

## Online Appendix

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## Section 1 Impacts of different types of distractions

**Table 1.1 Distractions due to spill-over effects at other boards where an independent director also serves**

This table presents OLS models that test distraction due to director spill-over effects. We define a director to be distracted due to spill-over effects if she serves on the same nomination or compensation committee with a sick/injured or departing independent director at another firm, and no replacement director is appointed. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by spill-over effects, and independent director who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by spill-over effects, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables in this table relative to distraction by spill-over effects. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

### Panel A Director Level

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.010 (0.140)	0.007 (0.433)	-0.242** (0.020)	-0.103 (0.492)	0.010* (0.072)	0.023*** (0.001)	0.015 (0.125)	0.032*** (0.003)
Distracted X Annual stock return					0.005 (0.691)	0.004 (0.763)		
Distracted X ROA							-0.022 (0.643)	-0.048 (0.330)
Observations	14,046	14,046	53,049	53,049	52,312	52,312	52,307	52,307
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.023	0.179	0.027	0.074	0.085	0.381	0.085	0.381

### Panel B Firm Level

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.021 (0.214)							
Distracted IDs		-0.024* (0.070)						
Non-distracted non-co-opted IDs			0.136 (0.179)					
Non-distracted co-opted IDs			-0.141 (0.290)					
Distracted non-co-opted IDs				-0.168* (0.059)				
Distracted co-opted IDs				0.021 (0.860)				
Non-distracted IDs <sub>(-365, -1)</sub>					3.051 (0.456)			
Distracted IDs <sub>(-365, -1)</sub>						-2.269 (0.583)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							1.681 (0.317)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							0.866 (0.641)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-0.629 (0.721)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-1.208 (0.682)
Observations	4,197	4,197	4,197	4,197	341	341	210	187
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.601	0.601	0.601	0.601	0.077	0.076	0.206	0.205

**Table 1.2 Director distractions due to illness/injury and awards**

This table presents OLS models that specifically test distraction due to illness/injury and awards. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by illness/injury and awards, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by illness/injury and awards, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables in this table relative to distraction by illness/injury and awards. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.010*	0.038*	-0.854***	-0.392***	0.010	0.014	0.023	0.021
	(0.067)	(0.076)	(0.000)	(0.004)	(0.291)	(0.262)	(0.213)	(0.353)
Distracted X Annual stock return					-0.013	-0.018*		
					(0.198)	(0.095)		
Distracted X ROA							-0.079*	-0.054
							(0.087)	(0.295)
Observations	13,023	13,023	49,722	49,722	49,575	49,575	49,569	49,569
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.074	0.176	0.028	0.092	0.086	0.399	0.086	0.398

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.034							
	(0.496)							
Distracted IDs		-0.154**						
		(0.013)						
Non-distracted non-co-opted IDs			0.033*					
			(0.092)					
Non-distracted co-opted IDs			-0.019					
			(0.361)					
Distracted non-co-opted IDs				-0.037**				
				(0.023)				
Distracted co-opted IDs				-0.002				
				(0.921)				
Non-distracted IDs <sub>(-365, -1)</sub>					4.160			
					(0.356)			
Distracted IDs <sub>(-365, -1)</sub>						-11.565*		
						(0.085)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							7.841**	
							(0.030)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							1.716	
							(0.708)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-9.762**
								(0.024)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-22.629
								(0.129)
Observations	996	996	996	996	91	91	64	57
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.691	0.275	0.693	0.694	0.061	0.098	0.055	0.137

**Table 1.3 Director distractions due to firm underperformance at other firms**

This table presents OLS models that specifically test distraction due to underperformance of other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by underperformance of other firms, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by underperformance of other firms, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables in this table relative to distraction by underperformance of other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.018*** (0.000)	0.013** (0.042)	-0.235*** (0.003)	-0.189* (0.071)	0.007* (0.085)	0.016*** (0.001)	0.009 (0.164)	0.024*** (0.001)
Distracted X Annual stock return					-0.013*** (0.000)	-0.012*** (0.002)		
Distracted X ROA							-0.020* (0.054)	-0.052** (0.015)
Observations	16,067	16,067	62,826	62,826	61,890	61,890	61,899	61,899
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.087	0.182	0.028	0.089	0.083	0.352	0.083	0.352

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.037*** (0.009)							
Distracted IDs		-0.032*** (0.003)						
Non-distracted non-co-opted IDs			0.034** (0.023)					
Non-distracted co-opted IDs			0.040*** (0.009)					
Distracted non-co-opted IDs				-0.046*** (0.001)				
Distracted co-opted IDs				-0.011 (0.481)				
Non-distracted IDs <sub>(-365, -1)</sub>					2.022** (0.035)			
Distracted IDs <sub>(-365, -1)</sub>						-3.936*** (0.007)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							1.076** (0.042)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							0.329* (0.081)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-0.774* (0.052)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-0.155* (0.093)
Observations	4,783	4,783	4,783	4,783	460	460	269	240
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.614	0.614	0.614	0.614	0.064	0.068	0.248	0.178

**Table 1.4 Director distractions due to significant restructuring activity at other firms**

This table presents OLS models that specifically test distraction due to significant restructuring activity at other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by significant restructuring activity of other firms, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by significant restructuring activity of other firms, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores are computed using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables in this table relative to distraction by significant restructuring activity of other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.914*** (0.000)	0.029*** (0.000)	-0.252* (0.062)	-0.176 (0.277)	0.006 (0.344)	0.013 (0.140)	0.008 (0.452)	0.018 (0.150)
Distracted X Annual stock return					-0.014 (0.279)	-0.025* (0.060)		
Distracted X ROA							-0.016* (0.076)	-0.046** (0.043)
Observations	13,612	13,612	52,608	52,608	51,839	51,839	51,842	51,842
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.081	0.200	0.027	0.070	0.085	0.386	0.085	0.385

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.005* (0.079)							
Distracted IDs		-0.003* (0.087)						
Non-distracted non-co-opted IDs			0.010* (0.062)					
Non-distracted co-opted IDs			0.001* (0.094)					
Distracted non-co-opted IDs				-0.005* (0.087)				
Distracted co-opted IDs				-0.002* (0.094)				
Non-distracted IDs <sub>(-365, -1)</sub>					2.963** (0.037)			
Distracted IDs <sub>(-365, -1)</sub>						-2.124* (0.060)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							1.944** (0.031)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							1.510** (0.033)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-2.630** (0.018)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-2.708* (0.078)
Observations	4,783	4,783	4,783	4,783	460	460	269	240
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.613	0.613	0.613	0.612	0.064	0.069	0.254	0.187

**Table 1.5 Director distractions due to CEO turnovers at other firms**

This table presents OLS models that specifically test distraction due to CEO turnovers at other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by CEO turnover of other firms, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by CEO turnover of other firms, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We calculate propensity scores based on total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables in this table relative to distraction by CEO turnovers at other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.008** (0.012)	0.001 (0.539)	-0.031* (0.084)	-0.010* (0.095)	-0.002 (0.793)	0.007 (0.313)	0.019* (0.097)	0.030** (0.036)
Distracted X Annual stock return					0.001 (0.907)	-0.005 (0.692)		
Distracted X ROA							-0.118** (0.038)	-0.136* (0.053)
Observations	13,630	13,630	52,083	52,083	51,331	51,331	51,328	51,328
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.075	0.181	0.028	0.072	0.085	0.387	0.086	0.387

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.001 (0.194)							
Distracted IDs		-0.007 (0.130)						
Non-distracted non-co-opted IDs			0.011 (0.121)					
Non-distracted co-opted IDs			-0.007 (0.157)					
Distracted non-co-opted IDs				-0.001* (0.087)				
Distracted co-opted IDs				0.022 (0.195)				
Non-distracted IDs <sub>(-365, -1)</sub>					0.943 (0.497)			
Distracted IDs <sub>(-365, -1)</sub>						-1.277 (0.712)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							2.828* (0.084)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							-1.131 (0.433)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-3.342 (0.251)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								1.965 (0.374)
Observations	3,418	3,418	3,418	3,418	284	284	176	160
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.640	0.640	0.640	0.640	0.071	0.061	0.134	0.075

**Table 1.6 Director distractions due to financial misconduct investigations at other firms**

This table presents OLS models that specifically test distraction due to financial misconduct investigation at other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by financial misconduct investigation at other firms, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by financial misconduct investigation at other firms, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables relative to distraction by financial misconduct investigation at other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.015** (0.022)	0.013 (0.138)	-0.447* (0.073)	-0.066* (0.083)	0.015 (0.204)	0.019 (0.264)	0.008 (0.705)	0.038 (0.236)
Distracted X Annual stock return					-0.031** (0.045)	-0.003 (0.847)		
Distracted X ROA							-0.020* (0.087)	-0.118** (0.049)
Observations	13,358	13,358	50,509	50,509	49,794	49,794	49,786	49,786
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.070	0.198	0.027	0.069	0.086	0.392	0.087	0.392

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.013 (0.159)							
Distracted IDs		-0.008 (0.174)						
Non-distracted non-co-opted IDs			0.034* (0.094)					
Non-distracted co-opted IDs			0.016 (0.167)					
Distracted non-co-opted IDs				-0.038 (0.123)				
Distracted co-opted IDs				-0.013 (0.138)				
Non-distracted IDs <sub>(-365, -1)</sub>					8.693* (0.081)			
Distracted IDs <sub>(-365, -1)</sub>						-8.899* (0.086)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							7.073* (0.082)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							0.416 (0.939)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-13.673 (0.133)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-2.070 (0.772)
Observations	1,627	1,627	1,627	1,627	118	118	71	63
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.717	0.717	0.717	0.717	0.296	0.293	0.097	0.059

**Table 1.7 Director distractions due to financial distress at other firms**

This table presents OLS models that specifically test distraction due to financial distress of other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by financial distress of other firms, and independent directors who are not preoccupied by any events in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by financial distress of other firms, and firms without independent directors preoccupied by any events in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables are defined relative to distraction by financial distress of other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.021** (0.018)	0.006 (0.276)	-0.929** (0.043)	-0.329 (0.488)	0.027 (0.259)	0.042 (0.185)	0.024 (0.629)	0.063 (0.438)
Distracted X Annual stock return					-0.077* (0.099)	-0.079 (0.153)		
Distracted X ROA							-0.016 (0.953)	-0.163 (0.704)
Observations	12,856	12,856	49,280	49,280	48,565	48,565	48,555	48,555
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.071	0.208	0.027	0.066	0.089	0.404	0.089	0.403

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.110 (0.467)							
Distracted IDs		-0.263 (0.284)						
Non-distracted non-co-opted IDs			0.050 (0.841)					
Non-distracted co-opted IDs			0.015 (0.956)					
Distracted non-co-opted IDs				-0.226 (0.512)				
Distracted co-opted IDs				-0.303 (0.228)				
Non-distracted IDs <sub>(-365, -1)</sub>					8.369 (0.649)			
Distracted IDs <sub>(-365, -1)</sub>						-6.128 (0.837)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							8.656 (0.640)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							-6.295 (0.698)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								164.176 (0.467)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								127.821 (0.523)
Observations	425	425	425	425	36	36	26	24
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.722	0.730	0.717	0.728	0.021	0.014	0.344	0.932



**Table 1.8 Director distractions excluding negative professional distractions**

This table presents OLS models that specifically test distraction due to illness/injury and awards, and significant restructuring activity and CEO turnovers at other firms. Panel A presents director-level analysis. The sample includes independent directors who are preoccupied by the selected events in combination, and independent directors who are not preoccupied by any events (including negative professional distractions) in combination. Panel B presents firm-level analysis. The sample includes firms with independent directors preoccupied by the selected events in combination, and firms without independent directors preoccupied by any events (including negative professional distractions) in combination. We match these two groups of firms together by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. We define all distraction variables relative to distraction by illness/injury and awards, and significant restructuring activity and CEO turnovers at other firms. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

**Panel A Director Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Attended <75% of Meetings		# Trade		Unexpected Departure			
Distracted	0.013*** (0.009)	-0.002 (0.818)	-0.198* (0.060)	-0.131 (0.238)	0.005 (0.333)	0.010* (0.088)	0.013 (0.139)	0.022** (0.026)
Distracted X Annual stock return					-0.014* (0.090)	-0.015* (0.079)		
Distracted X ROA							-0.055 (0.180)	-0.086** (0.039)
Observations	14,517	14,517	55,382	55,382	54,574	54,574	54,583	54,583
Controls	Same as Model 4 of Table 4		Same as Table 5		Same as Table 6			
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.078	0.181	0.028	0.077	0.083	0.374	0.083	0.373

**Panel B Firm Level**

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	ROA				% CAR (-1,+1)			
Non-distracted IDs	0.016* (0.087)							
Distracted IDs		-0.027* (0.092)						
Non-distracted non-co-opted IDs			0.016 (0.174)					
Non-distracted co-opted IDs			-0.017 (0.180)					
Distracted non-co-opted IDs				-0.023 (0.223)				
Distracted co-opted IDs				0.003 (0.895)				
Non-distracted IDs <sub>(-365, -1)</sub>					0.087* (0.097)			
Distracted IDs <sub>(-365, -1)</sub>						1.185 (0.103)		
Acq (Non-distracted IDs) <sub>(-365, -1)</sub>							0.222* (0.078)	
Non-acq (Non-distracted IDs) <sub>(-365, -1)</sub>							-0.196* (0.080)	
Acq (Distracted IDs) <sub>(-365, -1)</sub>								-0.268 (0.158)
Non-acq (Distracted IDs) <sub>(-365, -1)</sub>								-3.958 (0.354)
Observations	4,697	4,697	4,697	4,697	496	496	298	264
Controls	Same as Model 1 of Table 7				Same as Table 11			
Industry * Year FE	N	N	N	N	Y	Y	Y	Y
Firm & Year FE	Y	Y	Y	Y	N	N	N	N
Adjusted R-squared	0.616	0.616	0.616	0.616	0.049	0.049	0.094	0.100

## Section 2 Difference-in-difference analysis of director distractions (DID)

**Table 2.1 A DID analysis of distractions at the director level**

This table presents difference-in-difference estimates for director-level data, for fiscal years 2000 to 2013. We define a treatment director as an independent director who is distracted for at least 50% (or 25% if distracted by illness/injury) of the firm-year, but not in the prior year within the same firm. The control directors are the remaining independent directors on the board of the treatment directors, who are not distracted in both years. Both treatment and control directors must have constant number of directorships during the two years, and the number of directorships held by a control director must be same with that of a treatment director in the same firm-year. The OLS regressions estimated are:

$$Meeting\ Absence_{i,t} = \beta_0 + \beta_1 Treat_i + \beta_2 (Treat_i \times Post_t) + Controls_{i,t} + \alpha_i + \delta_t + u_{i,t} \text{ for Models 1 and 2,} \quad (1)$$

$$Trading\ Frequency_{i,t} = \beta_0 + \beta_1 Treat_i + \beta_2 (Treat_i \times Post_t) + Controls_{i,t} + \alpha_i + \delta_t + u_{i,t} \text{ for Models 3 and 4, and} \quad (2)$$

$$Unexpected\ Departure_{i,t} = \beta_0 + \beta_1 Treat_i + \beta_2 (Treat_i \times Post_t) + \beta_3 (Treat_i \times Performance_{l,t}) + \beta_4 (Post_t \times Performance_{l,t}) + (Treat_i \times Post_t \times Performance_{l,t}) + Performance_{l,t} + Controls_{i,t} + \alpha_i + \delta_t + u_{i,t} \text{ for Models 5-8.} \quad (3)$$

$Treat_i$  is an indicator variable that equals one for treatment director-years and zero for control director-years.  $Post_t$  is an indicator variable that equals one for the year of treatment and zero for the year before. Since the same director-year could be considered distracted at one firm, but Non-distracted at another firm, the value of  $Treat_i$  varies within the groups of director-year or firm-year. So  $Treat_i$  by itself is not omitted. Since we include year fixed effects  $\delta_t$ ,  $Post_t$  by itself is omitted.  $Performance_{l,t}$  is measured by either *ROA* or *Annual stock return*. Standard errors are robust to heteroscedasticity and are clustered by director with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Dependent variable:	Attended <75% of Meetings		# Trade		Unexpected Departure			
Treat X Post	0.655*	0.011	-0.187	-0.124	0.028***	0.030***	0.034***	0.034**
	(0.090)	(0.219)	(0.341)	(0.577)	(0.000)	(0.000)	(0.003)	(0.010)
Treat X Post X Annual stock return					-0.033	-0.053**		
					(0.105)	(0.044)		
Treat X Post X ROA							-0.208***	-0.195***
							(0.001)	(0.007)
Observations	2,440	2,440	9,632	9,632	9,482	9,482	9,485	9,485
Firm & Year FE	Y	N	Y	N	Y	N	Y	N
Director & Year FE	N	Y	N	Y	N	Y	N	Y
Controls	Same as Model 4 of Table 4		Same as in Table 5		Same as Table 6			
Adjusted R-squared	0.155	0.439	0.119	0.112	0.133	0.444	0.141	0.452

**Table 2.2 A DID analysis of independent director distractions at the firm level**

This table presents difference-in-difference estimates for firm-level data, for fiscal years 2000 to 2013. We define treatment firms as firms with distracted independent directors in the current year, but not in the prior three years. Control firms do not have a distracted director throughout the four years. They are matched with replacement to the treatment firms by Fama-French 48, year and 5% radius on propensity scores calculated using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. The data include observations in years  $t - 2$ ,  $t - 1$ ,  $t$  and  $t + 1$ , where year  $t$  is the treatment year. The specifications for the OLS models are:

$$\text{Dependent Variable}_{i,t} = \beta_0 + \beta_2(\text{Treat}_i \times \text{Post}_t) + \text{Controls}_{i,t} + \alpha_i + \delta_t + u_{i,t} \text{ for Models 1; and} \quad (4)$$

$$\text{Dependent Variable}_{i,t} = \beta_0 + \beta_1 \text{TreatNC}_i + \beta_2 \text{TreatC}_i + \beta_4(\text{TreatNC}_i \times \text{Post}_t) + \beta_5(\text{TreatC}_i \times \text{Post}_t) + \text{Controls}_{i,t} + \alpha_i + \delta_t + u_{i,t} \text{ for} \quad (5)$$

Models 2.

$\text{Treat}_i$  is an indicator variable that equals one for treatment firm-years and zero for control firm-years.  $\text{Post}_t$  is an indicator variable that equals one for years  $t$  and  $t + 1$  and zero for years  $t - 2$  and  $t - 1$ , where year  $t$  is the treatment year. Since we include firm fixed effects  $\alpha_i$  and year fixed effects  $\delta_t$ ,  $\text{Treat}_i$  and  $\text{Post}_t$  by themselves are omitted.  $\text{TreatNC}_i$  is an indicator variable that equals one (zero) for treatment firm-years with (without) preoccupied independent directors that are non-coopted (and control firm-years).  $\text{TreatC}_i$  equals one (zero) for treatment firm-years with (without) preoccupied independent directors that are co-opted (and control firm-years). Because a firm can have both co-opted and non-coopted distracted independent directors, it is possible for the same firm-year observation to have both  $\text{TreatNC}_i$  and  $\text{TreatC}_i$  equal to one. So we do not omit  $\text{TreatNC}_i$  or  $\text{TreatC}_i$  by themselves, even though the models include firm fixed effects  $\alpha_i$  and year fixed effects  $\delta_t$ . Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

	Model 1	Model 2
Dependent variable:	Ln(Tobin's $Q$ )	
Treat X Post	-0.061*** (0.010)	
TreatNC X Post		-0.107** (0.035)
TreatC X Post		-0.043 (0.136)
Observations	1,351	1,362
Firm & Year FE	Y	Y
Controls	Same as Model 3 of Table 7	
Adjusted R-squared	0.847	0.839

**Table 2.3 Pre-treatment covariate balance test**

This table compares the treatment and control groups during the pre-treatment period. The five columns of statistics represent mean values of the control group, mean values of the treatment group, difference in means of control and treatment groups (i.e., Control-Treatment), difference in means scaled by the average of standard deviations and P-values, respectively. We calculate normalized differences as the difference in means scaled by the average of the standard deviations. Panel A tabulates director-level comparisons. We define a treatment director as an independent director who is distracted for at least 50% (or 25% if distracted by illness/injury) of the firm-year, but not in the prior year within the same firm. The control directors are the remaining independent directors on the board of the treatment directors, who are not distracted in both years. Both treatment and control directors must have constant number of directorships during the two years, and the number of directorships held by a control director must be same with that of a treatment director in the same firm-year. The sample includes independent director-firm-year observations in year  $t - 1$ . Panel B tabulates firm-level comparisons. The treatment firms are those with distracted independent directors in the current year but not in the prior three years. Control firms do not have a distracted independent director throughout the four years. We match them with replacement to the treatment firms by Fama-French 48, year and 5% radius of propensity scores calculated using total assets, the average number of directorships of independent directors, Board size and the fraction of independent directors that hold three or more directorships. The sample includes firm-year observations in years  $t - 2$  and  $t - 1$ . All variable definitions are reported in Appendix A.3.

**Panel A Director level**

	Control	Treatment	Difference	Normalized Difference	P-Value
# of Directorships	1.978	2.120	-0.212	-0.179	0.133
Director tenure	7.542	6.509	1.033**	0.190	0.029
Director age	61.399	59.916	1.482*	0.195	0.088
Director ownership	0.003	0.003	-0.000	0.000	0.843
Committee Member	0.929	0.937	-0.008	-0.031	0.213

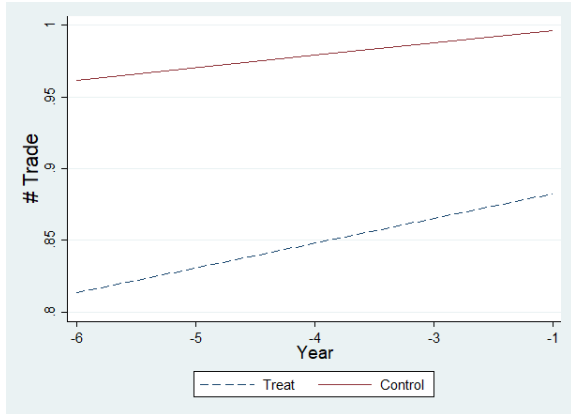
**Panel B Firm level**

	Control	Treatment	Difference	Normalized Difference	P-Value
Busy IDs	0.078	0.081	-0.003	-0.023	0.722
Independent board	0.769	0.777	-0.008	-0.019	0.777
Board size	7.823	7.949	-0.126	-0.071	0.281
Assets (\$ million)	1245.632	1424.299	-178.667	-0.089	0.176
R&D / Sales	0.296	0.085	0.211	0.089	0.350
ID Ownership	0.010	0.010	-0.000	0.000	0.893
CEO Ownership	0.042	0.034	0.008	0.125	0.102
Ln (1+Firm Age)	2.393	2.380	0.012	0.017	0.783
# of Bus Seg	2.244	2.301	-0.057	-0.033	0.608
Volatility	0.581	0.533	0.048***	0.185	0.005
Depreciation / Sales	0.104	0.074	0.031	0.118	0.162

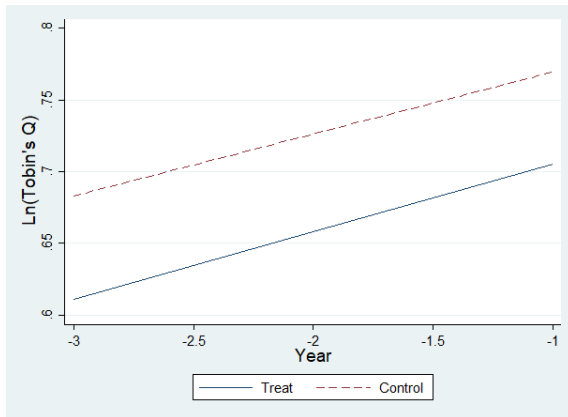
### Table 2.4 Pre-treatment trends

This figure compares fitted trends of continuous dependent variables of treatment and control groups in the pre-treatment period. Panel A graphs trends in # Trade, which is the number of times that a director trades in a fiscal year. Panel B graphs  $ROA$ ,  $\ln(\text{Tobin's } Q)$  and  $UAF$ .  $ROA$  is operating income before depreciation scaled by assets.  $\ln(\text{Tobin's } Q)$  is the natural logarithm of the market-to-book approximation of Tobin's  $Q$ .

#### Panel A Director level



#### Panel B Firm level



### Section 3 Further evidence

**Table 3.1 Acquisition profitability: Role of non-coopted and co-opted independent directors**

This table presents results from a multivariate OLS analysis of acquisition performance measured as cumulative abnormal return around announcement for fiscal years 2000 to 2013. In Models 1-4, the data include 2,659 acquisitions made by S&P 1500 firms, excluding those made by financial and utility firms, dual class firms and firms with a dominating insider shareholder. In Models 5-8, we further match the firms with and without preoccupied independent directors together, by Fama-French 48 Industry, year and 5% radius on propensity score with replacement. We compute propensity scores using total assets, the average number of directorships held by independent directors, Board size and the fraction of independent directors that hold three or more directorships. *Non-distracted non-co-opted IDs* is the fraction of directors on the board who are independent, Non-distracted and non-coopted (i.e., scaling by the Board size). *Non-distracted co-opted IDs* is the fraction of directors on the board who are independent, Non-distracted and co-opted (i.e., scaling by the Board size). *Distracted non-co-opted IDs* is the fraction of all independent directors who are distracted and non-coopted (i.e., scaling by the number of independent directors). *Distracted co-opted IDs* is the fraction of independent directors who are distracted and co-opted (i.e., scaling by the number of independent directors). We measure distraction over the event window of (-365, -1) where date 0 is the acquisition announcement date (i.e., in terms of whether an independent director is distracted for the majority of the last 365 days prior to the acquisition). Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by firm with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

Dependent variable:	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
% CAR(-1,+1)	Full Sample				Matched Sample			
Non-distracted non-co-opted IDs / Board size <sub>(-365, -1)</sub>	1.615*	1.210*			6.003***	5.572**		
	(0.056)	(0.074)			(0.003)	(0.016)		
Non-distracted co-opted IDs / Board size <sub>(-365, -1)</sub>	0.612*	0.573*			6.092***	5.100**		
	(0.070)	(0.063)			(0.003)	(0.023)		
Distracted non-co-opted IDs / IDs <sub>(-365, -1)</sub>			-0.202**	-0.568**			-6.441**	-5.880
			(0.028)	(0.037)			(0.033)	(0.136)
Distracted co-opted IDs / IDs <sub>(-365, -1)</sub>			-0.585*	-0.211*			-3.597	-2.577
			(0.083)	(0.084)			(0.154)	(0.313)
Ln(Assets) <sub>t-1</sub>	-0.524***	-0.537***	-0.529***	-0.541***	-0.625***	-0.635***	-0.566***	-0.588***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.003)	(0.002)	(0.006)
Leverage <sub>t-1</sub>	0.583	0.670	0.693	0.782	0.578	0.143	0.290	-0.047
	(0.615)	(0.527)	(0.550)	(0.464)	(0.731)	(0.939)	(0.864)	(0.980)
Ln(Tobin's Q) <sub>t-1</sub>	-0.550	-0.763	-0.546	-0.758	-0.737	-1.128	-0.737	-1.124
	(0.210)	(0.119)	(0.214)	(0.119)	(0.326)	(0.143)	(0.326)	(0.141)
R&D / Sales <sub>t-1</sub>	-0.320*	-0.360**	-0.332*	-0.361**	-6.765**	-6.591**	-6.858**	-6.873**
	(0.077)	(0.027)	(0.066)	(0.026)	(0.038)	(0.042)	(0.037)	(0.031)
Busy IDs <sub>t-1</sub>	0.814	0.921	0.478	0.725	2.102	1.975	2.110	1.949
	(0.297)	(0.309)	(0.549)	(0.440)	(0.175)	(0.287)	(0.177)	(0.301)
Independent board <sub>t-1</sub>	-0.424	-0.190	-0.103	0.039	-0.757	0.395	0.260	1.217
	(0.588)	(0.840)	(0.887)	(0.966)	(0.630)	(0.829)	(0.857)	(0.472)
E-Index <sub>t-1</sub>	-0.047	-0.173	-0.031	-0.160	0.004	0.104	0.052	0.147
	(0.738)	(0.258)	(0.822)	(0.294)	(0.987)	(0.725)	(0.841)	(0.611)
Stock runup	-0.013**	-0.012*	-0.014**	-0.012*	-0.007	-0.013	-0.007	-0.013
	(0.038)	(0.081)	(0.030)	(0.072)	(0.460)	(0.234)	(0.459)	(0.218)
Relative deal size	0.698	0.271	0.642	0.232	-2.717	-3.581	-2.780	-3.623
	(0.458)	(0.820)	(0.498)	(0.847)	(0.261)	(0.168)	(0.253)	(0.164)
% Cash financed	0.006*	0.005	0.006*	0.005	0.009	0.009	0.009	0.010
	(0.055)	(0.152)	(0.050)	(0.147)	(0.141)	(0.183)	(0.127)	(0.167)
Non-diversifying bid	0.360	0.217	0.362	0.215	0.143	-0.070	0.051	-0.115
	(0.267)	(0.555)	(0.265)	(0.558)	(0.798)	(0.914)	(0.927)	(0.858)
Observations	2,595	2,595	2,595	2,595	608	608	608	608
Industry & Year FE	Y	N	Y	N	Y	N	Y	N
Industry * Year FE	N	Y	N	Y	N	Y	N	Y
Adjusted R-squared	0.057	0.082	0.056	0.081	0.062	0.066	0.057	0.062

**Table 3.2 Number of directorships and director distractions due to major awards**

This table presents results from multivariate regression analysis of the number of directorships for directors conditioning on whether they are overall winners of national awards, excluding financial and utility firms for fiscal years 2000 to 2013. The dependent variable is the number of directorships a director has. *Award* is an indicator that equals one if the independent director is distracted for at least 50% (or 25% if distracted by illness/injury) of the fiscal year and 0 otherwise. A detailed description of the distracting events, distraction periods and requirements on the relative importance of a directorship related to the distracting events is given in Section 3. *Major committee* is an indicator variable that equals one if the director is a nomination, audit, compensation or corporate governance committee member and 0 otherwise. Appendix A.3 reports all the variable definitions. Standard errors are robust to heteroscedasticity and are clustered by director with p-values in parentheses. \*, \*\*, \*\*\* indicate significance at the 10%, 5% and 1% levels respectively.

Dependent variable: # of Directorships	Model 1 Tobit	Model 2 OLS	Model 3 OLS	Model 4 Tobit	Model 5 OLS	Model 6 OLS
Award	0.282* (0.067)	0.151 (0.129)	0.187* (0.058)	0.324** (0.028)	0.175* (0.069)	0.205** (0.027)
Ln(Assets) <sub>t-1</sub>	0.298*** (0.000)	0.148*** (0.000)	0.054*** (0.004)	0.296*** (0.000)	0.138*** (0.000)	0.036** (0.011)
Ln(Tobin's Q) <sub>t-1</sub>	0.175*** (0.000)	0.081*** (0.001)	-0.043** (0.024)	0.236*** (0.000)	0.106*** (0.000)	0.006 (0.685)
ROA <sub>t-1</sub>	-0.432*** (0.006)	-0.158* (0.069)	-0.030 (0.577)	-0.476*** (0.000)	-0.170*** (0.001)	-0.049 (0.126)
Board size <sub>t-1</sub>	0.026*** (0.003)	0.012** (0.013)	0.001 (0.886)	0.029*** (0.000)	0.013*** (0.001)	0.002 (0.524)
Independent board <sub>t-1</sub>	0.323*** (0.000)	0.126*** (0.000)	0.085*** (0.000)	0.335*** (0.000)	0.126*** (0.000)	0.065*** (0.000)
Director age <sub>t-1</sub>	0.024*** (0.000)	0.013*** (0.000)	0.013*** (0.000)	0.031*** (0.000)	0.015*** (0.000)	0.016*** (0.000)
Director tenure <sub>t-1</sub>	-0.040*** (0.000)	-0.017*** (0.000)	-0.014*** (0.000)	-0.041*** (0.000)	-0.017*** (0.000)	-0.014*** (0.000)
Director ownership <sub>t-1</sub>	-2.909*** (0.000)	-0.914*** (0.000)	-0.863*** (0.000)			
Post-SOX <sub>t-1</sub>	-0.344*** (0.000)		-0.175*** (0.000)	-0.351*** (0.000)		-0.155*** (0.000)
Observations	84,109	84,109	84,109	112,328	112,328	112,328
Industry & Year FE	Y	N	N	Y	N	N
Industry * Year FE	N	Y	N	N	Y	N
Firm & Year FE	N	N	Y	N	N	Y
Pseudo R-squared	0.0310			0.0309		
Adjusted R-squared		0.070	0.168		0.069	0.158

**Table 3.3 Major firm-level corporate events and the frequency of board meetings**

This table summarizes the correlations of number of board meetings with significant firm-level corporate events, including material underperformance of ROA, acquisitions, CEO turnovers, investigations of financial misconducts and financial distress. \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels respectively.

	Underperform	M&A	CEO Turnover	Misconduct	Distress
# of Meetings	0.0282***	0.0721***	0.103***	0.103***	0.0895***

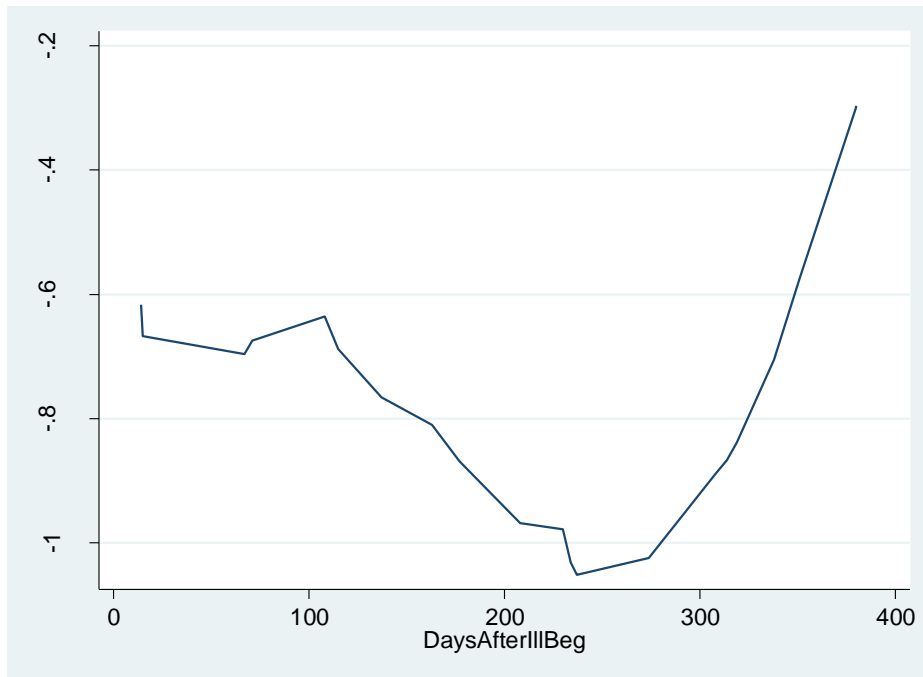
**Table 3.4 Number of directorships a director concurrently holds in an industry**

This table summarizes the number of directorships a director concurrently holds within the same 4-digit, 3-digit and 2-digit historical SIC industry, respectively. The data includes all director-firm-year observations from S&P 1500 firms and exclude those from financial and utility industries.

	Count	SD	Mean	p50	p25	p75
4-digit	124670	0.105	1.01	1	1	1
3-digit	124670	0.136	1.017	1	1	1

**Figure 3.1 Director cocus and illness/injury**

This figure graphs the focus of a director in a firm against the time elapsed since becoming ill/injured. The variable on the vertical axis, *Focus*, is our proxy for director busyness, which is based on a factor analysis of *Attended < 75% of Meetings*, *# of Directorships* and *Busy Committee*.





**Table 3.5 Probabilities of restatements, fraud and comment letters when  $UAF=1$** 

The coefficient estimates are from Table 4 of Hribar, Kravet, and Wilson (2014) and are based on conditional logit models in a matched sample. The matched sample means are provided by the authors in private correspondence. Each variable's X-beta is defined as the product of its associated mean and coefficient estimate. We name the sum of the x-betas of all explanatory variables as  $X'\beta$ . We then adjust  $X'\beta$  by evaluating  $UAF$  at its first and third quartile, i.e. 0.011 and 0.033 respectively, rather than at its mean. The probabilities of  $Y=1$  are then calculated as  $\frac{e^{X'\beta}}{1+e^{X'\beta}}$ . We define all variables following Hribar, Kravet, and Wilson (2014).

Dependent variable	Restatement			Fraud		Comment Letter	
	Mean	Coefficient Estimate	X-Beta	Coefficient Estimate	X-Beta	Coefficient Estimate	X-Beta
<i>UAF</i>	0.0444	0.359	0.0159	0.566	0.0251	0.420	0.0186
<i>AQ</i>	0.0949	1.914	0.1816	-1.330	-0.1262	-0.456	-0.0433
<i>SMOOTH</i>	1.1393	0.150	0.1709	0.006	0.0068	0.027	0.0308
$\sigma_{CFO}$	0.0942	1.396	0.1315	-0.369	-0.0348	-0.042	-0.0040
$\Delta REC$	0.0075	-0.076	-0.0006	1.453	0.0109	-0.017	-0.0001
$\Delta INV$	0.0015	1.916	0.0029	-3.475	-0.0052	0.325	0.0005
$\Delta CSALES$	0.1262	-0.023	-0.0029	-0.165	-0.0208	-0.001	-0.0001
$\Delta NIBE$	0.0029	-0.151	-0.0004	-0.036	-0.0001	0.001	0.0000
$\Delta EMP$	-0.0876	-0.476	0.0417	0.450	-0.0394	-0.007	0.0006
<i>BTM</i>	0.6031	0.030	0.0181	-0.200	-0.1206	0.000	0.0000
$X'\beta = \text{sum}(X\text{-beta})$			0.5587		-0.3043		0.0030
$X'\beta @ UAF=0.011$			0.5467		-0.3232		-0.0110
$X'\beta @ UAF=0.033$			0.5546		-0.3107		-0.0018
$P(Y=1 UAF=0.011)$			63.34%		41.99%		49.73%
$P(Y=1 UAF=0.033)$			63.52%		42.29%		49.96%

Hribar, Paul, Todd Kravet, and Ryan Wilson, 2014. A new measure of accounting quality, *Review of Accounting Studies* 19, 506-538.