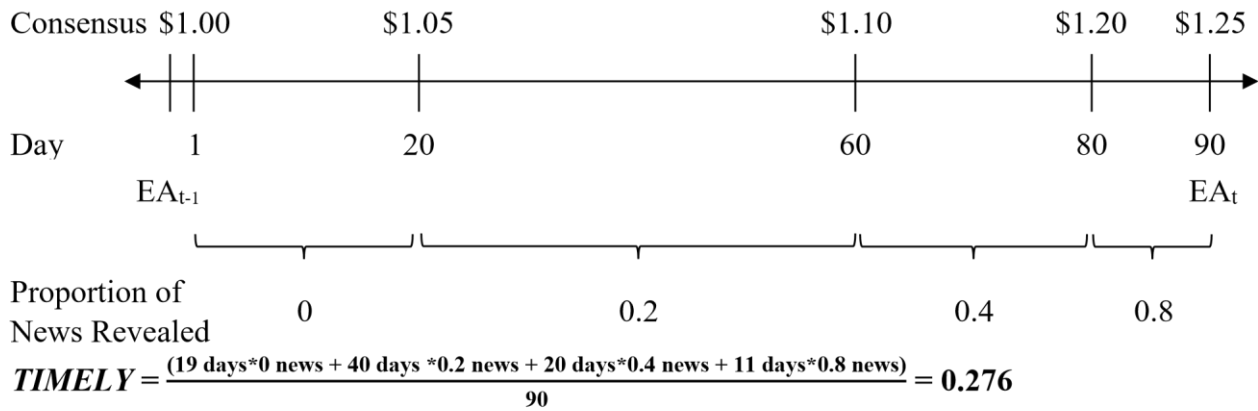


Online Appendix A

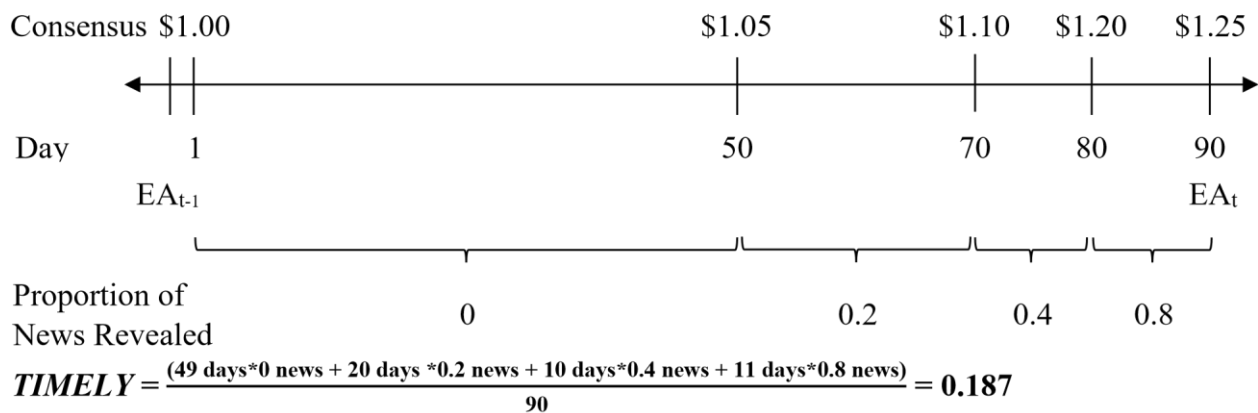
TIMELY Calculation Example

To better understand the calculation of our measure of disclosure timeliness (*TIMELY*) consider the following illustration. Assume a 90-day quarter and that both Firm A and Firm B have a beginning consensus of \$1.00 per share with actual EPS at the end of the quarter of \$1.25 per share, implying \$0.25 of good news for the quarter. The consensus forecasts are updated as depicted below. For Firm A (Firm B), the consensus is updated to \$1.05 on day 20 (day 50), \$1.10 on day 60 (day 70), \$1.20 on day 80 (day 80) with an earnings surprise of \$0.05 on the earnings announcement date. For the first 19 days of the quarter, the proportion of the news that has been revealed for Firm A is 0, since the consensus on those days is the same as the beginning consensus. For the next 40 days (day 20 to day 59), the proportion of the news that has been revealed is 0.2 (\$0.05/\$0.25). The proportion of news revealed each day is calculated similarly for the remainder of the quarter. *TIMELY* is calculated as the average of these daily proportions.^a

Firm A



Firm B



Online Appendix A provides an example of our measure of timeliness of bad news disclosure.

^a Although the changes in the consensus and the earnings surprise for Firm A and Firm B were equal, the news was revealed earlier for Firm A than for Firm B, and this difference in the timeliness of the news disclosure is reflected in the values of *TIMELY* for the two firms.

Online Appendix B
Correlation Matrix

Variable	A	B	C	D	E	F	G	H	I	J	K	L	M
<i>A. TIMELY</i>		0.02	0.02	0.30	-0.01	-0.01	0.00	0.03	-0.02	-0.01	0.02	0.02	0.02
<i>B. RSEVERANCE</i>	0.01		0.66	-0.08	-0.14	-0.22	0.57	0.09	-0.10	-0.04	0.21	0.15	0.23
<i>C. %SEVERANCE</i>	0.01	0.66		0.01	0.01	-0.01	0.10	-0.01	-0.04	0.04	0.11	0.13	0.12
<i>D. BADNEWS</i>	0.28	-0.08	0.01		0.00	0.02	-0.15	-0.01	-0.01	0.03	-0.01	0.02	-0.07
<i>E. EXITCOST</i>	-0.01	-0.13	0.01	0.00		0.94	-0.11	-0.11	0.38	0.32	0.02	-0.08	0.13
<i>F. UNCONNECTED</i>	0.00	-0.22	0.00	0.02	0.92		-0.24	-0.13	0.17	0.17	-0.07	-0.11	0.07
<i>G. FORFEIT</i>	-0.01	0.56	0.10	-0.15	-0.10	-0.24		0.13	-0.09	-0.14	0.15	0.02	0.21
<i>H. LOCALLINK</i>	0.02	0.08	-0.01	0.00	-0.11	-0.14	0.12		-0.02	-0.03	0.09	0.02	0.10
<i>I. FOUNDER</i>	-0.01	-0.10	-0.04	-0.01	0.45	0.17	-0.09	-0.03		0.38	0.16	0.00	0.07
<i>J. BLOCKHOLDER</i>	0.00	-0.04	0.04	0.03	0.39	0.18	-0.14	-0.03	0.38		0.20	0.11	0.03
<i>K. CHAIRMAN</i>	0.02	0.21	0.11	-0.01	0.05	-0.07	0.15	0.08	0.16	0.20		0.26	0.21
<i>L. LAGE</i>	0.00	0.05	0.04	0.00	-0.03	-0.06	0.04	0.01	0.02	0.06	0.09		0.04
<i>M. TENURE</i>	0.01	0.22	0.11	-0.08	0.11	0.06	0.20	0.07	0.06	0.04	0.19	0.03	
<i>N. LOGMV</i>	0.00	0.45	0.02	-0.15	-0.15	-0.23	0.63	0.16	-0.08	-0.11	0.15	0.02	0.23
<i>O. BIG4</i>	-0.01	0.19	-0.03	-0.08	-0.14	-0.17	0.25	0.07	-0.05	-0.08	0.04	0.04	0.13
<i>P. RETURNVOL</i>	0.01	-0.15	-0.01	0.04	0.05	0.07	-0.23	-0.03	0.05	0.05	-0.04	-0.02	0.02
<i>Q. LOGCOMP</i>	0.00	0.56	-0.05	-0.12	-0.16	-0.26	0.65	0.12	-0.08	-0.09	0.16	0.03	0.17
<i>R. NEWS</i>	-0.05	0.05	-0.01	-0.39	0.01	0.00	0.11	0.02	0.02	-0.03	0.01	-0.01	0.09
<i>S. LOGANALYSTS</i>	0.01	0.36	0.00	-0.10	-0.13	-0.21	0.48	0.10	-0.03	-0.09	0.10	0.00	0.18
<i>T. LOGFORECASTS</i>	0.04	0.37	0.01	-0.07	-0.12	-0.19	0.48	0.11	-0.04	-0.09	0.10	0.01	0.19
<i>U. LOGNUMDAYS</i>	0.00	0.01	0.00	0.00	-0.01	-0.01	0.02	0.00	-0.01	-0.01	0.00	0.00	0.00
<i>V. SURPRISE</i>	-0.01	0.04	-0.01	-0.36	0.01	0.00	0.10	0.02	0.02	-0.02	0.01	0.00	0.09
<i>W. FORECASTFREQ</i>	0.09	0.19	0.05	0.03	-0.02	-0.04	0.22	0.09	-0.05	-0.03	0.05	0.02	0.09
<i>X. FIRMEXPERIENCE</i>	0.00	0.17	0.00	-0.06	0.07	0.05	0.22	0.17	-0.02	0.00	0.05	0.02	0.29

<i>Y. TOTEXPERIENCE</i>	0.01	0.13	0.00	−0.04	0.10	0.08	0.18	0.16	0.01	0.02	0.03	0.01	0.27
<i>Z. FIRMSFOLLOW</i>	0.01	0.10	−0.02	−0.04	0.10	0.06	0.17	0.22	0.04	0.02	0.03	0.01	0.28

Continued on the next page

Online Appendix B (continued)													
Variable	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
<i>A. TIMELY</i>	0.02	− 0.01	0.03	0.01	−0.21	0.04	0.07	0.02	−0.17	0.12	0.01	0.01	0.02
<i>B. RSEVERANCE</i>	0.50	0.19	−0.26	0.64	0.04	0.36	0.37	−0.01	0.04	0.20	0.19	0.14	0.11
<i>C. %SEVERANCE</i>	0.03	−0.03	−0.03	−0.03	−0.02	0.00	0.01	− 0.01	−0.01	0.04	0.01	0.01	−0.03
<i>D. BADNEWS</i>	−0.15	−0.08	0.07	−0.13	−0.86	−0.10	−0.07	0.02	−0.77	0.02	−0.06	−0.05	−0.03
<i>E. EXITCOST</i>	−0.17	−0.14	0.04	−0.20	0.00	−0.14	−0.12	0.00	−0.01	−0.01	0.07	0.09	0.08
<i>F. UNCONNECTED</i>	−0.25	−0.17	0.07	−0.31	−0.02	−0.21	−0.19	0.00	−0.02	−0.03	0.04	0.06	0.04
<i>G. FORFEIT</i>	0.68	0.25	−0.39	0.73	0.09	0.49	0.49	−0.01	0.09	0.22	0.24	0.19	0.18
<i>H. LOCALLINK</i>	0.18	0.08	−0.10	0.15	0.01	0.11	0.12	− 0.01	0.01	0.06	0.20	0.18	0.22
<i>I. FOUNDER</i>	−0.09	−0.05	0.08	−0.08	0.01	−0.03	−0.04	0.00	0.01	−0.05	−0.03	0.00	0.03
<i>J. BLOCKHOLDER</i>	−0.13	−0.08	0.07	−0.10	−0.02	−0.09	−0.09	0.00	−0.02	−0.04	0.00	0.01	0.00
<i>K. CHAIRMAN</i>	0.16	0.04	−0.08	0.20	−0.02	0.11	0.11	− 0.01	−0.01	0.04	0.05	0.03	0.03
<i>L. LAGE</i>	0.03	0.01	−0.03	0.08	−0.02	−0.02	−0.02	0.00	−0.02	0.01	−0.01	−0.02	−0.04
<i>M. TENURE</i>	0.26	0.14	−0.09	0.20	0.06	0.18	0.19	−0.01	0.06	0.10	0.30	0.24	0.24
<i>N. LOGMV</i>		0.34	−0.51	0.72	0.08	0.68	0.66	−0.01	0.07	0.26	0.35	0.28	0.26
<i>O. BIG4</i>	0.31		−0.18	0.31	0.06	0.27	0.27	0.00	0.06	0.12	0.14	0.10	0.11
<i>P. RETURNVOL</i>	−0.14	−0.12		−0.36	−0.01	−0.25	−0.22	0.00	−0.01	−0.03	−0.25	−0.20	−0.15
<i>Q. LOGCOMP</i>	0.58	0.27	−0.19		0.07	0.55	0.55	−0.01	0.07	0.25	0.28	0.21	0.20
<i>R. NEWS</i>	0.17	0.06	−0.04	0.07		0.04	0.02	−0.03	0.90	−0.02	0.04	0.03	0.03
<i>S. LOGANALYSTS</i>	0.62	0.28	−0.16	0.48	0.08		0.94	0.02	0.02	0.30	0.18	0.11	0.15
<i>T. LOGFORECASTS</i>	0.60	0.28	−0.12	0.48	0.07	0.94		0.10	0.02	0.58	0.22	0.14	0.17

<i>U. LOGNUMDAYS</i>	0.03	0.02	−0.01	0.02	−0.03	0.06	0.14		−0.03	0.24	−0.02	−0.02	−0.02
<i>V. SURPRISE</i>	0.15	0.06	−0.04	0.07	0.95	0.08	0.07	−0.03		0.00	0.04	0.03	0.03
<i>W. FORECASTFREQ</i>	0.24	0.12	0.01	0.22	0.00	0.28	0.58	0.23	0.01		0.19	0.14	0.12
<i>X. FIRMEXPERIENCE</i>	0.34	0.13	−0.05	0.25	0.07	0.16	0.20	0.00	0.07	0.17		0.87	0.69
<i>Y. TOTEXPERIENCE</i>	0.28	0.09	−0.02	0.19	0.07	0.10	0.14	0.00	0.07	0.13	0.89		0.71
<i>Z. FIRMSFOLLOW</i>	0.27	0.10	0.00	0.19	0.07	0.15	0.17	−0.01	0.07	0.12	0.78	0.82	

Online Appendix B provides the correlation between the variables. Pearson correlations are reported on the bottom left and Spearman correlations on the top right. All correlations are significant at least the 10% level except the correlations in bold. See Appendix B for variable definitions.