted stock) is granted in order to determine whether it is granted in the form of actual shares or phantom stock. In a few cases, we must resort to checking Form 4 SEC filings that accompany past grants of restricted stock, as these forms must disclose whether the new grant consists of units or shares. Once it is determined which outstanding unvested grants are actual restricted shares and not phantom units, we sum them up to get total unvested restricted stock holdings as of fiscal year end.

Step 3: From Step 1 we obtained total restricted and unrestricted share holdings as of the record date. From Step 2 we have total restricted share holdings as of fiscal year end. If the record date and fiscal year end coincide, then simply subtracting the latter number from the former will give total vested, unrestricted share holdings. However, because the record date usually comes later, we must also use the Thomson Insider Stock Transaction file to make adjustments for changes to beneficial ownership that occur during the interim period. Specifically, we subtract new restricted shares (not units) granted (transaction code "A"), add back open market sales net of purchases (transaction codes "P" and "S"), subtract shares retained from option exercises (transaction codes "M", net of any transactions on the same day coded as "S" that are flagged as option-related sales), add back shares relinquished to the firm for paying taxes or other reasons (transaction code "F"), and add back net shares disposed of through gifts (transaction code "G"). We hand-check the corresponding form 4 filed with the SEC for all transactions with other codes, and we subtract shares if they increased actual beneficial ownership for any reason during the interim period, as well as add them back if they decreased vested, unrestricted holdings for any reason. The resulting number is the exact number of unrestricted, vested shares held by the CEO as of FYE 2006.

2) Case 2 (the second most common case).

The Beneficial Ownership Table footnotes disclose the number of restricted shares that count toward beneficial ownership, and there are no phantom shares or units mentioned in these footnotes. Steps for this case are given below.

Step 1: The same as in case 1. The result is total restricted and unrestricted shares as of the record date.

Step 2: Since restricted shares contained in the beneficial holdings as of the record date are disclosed, simply subtract them to get total vested, unrestricted shares as of the record date.

Step 3: Since we now have total vested, unrestricted shares as of the record date, all that remains is to adjust this number for any changes in the interim period. We first subtract any restricted shares that vest in the interim period, since these shares would not have been vested as of fiscal year end. The rest of step 3 in this case is similar to that of case 1, with a few differences. As with Case 1, we subtract open market purchases net of sales, subtract shares retained from option exercises, and add back any shares disposed of through gifts. Unlike Case 1, we do not subtract any new grants of restricted stock (transaction code “A”), since we subtracted all restricted shares as of the record date in Step 2. Also, we ignore all transactions coded as “F”, shares relinquished for tax or other reasons, since these shares will not have been included in restricted shares as of the record date that we subtracted in Step 2. We do, however, hand check the Form 4 filings corresponding to any other transactions codes (“J” and others) and make sure to adjust for them if they change vested, unrestricted holdings during the interim period.

3) Case 3 (the rarest case).

In this case, the footnotes to the Beneficial Ownership Table indicate some phantom shares are counted in total beneficial holdings as of the record date.

Step 1: Same as for cases 1 & 2. The resulting number is total holdings of restricted and unrestricted stock, counting phantom units that have properties similar to that of actual stock.

Step 2: Determine which units disclosed in the Beneficial Ownership Table are unvested and restricted. Sometimes CEOs do not have to convert their restricted stock units into shares when they vest, and they choose to defer conversion because it allows them to defer a tax liability. Since they are vested, these phantom shares can be sold at any time, and so we should count them toward vested, unrestricted stock holdings, even if they are not actual shares. We utilize information in the proxy statement, and in one case, in form 4 filings from prior years, to determine which phantom units are unvested and which are vested. We then subtract the unvested units from the total. The resulting number is total vested shares and units, plus total holdings of actual restricted stock (not units) as of the record date.

Step 3: Use the Outstanding Equity Awards Table and other information in the proxy statement to determine the number of unvested, restricted shares (not units or phantom shares) the CEO held as of fiscal year end.

Step 4: We now subtract unvested, restricted shares (not units) from the result of Step 2. If the fiscal year end and record date coincide, the resulting number will equal total vested, unrestricted shares and units. However, if there is a difference between the dates, we must adjust for it. This adjustment is identical to that which is done in Step 3 of Case 1, with one difference: we also subtract any phantom units that vest during the interim period, since

these units will have been unvested as of fiscal year end. The resulting number will be the total vested, unrestricted shares and units held at fiscal year end.

B Figures and robustness checks

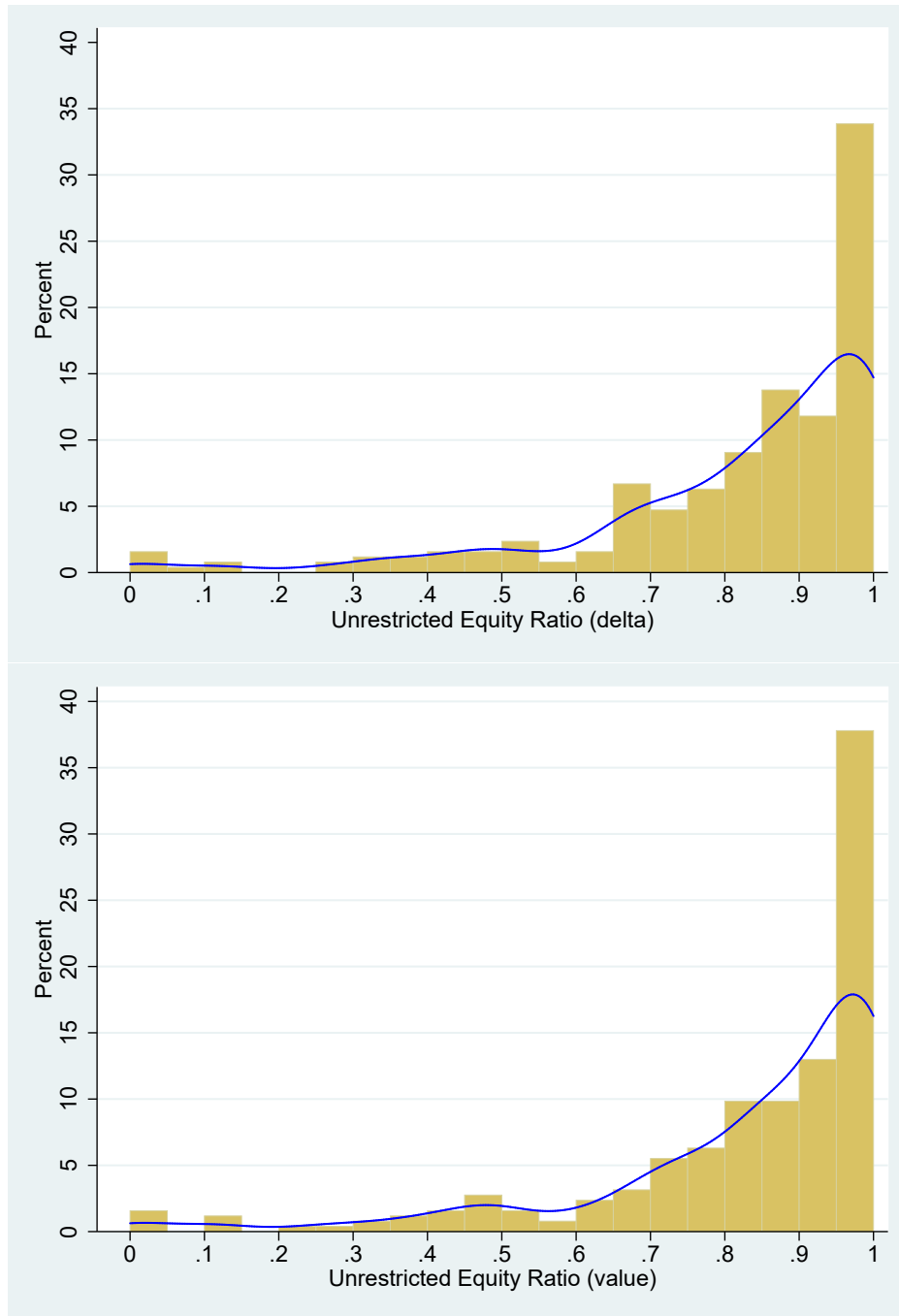


Figure 1: CEO unrestricted stock and exercisable option holdings

The figure reports the histograms of total unrestricted equity (combined unrestricted stock and exercisable options holdings) as a fraction of CEO total equity holdings. The top uses the delta-weighted ratio and the bottom the value-weighted. The height of each bin measures its frequency. The blue line is the kernel density curve estimated using the Gaussian kernel with optimal half-width.

Table A1: Including more control variables

The table reports the results of cross-sectional regressions that include additional control variables. CEO cashing out regressions further control for a CEO's other compensation made in 2006. The rest regressions further control for CEO equity ownership as a fraction of total shares outstanding, CEO tenure, the number of analyst following, all measured as the end of 2006. Panel A reports the results for the CEO cashing out regressions. Panels B to E report the results for subprime exposure during the crisis, stock performance, other risk-taking and performance measures, and mortgage related fraud settlements, respectively. Panel F reports results for the five-component breakdown of equity duration and panel G reports fraud settlement regressions using two-component equity duration breakdown. Equity duration, its components, and log value of book assets are standardized in the fraud regressions. The regressions are estimated using Tobit models for Private MBS/Assets and fraud settlements, using WLS for subprime exposure, and using OLS for the rest dependent variables. All variables are defined in Section III of the paper. Standard errors (reported in parentheses) are clustered by firm and quarter (week) for CEO cashing-out to quarterly earnings surprises sensitivity (stock performance) regressions, and are adjusted for heteroscedasticity in the remaining regressions. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

<i>Panel A: CEO Cashing-out as a Fraction of his Effective Equity Stake</i>			
	(1)	(2)	
Equity Duration	-0.228*** (0.079)	-0.051** (0.024)	
<i>Equity duration interacted with</i> Earnings Surprise		-0.689*** (0.261)	
Earnings Surprise		1.242* (0.640)	
All Equity Unrestricted (0/1)	-0.145** (0.058)	-0.021* (0.012)	
Control Variables	Yes	Yes	
Observations	248	1238	
Adjusted R ²	0.124	0.060	
<i>Panel B: Subprime Exposure during the Crisis</i>			
	Beta_PC	Beta_AAA	Beta_BBB-
Equity Duration	0.026*** (0.009)	0.166 (0.108)	0.036** (0.015)
All Equity Unrestricted (0/1)	-0.010 (0.013)	0.068 (0.122)	-0.016 (0.018)
Control Variables	Yes	Yes	Yes
Observations	254	254	254
Adjusted R ²	0.069	0.046	0.051
<i>Panel C: Stock Performance</i>			
	(1)	(2)	(3)
<i>Model</i>	<i>FF3</i>	<i>FF3</i>	<i>FF3+ΔABX</i>
<i>Sample Period</i>	<i>Crisis (07-09)</i>	<i>Pre-Crisis (2006)</i>	<i>Crisis (07-09)</i>
Equity Duration	0.365** (0.154)	-0.124* (0.071)	0.223 (0.154)
All Equity Unrestricted (0/1)	0.153 (0.325)	-0.020 (0.136)	0.183 (0.331)
Control Variables	Yes	Yes	Yes
Observations	22137	13057	22137
Adjusted R ²	0.167	0.314	0.177

(Continued)

Table A1—Continued

<i>Panel D: Other Risk-Taking and Performance Measures</i>					
	Pr. MBS/Assets	Tail Risk	Delist	Charge-Offs/Loans	ROE07-09
Equity Duration	-1.629** (0.796)	-0.694 (0.495)	-0.059** (0.026)	0.346 (0.394)	0.026 (0.064)
All Equity Unrestricted (0/1)	-0.365 (0.759)	0.210 (0.645)	-0.021 (0.048)	1.190** (0.596)	0.064 (0.079)
Inside Debt Ratio	-0.055 (0.490)	-1.022** (0.457)	-0.057** (0.025)	0.074 (0.442)	0.076 (0.064)
Log of Equity Vega	0.311 (0.218)	-0.167 (0.231)	-0.005 (0.014)	-0.016 (0.165)	0.007 (0.025)
Control Variables	Yes	Yes	Yes	Yes	Yes
Observations	202	254	254	190	244
Adjusted R ² (or Log Likelihood)	-346.723	0.173	0.129	0.156	0.124
<i>Panel E: Mortgage related Fraud Settlements</i>					
			(1)		(2)
Equity Duration			-8.752** (4.157)		-4.514 (2.733)
<i>Equity duration interacted with</i>					
Log of Book Assets					-2.005** (0.920)
<i>Inside debt duration interacted with</i>					
Log of Book Assets					-1.295** (0.645)
<i>Inside debt ratio interacted with</i>					
Log of Book Assets					-3.106*** (1.087)
All Equity Unrestricted (0/1)			-4.651 (4.074)		-1.487 (3.410)
Control Variables			Yes		Yes
Observations			254		254
Log Likelihood			-130.430		-126.247
<i>Panel F: Five Equity Duration Components</i>					
	Cashing-out	Subprime Beta_PC	Stock Performance		Fraud Settlement
			Crisis	Pre-Crisis	
Restricted Stk. Duration	-0.243*** (0.087)	-0.012 (0.037)	-0.534 (0.641)	-0.056 (0.284)	-5.118*** (1.627)
Performance Stk. Duration	-0.425*** (0.081)	0.008 (0.013)	0.151 (0.406)	-0.147 (0.144)	-0.263 (4.241)
Unexercisable Opt. Duration	-0.295 (0.210)	-0.016 (0.035)	-0.696 (0.925)	-0.235 (0.424)	1.546 (1.918)
Exercisable Option Ratio	0.385*** (0.127)	-0.066** (0.031)	-1.680** (0.664)	0.465* (0.258)	9.362*** (3.596)
Unrestricted Stock Ratio	0.290*** (0.111)	-0.083*** (0.026)	-0.863 (0.622)	0.094 (0.260)	10.723*** (3.933)
All Equity Unrestricted (0/1)	-0.106* (0.056)	-0.006 (0.014)	0.257 (0.329)	-0.037 (0.143)	-5.089 (4.470)
Control Variables	Yes	Yes	Yes	Yes	Yes
Observations	248	254	22137	13057	254
Adjusted R ² (or Log Likelihood)	0.146	0.062	0.167	0.314	-126.041

Table A1—*Continued*

<i>Panel G: Two Equity Duration Components and Mortgage related Fraud Settlements</i>		
	(1)	(2)
Restricted Equity Duration	−4.268*	0.189
	(2.382)	(0.502)
<i>Restricted equity duration interacted with</i>		
Log of Book Assets		−1.720***
		(0.551)
Unrestricted Equity Ratio	7.452**	3.943**
	(3.651)	(1.740)
<i>Unrestricted equity ratio interacted with</i>		
Log of Book Assets		1.683*
		(0.901)
Log of Book Assets	−0.146	−2.903
	(2.457)	(2.367)
All Equity Unrestricted (0/1)	−4.528	−2.081
	(4.239)	(3.545)
Control Variables	Yes	Yes
Observations	254	254
Log Likelihood	−130.739	−125.631

Table A2: Using alternative measures for CEO cashing-out ratio and equity duration

The table reports the results of cross-sectional regressions that use alternative measures of CEO cashing-out ratio and equity duration. Panel A reports the results for the CEO cashing out regressions. Column (1) and (2) repeat the cashing-out regressions using value-weighted equity duration. Column (3)-(6) use alternative cashing-out ratio calculated using number of shares and results for both delta- and value-weighted equity duration measures are included. The rest panels report results using value-weighted equity duration on subprime exposure during the crisis (Panel B), stock performance (Panel C), other risk-taking and performance measures (Panel D), mortgage related fraud settlements (Panel E), five-component breakdown of equity duration (Panel F), and fraud settlement regressions using two-component equity duration breakdown (Panel G). Equity duration, its components, and log value of book assets are standardized in the fraud regressions. The regressions are estimated using Tobit models for MBS/Assets and fraud settlements, using WLS for subprime exposure, and using OLS for the rest dependent variables. All variables are defined in Section III of the paper. Standard errors (reported in parentheses) are clustered by firm and quarter (week) for CEO cashing-out to quarterly earnings surprises sensitivity (stock performance) regressions, and are adjusted for heteroscedasticity in the remaining regressions. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A2—*Continued*

<i>Panel A: CEO Cashing-out as a Fraction of his Effective Equity Stake</i>						
	Dollar Ratio		Share Ratio			
	(1)	(2)	(3)	(4)	(5)	(6)
Equity Duration (delta)			−0.175*** (0.053)	−0.046** (0.018)		
Equity Duration (value)	−0.222*** (0.079)	−0.047** (0.024)			−0.171*** (0.053)	−0.042** (0.017)
<i>Equity duration interacted with</i> Earnings Surprise		−0.686** (0.278)		−0.654** (0.274)		−0.649** (0.288)
Earnings Surprise		1.234* (0.667)		1.225* (0.664)		1.206* (0.686)
All Equity Unrestricted (0/1)	−0.140** (0.058)	−0.020* (0.011)	−0.137** (0.061)	−0.020** (0.010)	−0.133** (0.061)	−0.019* (0.010)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes
Observations	248	1238	248	1238	248	1238
Adjusted R ²	0.125	0.056	0.097	0.054	0.096	0.053
<i>Panel B: Subprime Exposure during the Crisis</i>						
	Beta_PC		Beta_AAA		Beta_BBB-	
Equity Duration (value)		0.025*** (0.009)		0.139 (0.095)		0.034** (0.014)
All Equity Unrestricted (0/1)		−0.012 (0.012)		0.060 (0.104)		−0.020 (0.016)
Control Variables		Yes		Yes		Yes
Observations		254		254		254
Adjusted R ²		0.077		0.054		0.061
<i>Panel C: Stock Performance</i>						
	(1)	(2)	(3)			
<i>Model</i>	<i>FF3</i>	<i>FF3</i>	<i>FF3+ΔABX</i>			
<i>Sample Period</i>	<i>Crisis (07-09)</i>	<i>Pre-Crisis (2006)</i>	<i>Crisis (07-09)</i>			
Equity Duration (value)	0.305** (0.149)	−0.089 (0.069)	0.176 (0.144)			
All Equity Unrestricted (0/1)	0.141 (0.303)	−0.032 (0.138)	0.187 (0.316)			
Control Variables	Yes	Yes	Yes			
Observations	22137	13057	22137			
Adjusted R ²	0.167	0.314	0.177			

(Continued)

Table A2—Continued

<i>Panel D: Other Risk-Taking and Performance Measures</i>					
	Pr. MBS/Assets	Tail Risk	Delist	Charge-Offs/Loans	ROE07-09
Equity Duration (value)	-1.238*	-0.590	-0.068***	0.183	0.005
	(0.695)	(0.490)	(0.026)	(0.386)	(0.061)
All Equity Unrestricted (0/1)	-0.572	0.356	0.005	1.174**	0.066
	(0.760)	(0.617)	(0.044)	(0.581)	(0.080)
Inside Debt Ratio	-0.109	-0.978**	-0.045*	0.071	0.078
	(0.457)	(0.451)	(0.024)	(0.441)	(0.064)
Log of Equity Vega	0.417**	-0.224	-0.014	0.001	0.006
	(0.204)	(0.220)	(0.014)	(0.142)	(0.023)
Control Variables	Yes	Yes	Yes	Yes	Yes
Observations	202	254	254	190	244
Adjusted R ² (or Log Likelihood)	-352.845	0.180	0.108	0.165	0.133
<i>Panel E: Mortgage related Fraud Settlements</i>					
	(1)			(2)	
Equity Duration (value)	-7.995**			-3.739	
	(3.949)			(3.065)	
<i>Equity duration interacted with</i>					
Log of Book Assets				-1.777**	
				(0.846)	
Log of Book Assets	0.979			-1.611	
	(2.188)			(2.231)	
All Equity Unrestricted (0/1)	-4.461			-1.337	
	(4.398)			(3.589)	
Control Variables	Yes			Yes	
Observations	254			254	
Log Likelihood	-130.000			-126.430	
<i>Panel F: Five Value-weighted Equity Duration Components</i>					
	Cashing-out	Subprime Beta_PC	Stock Performance Crisis	Pre-Crisis	Fraud Settlement
Restricted Stk. Duration	-0.265***	-0.012	-0.544	-0.112	-3.994***
	(0.085)	(0.033)	(0.570)	(0.239)	(1.239)
Performance Stk. Duration	-0.433***	0.005	0.089	-0.142	1.047
	(0.087)	(0.014)	(0.387)	(0.143)	(1.376)
Unexercisable Opt. Duration	-0.427*	-0.024	-0.738	-0.403	1.006
	(0.242)	(0.041)	(0.961)	(0.453)	(2.118)
Exercisable Option Ratio	0.418***	-0.065**	-1.825**	0.483	9.823***
	(0.142)	(0.031)	(0.728)	(0.308)	(3.359)
Unrestricted Stock Ratio	0.283**	-0.079***	-0.835	0.033	10.852***
	(0.111)	(0.024)	(0.602)	(0.246)	(3.837)
All Equity Unrestricted (0/1)	-0.103*	-0.006	0.228	-0.038	-6.671
	(0.057)	(0.012)	(0.303)	(0.145)	(5.031)
Control Variables	Yes	Yes	Yes	Yes	Yes
Observations	248	254	22137	13057	254
Adjusted R ² (or Log Likelihood)	0.155	0.070	0.167	0.314	-125.826

Table A2—*Continued*

<i>Panel G: Two Value-weighted Equity Duration Components and Mortgage related Fraud Settlements</i>		
	(1)	(2)
Restricted Equity Duration	-2.381 (2.151)	0.790 (0.622)
<i>Restricted equity duration interacted with</i> Log of Book Assets		-1.207*** (0.451)
Unrestricted Equity Ratio	7.600** (3.634)	4.008** (1.837)
<i>Unrestricted equity ratio interacted with</i> Log of Book Assets		1.757* (0.923)
Log of Book Assets	0.568 (2.267)	-2.006 (2.197)
All Equity Unrestricted (0/1)	-5.597 (5.021)	-2.913 (4.177)
Control Variables	Yes	Yes
Observations	254	254
Log Likelihood	-130.007	-125.273

Table A3: Controlling for firms with at least 95% of CEO equity holding being unrestricted or exercisable

The table reports cross-sectional regressions that control for firms whose CEOs have at least 95% of their total equity holdings vested or exercisable. Results for both value- and delta-weighted equity duration measures are included. *95% Equity Unrestricted* is a dummy variable that is one if at least 95% of a CEO's equity holding is vested or exercisable. Panel A reports the results for the CEO cashing out regressions. Panels B to D report the results for subprime exposure during the crisis, stock performance, and mortgage related fraud settlements, respectively. All variables are defined in Section III of the paper. The regressions are estimated using Tobit models for fraud settlements, using WLS for subprime exposure, and using OLS for the rest dependent variables. Standard errors (reported in parentheses) are adjusted for heteroscedasticity in Panel A, B, and D, and are clustered by firm and week in Panel C. ***, **, and *, indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

<i>Panel A: CEO Total Cashing-out as a Fraction of his Effective Equity Stake</i>						
	Value Ratio		Share Ratio			
	(1)	(2)	(3)	(4)		
Equity Duration (value)	-0.243*** (0.082)		-0.186*** (0.056)			
Equity Duration (delta)		-0.250*** (0.082)			-0.190*** (0.055)	
95% Equity Unrestricted (0/1)	-0.135*** (0.052)	-0.139*** (0.052)	-0.116** (0.047)		-0.119** (0.047)	
Control Variables	Yes	Yes	Yes		Yes	
Observations	248	248	248		248	
Adjusted R ²	0.131	0.133	0.097		0.097	

<i>Panel B: Subprime Exposure during the Crisis</i>						
	Beta_PC		Beta_AAA		Beta_BBB-	
	(1)	(2)	(3)	(4)	(5)	(6)
Equity Duration (value)	0.021** (0.009)		0.094 (0.091)		0.030** (0.014)	
Equity Duration (delta)		0.021** (0.009)		0.114 (0.098)		0.030** (0.014)
95% Equity Unrestricted (0/1)	-0.021** (0.010)	-0.021** (0.010)	-0.100 (0.095)	-0.092 (0.097)	-0.027* (0.015)	-0.027* (0.015)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes
Observations	254	254	254	254	254	254
Adjusted R ²	0.087	0.086	0.056	0.057	0.067	0.067

(Continued)

Table A3—Continued

<i>Panel C: Stock Performance</i>				
	(1)	(2)	(3)	(4)
<i>Model</i>		<i>FF3</i>		<i>FF3</i>
<i>Sample Period</i>		<i>Crisis (07-09)</i>		<i>Pre-Crisis (2006)</i>
Equity Duration (value)	0.305** (0.142)		-0.121 (0.077)	
Equity Duration (delta)		0.372** (0.146)		-0.148* (0.082)
95% Equity Unrestricted (0/1)	0.103 (0.286)	0.130 (0.288)	-0.143 (0.113)	-0.153 (0.113)
Control Variables	Yes	Yes	Yes	Yes
Observations	22137	22137	13057	13057
Adjusted R ²	0.167	0.167	0.315	0.315
<i>Panel D: Mortgage related Fraud Settlements</i>				
	(1)	(2)	(3)	(4)
Equity Duration (value)	-8.660** (3.867)		-4.298 (3.159)	
Equity Duration (delta)		-9.029** (3.907)		-4.707* (2.565)
<i>Equity duration interacted with</i> Log of Book Assets			-1.698* (0.877)	-1.987** (0.926)
Log of Book Assets	1.171 (2.082)	1.034 (2.144)	-1.482 (2.165)	-1.507 (2.188)
95% Equity Unrestricted (0/1)	-4.709* (2.699)	-5.063* (2.840)	-2.218 (2.274)	-2.560 (2.276)
Control Variables	Yes	Yes	Yes	Yes
Observations	254	254	254	254
Log Likelihood	-129.552	-130.687	-126.223	-126.742

Table A4: Using winsorized CEO cashing-out ratio

The table reports the results of cross-sectional CEO cashing-out regressions where the dependent variable, CEO cashing-out ratio, is winsorized at 1st and 99th percentiles. Results for both value- and delta-weighted equity duration measures are included. For both panels, in column (1) and (2), the cashing-out ratio is calculated using dollar value, while in column (3) and (4), it is calculated using number of shares. CEO compensation related control variables are in 100 millions of US dollars. Panel A reports results on the relation between equity duration and total cashing out. Panel B reports results on the sensitivity of quarterly CEO cashing out to the previous quarter's earnings surprises. All variables are defined in Section III of the paper. All regressions are estimated using OLS. Standard errors (reported in parentheses) are adjusted for heteroscedasticity in panel A and are clustered by firm and quarter in panel B. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

<i>Panel A: CEO Total Cashing-out as a Fraction of his Effective Equity Stake</i>				
	Dollar Ratio		Share Ratio	
	(1)	(2)	(3)	(4)
Equity Duration (value)	-0.049*** (0.014)		-0.051*** (0.015)	
Equity Duration (delta)		-0.049*** (0.013)		-0.051*** (0.014)
All Equity Unrestricted (0/1)	-0.042** (0.019)	-0.042** (0.019)	-0.044** (0.021)	-0.045** (0.020)
Control Variables	Yes	Yes	Yes	Yes
Observations	248	248	248	248
Adjusted R ²	0.075	0.073	0.078	0.077
<i>Panel B: The Sensitivity of CEO Cashing-out to Quarterly Earnings Surprises</i>				
	Dollar Ratio		Share Ratio	
	(1)	(2)	(3)	(4)
Equity Duration (value)	-0.004* (0.002)		-0.004** (0.002)	
Equity Duration (delta)		-0.004** (0.002)		-0.004** (0.002)
<i>Equity duration interacted with</i> Earnings Surprise	-0.140*** (0.047)	-0.139*** (0.045)	-0.141*** (0.054)	-0.140*** (0.052)
Earnings Surprise	0.305*** (0.115)	0.311*** (0.114)	0.310** (0.129)	0.315** (0.129)
All Equity Unrestricted (0/1)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.004 (0.002)
Control Variables	Yes	Yes	Yes	Yes
Observations	1238	1238	1238	1238
Adjusted R ²	0.062	0.063	0.065	0.066