The Economic Consequences of Disclosure Regulation: Evidence from Regulation G

By

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ABSTRACT

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This dissertation examines the economic consequences of Regulation G, which was created to address the use of non-GAAP financial measures in earnings announcement press releases. Specifically, I examine the effect of Reg G on both the timing and disclosure content of earnings announcements in addition to investor responses to these announcements. I find that, after Reg G, firms issued less timely earnings announcements with fiscal yearend announcements coming, on average, more than 5 days later. Additionally, I find evidence of a decrease in the likelihood of firms disclosing pro forma earnings but an increase in the likelihood of disclosing additional GAAP financial statements after the adoption of Reg G. I also find that investors' responses to earnings, as measured by the change in earnings response coefficients (ERC), increased significantly in the year after Reg G became effective. Further, using the approach of Ball and Shivakumar (2008), I find that the relative informational role of earnings announcements increased significantly after Reg G. The main results are robust to controlling for the amount and type of disclosures included in earnings announcements and a host of sensitivity analyses and alternate specifications, including controls for other concurrent effects of the Sarbanes-Oxley Act. This dissertation provides evidence that Reg G affected the timeliness and disclosures of earnings announcements while increasing investors' perceptions of earnings reliability. These effects reflect both intended and unintended consequences of regulating an important avenue for accounting disclosures.

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1. BACKGROUND

1.1. Introduction and Results Summary

In this study I examine the effects of Regulation G (SEC 2003, "Reg G" hereafter) on the timeliness, disclosure content and the perceived reliability of earnings announcement press releases.[1] The Securities and Exchange Commission (SEC) created Reg G to, "address the use of 'non-GAAP financial measures,'" (SEC 2003) after the Commission had, "expressed concerns regarding the improper use of [these] measures during the past 30 years." Prior to Reg G, the SEC did not have oversight of earnings announcement press releases, but Reg G requires firms to furnish their earnings releases made after March 28, 2003 to the SEC as a Form 8-K. This requirement formally gives the SEC regulatory oversight over the content of earnings announcement press releases and, thus, intensified the scrutiny of earnings releases.

The consequences of Reg G for earnings announcements raise important questions that have yet to be fully examined by prior research. First, did the creation of regulatory requirements affect the timing of earnings announcements? Second, did firms alter the disclosure content of their earnings announcement in response to the regulation? Third, did the new regulatory oversight change the perceived reliability of earnings announcements? Timeliness is an enhancing qualitative characteristic of financial reporting: more timely earnings announcements are more relevant (FASB 2010). Investor responses to earnings announcements indicate users' perceptions of their reliability. Understanding Reg G's impact on these aspects of earnings announcements is

[1] Throughout this paper, I use the terms, "earnings announcement" and "earnings release" interchangeably to refer to companies' quarterly earnings announcement press releases.

important for the preparers and users, as well as for policy-makers interested in learning the regulation's effect on the relevance and reliability of financial reporting.

I collect a sample of 105,771 firm-quarter observations from 1998 through 2008 to examine whether companies changed their earnings announcement timing after Reg G. I examine whether Reg G increased the lag between fiscal quarter-end and earnings announcement dates. Further, I create two additional matched samples to investigate whether Reg G changed investor perceptions of earnings reliability. I construct a matched firm-quarter sample of 19,086 earnings announcements for 2,926 firms to estimate earnings response coefficients (ERC) in the years immediately before and after Reg G's effective date (March 28, 2003) to test for a change in investors' perceptions of earnings reliability after Reg G. Finally, I collect calendar-year and earnings announcement-window stock returns for a sample of 4,862 matched firms before and after Reg G's effective date to measure the change in the relative informational role of quarterly earnings announcements around Reg G.

First, I find evidence that after Reg G companies took longer to make their earnings announcements; second, I find that stock price reactions to earnings surprises increased in the post-Reg G period; and third, I find that the relative informational role of earnings announcements increased from the pre-Reg G period to the post-Reg G period. I find that earnings announcements came 5.37 (2.77) days later for the fourth fiscal quarter (fiscal quarters one through three) after Reg G compared to before Reg G. Further, I document a significant decrease in the disclosure of pro forma earnings and an increase in detailed financial statements in accordance with Generally Accepted

Accounting Principles (GAAP, hereafter) disclosed in earnings announcements after the adoption of Reg G.

I also document significantly larger ERCs ($p < 0.05$) and a significantly larger ($p < 0.01$) relative informational role of quarterly earnings announcements in the post-Reg G period compared to the pre-Reg G period. I document evidence that the increase in ERCs was confined to firms that either disclosed only GAAP earnings or those that disclosed pro forma earnings before and after Reg G became effective. I find that firms that stop disclosing pro forma earnings experience a significant ($p < 0.05$) decrease in their ERCs. In summary, I find evidence that Reg G induced less timely earnings announcements, but that the increased regulatory scrutiny of earnings announcements improved the perceived reliability of the announcements.

The change in earnings announcement timing and perceived reliability results are robust to a series of sensitivity analyses controlling for other cross-sectional firm characteristics, additional disclosures and other effects of the Sarbanes-Oxley Act (U.S. House of Representatives 2002; SOX, hereafter). The changes in timeliness results are qualitatively similar even controlling for internal control deficiency disclosures, accelerated filer status, audit firm and opinion characteristics and SOX Section 404 requirements. Further, the changes in ERC results are robust to an alternate specification of the pre-Reg G period.

Prior research shows that the amount and type of earnings announcement disclosures has changed over time (e.g. Francis, Schipper and Vincent 2002; Collins, Li and Xie 2009). To ensure that my results are not driven by this ongoing trend of increasing earnings announcement disclosures, I hand-collect a sample of disclosures

made with 2,000 earnings announcements. Using this sample to control for the change in disclosures between the pre-Reg G and post-Reg G periods, I continue to find earnings announcement timing and investor response results similar to those for my main sample. These findings indicate that Reg G's effects are robust to changes in firms' earnings announcement disclosures over this period, some of which have been attributed specifically to Reg G (e.g. Marques 2006; Heflin and Hsu 2008; Kolev, Marquardt and McVay 2008).

My results extend prior research examining Reg G's impact on financial reporting (e.g. Entwistle, Feltham and Mbagwu 2006; Marques 2006; Yi 2007; Kolev et al. 2008; Heflin and Hsu 2008), by documenting the effect of Reg G on the timeliness and perceived reliability of earnings announcements. I further contribute to the literature examining earnings announcement timeliness by documenting evidence of a delay in earnings announcements arising from a new securities regulation (e.g. Givoly and Palmon 1982; Chambers and Penman 1984; Kross and Schroeder 1984; Begley and Fischer 1998; Krishnan and Yang 2009; Brown, Christensen and Elliott 2010).[2] Finally, my results extend prior research on investor responses to earnings announcements by providing evidence that increased regulatory oversight can increase investor's perceived reliability of earnings information (e.g. Landsman and Maydew 2002; Lougee and Marquardt 2004; Ball and Shivakumar 2008; Collins et al. 2009; Basu, Duong, Markov and Tan 2010; Zhang and Zheng 2011).

1.2. Regulation G

1.2.1 Regulation G Background

[2] A host of prior literature provides evidence that firm-specific earnings announcement delays are interpreted as bad news by investors (e.g. Givoly and Palmon 1982; Chambers and Penman 1984; Kross and Schroeder 1984; Begley and Fischer 1998; Brown et al. 2010).

Companies' earnings announcement press releases typically include voluntary disclosures in addition to bottom-line net income. Firms use additional disclosures to explain and provide context for current earnings to investors and regularly disclose full or partial balance sheets, income statements or cash flow statements, segment reporting information and other financial statement details (e.g. Chen, DeFond and Park 2002; Francis et al. 2002; Amir and Livnat 2006). Further, the use of non-GAAP (pro forma) earnings in earnings announcements was proliferating and pro forma earnings were taking on a more important role in stock market pricing (Bradshaw and Sloan 2002). At the same time, business media, academics and regulators were becoming increasingly skeptical of pro forma earnings quality (e.g. Weill 2003; Doyle, Lundholm and Soliman 2003).[3] One *Wall Street Journal* editorial opined that pro forma earnings had "been a longtime crutch for corporate executives and Wall Street pitchmen looking to make companies' earnings look better than they really are." (Weill 2003). As the determination of non-GAAP earnings was completely at the discretion of management, investors remained skeptical of the consistency and comparability of these important earnings figures.[4]

The Sarbanes-Oxley Act of 2002 instructed the SEC to create new rules governing financial information disclosed in companies' earnings announcement press releases; the SEC issued Reg G in January of 2002 to fulfill this mandate. Effective for all earnings announcement press releases made on or after March 28, 2003, Reg G

[3] Also see also the speech by former SEC Chairman, Arthur Levitt, "The 'Numbers Game,'" available at http://www.sec.gov/news/speech/speecharchive/1998/spch220.txt.

[4] Not all studies or parties believed that pro forma earnings were used opportunistically by management. For example, Bhattacharya, Black, Christensen and Larson (2003) finds that pro forma earnings are more informative and persistent than GAAP for firms that disclose them, which tend to be loss firms and firms in service and high tech industries.

requires firms that disclose measures not in accordance with GAAP to: 1) disclose the "most directly comparable GAAP financial measure"; 2) reconcile the non-GAAP figures to the closest GAAP figures; and 3) furnish the earnings announcement press release to the SEC on a Form 8-K (SEC 2003). The Form 8-K requirement gives the SEC formal oversight of the disclosures made in earnings announcement press releases for the first time (Clarke, Sassalos and Schmitt 2003).[5]

Reg G created the potential for companies to have to restate their earnings announcements by requiring all companies to furnish their earnings announcements on Form 8-K. As a result, any financial statement disclosures made in the earnings announcement are now subject to SEC examination. The SEC reviews earnings announcement Form 8-Ks and ensures that any financial statement information included agrees to the subsequent 10-Q or 10-K filing. Errors and misstatements in the earnings announcement disclosures discovered by the company, its auditors, or the SEC must be corrected by submitting an amended 8-K to the SEC after Reg G.[6] Companies filing restatements incur negative stock price consequences and garner a reputation for poor financial reporting quality (e.g. Palmrose, Richardson and Scholz 2004; Hollie, Livnat and Segal 2006 and 2011; Bronson, Hogan, Johnson and Ramesh 2011). In order to reduce the likelihood of earnings announcement restatements, companies could have altered their disclosure behavior in a number of ways.

After Reg G, companies could either reduce the amount of disclosures they include in their earnings releases or exert greater effort verifying the earnings

[5] The Final Rule mentions that a number of firms objected to furnishing a Form 8-K for each announcement, but the Commission felt that this was a key component of the regulation and amended the Form 8-K to include the new Item 12 ("Disclosure of Results of Operations and Financial Condition").
[6] For a concise discussion of Reg G and its legal ramification for companies' written and verbal disclosures, see Clarke et al. (2003).

announcement disclosures to ensure that any financial statement information is free of material misstatements and errors. Reg G requires that all earnings announcements disclosures are made in accordance with or are reconciled to GAAP. One way for companies to reduce the earnings release restatement risk is to reduce the amount of disclosures made. If firms do not reduce the amount of disclosures, then they could decrease their earnings announcement restatement risk by delaying the announcement and auditing the figures more intensively before the public earnings announcement. But, companies may hesitate to delay earnings releases because such a delay would reduce the relevance of the disclosures and could be interpreted as an indication of 'bad news' (e.g. Givoly and Palmon 1982; Chambers and Penman 1984; Kross and Schroeder 1984; Begley and Fischer 1998).

In summary, companies regularly include additional financial statement disclosures in the earnings announcement press releases they provide to investors. In 2003, Reg G brought firms' earnings announcements, and all of their disclosures, under the SEC's regulatory purview. This regulatory change created restatement risk for the disclosures firms include in their earnings announcement press releases. In response to the new earnings announcement restatement risk, firms could either reduce the amount of disclosures in the earnings announcements or take longer to release their earnings announcements. I examine Reg G's effect on the relevance and reliability of earnings announcements to investigate its economic consequences.

1.3. Economic Consequences

While there are many potential consequences of any piece of accounting regulation in this study I the effect of Regulation G on three aspects of quarterly earnings

announcements: timeliness, disclosures and investor responses. Reg G was created to address the use of pro forma earnings and numerous studies have documented evidence of a significant decrease in the use of pro forma earnings after the adoption of Reg G. I find similar evidence of a significant decrease in the use of pro forma earnings but I also investigate the change in the disclosure of detailed GAAP financial statements. Further, I investigate the effect of regulating preliminary earnings releases on both the relevance and the reliability of the disclosures. It remains an empirical question what effect a new regulatory regime would have on the relevance and reliability of earnings announcement disclosures. Therefore, I examine the effect of Reg G on the key characteristics of the accounting information by measuring the change in earnings announcement timeliness and investor perceptions of reliability. The details of the tests are documented below.

I organize the remainder of this dissertation as follows: Section 2 discusses the change in earnings announcement timing tests; Section 3 describes the changes disclosure likelihood tests; Section 4 discusses the changes in investor responses tests; and Section 5 concludes.

2. CHANGES IN EARNINGS ANNOUNCEMENT TIMING

For my first test of the economic consequences of Reg G, I examine the change in earnings announcement timing around its effective date. I perform a series of univariate and multivariate tests to investigate whether the timing of quarterly earnings announcements changed significantly after Reg G, compared to before Reg G. The tests and their results are described below.

2.1. Basic Tests

2.1.1. Full Sample

2.1.1.1. Hypotheses Development

In theory, companies could have responded to the restatement risk introduced by Reg G by decreasing the amount of disclosures included in their earnings announcements. The focus of this study is the timing, not content of the earnings announcement, and I leave the study of the change in disclosures around Reg G to future research.

Reg G may have spurred companies to delay their earnings announcements in order to gain greater assurance for the disclosures included in the earnings release. Companies had incentives both to delay their earnings announcements and to maintain their previous announcement timing. Firms that release their earnings announcements later (i.e. on a less timely basis) potentially reduce the relevance of the disclosures for investors (FASB 1980). Additionally, companies may not have wanted to delay their earnings announcements and potentially draw the negative attention associated with tardy announcements (i.e. the "good news early, bad news late" results from Givoly and Palmon 1982; Chambers and Penman 1984). On the other hand, companies would have

wanted to take more time preparing their earnings announcement disclosures after Reg G in order to decrease their restatement risk. The possibility of a negative stock price reaction to potential restatements of material errors (e.g. Palmrose et al. 2004; Hollie et al. 2006 and 2011) may have induced companies to delay making their earnings announcements and ensure that the announcements are free of misstatements and omissions.

As it is ambiguous whether companies would have changed their earnings announcement timing after Reg G, my first hypothesis, stated in the null form, is as follows:

H1: There is no change in the lag between fiscal quarter-end and the earnings announcement date after the adoption of Reg G.

I also examine whether the fiscal year-end (fourth quarter) earnings announcement are delayed more than the other three fiscal quarters. Earnings releases for fiscal year-end announce income to be included in the annual report (Form 10-K) and, as such, are the only earnings announcements subject to an external audit opinion (Chambers and Penman 1984). If Reg G induced auditors to increase their effort for the fiscal year-end disclosures I would expect that earnings announcement delays after Reg G would be greater for the fiscal year-end announcements. Any differential lag in earnings announcement timing could be loosely associated with additional auditor effort after Reg G.

I state my second hypothesis, in the null form, as follows:

H1a: There is no incremental change in the lag between fiscal year-end (compared to the other three fiscal quarters) and the earnings announcement date after the adoption of Reg G.

2.1.1.2. Sample Construction

In order to create the sample of observations that I will use to test the basic timing hypotheses (*H1* and *H1a*), I collect data from *Compustat Quarterly* and *I/B/E/S* over the eleven year period from 1998 through 2008. I begin with an initial sample of 481,961 firm-quarter observations over that time from *Compustat Quarterly*. As the timing tests depend on the Compustat variable for the report date of quarterly earnings (*RDQ*), I eliminate any observations without this variable (91,986 observations) and any observations with obvious errors (5,307 observations) providing a base of 384,668 observations (15,673 firms) with fiscal period end and report date of quarterly earnings data.[7] I also require data for sales, inventory and assets from *Compustat Quarterly* for the multivariate tests, as described below, and I eliminate all observations lacking this basic data (178,282 observations). I then merge the *Compustat Quarterly* data with analyst forecast data from *I/B/E/S* and eliminate the observations without the necessary forecast data (100,615 observations), resulting in a sample of 105,771 observations (7,303 firms) for the basic timing tests. Please refer to Table 1 for the sample construction details.

2.1.1.3. Multivariate Model

[7] Obvious errors include an *RDQ* which comes before the fiscal period end date and those that are more than 180 days after the fiscal period end date.

$$Lag = \alpha_0 + \alpha_1 RegG + \alpha_2 PF + \alpha_3 RegG * PF + \alpha_4 Yearend + \alpha_5 RegG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \sum_{t=1999}^{T=2008} \alpha_t T_t + \varepsilon, (1)$$

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*.[8] The independent variables of interest are *RegG*, *PF*, *Yearend* and the interaction variables. *RegG* is an indicator variable that equals one for all earnings announcements made on or after March 28, 2003, and zero otherwise. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal GAAP earnings per share in Compustat (Kolev et al. 2008). *RegG*PF* is an interaction of the *RegG* and *PF* variables. *Yearend* is an indicator variable that equals one if the earnings announcement is for the fiscal fourth quarter, zero otherwise. *RegG*Yearend* is the interaction of *RegG* and *Yearend* variables.

The control variables include *Sales*, *Inventory*, *Surprise* and *Bad* as well as time fixed effects indicators. *Sales* is the natural logarithm of quarterly net sales revenue. *Inventory* is the ratio of inventory to total assets. *Surprise* is calculated as the difference between the actual quarterly earnings announced and the median analyst estimate (*I/B/E/S*) scaled by the end of firm-quarter stock price.[9] *Bad* is an indicator variable that equals one if *Surprise* is negative, and zero otherwise.

[8] I substitute the logarithmic transformation of *Lag* (*lLag*), the abnormal *Lag* (*AbnLag*, calculated as the current firm-quarter lag less the corresponding firm-quarter lag from the previous fiscal year), and *Lag* scaled by the SEC-required filing deadline as alternative dependent variables in all timing regressions in order to test the robustness of my results.

[9] Bradshaw and Sloan (2002) scale their measure of forecast error by the stock price during the final month of the quarter to facilitate cross-sectional analysis and I follow that convention here.

If, after Reg G, companies take longer to prepare their earnings announcements for fiscal quarters one, two and three due to the new restatement risk prior to furnishing the Form 8-K to the SEC compared to before Reg G then I would expect to find that $\alpha_1 > 0$ (*H1*). I include *RegG*PF* to investigate whether Reg G had a significant impact on the timing of earnings announcements that include pro forma earnings. I include *RegG*Yearend* to test whether Reg G affected the fiscal year-end earnings announcement more than the other three fiscal quarters (*H1a*). I make no prediction for α_5, but expect that $\alpha_4 > 0$ because it has been shown that the reporting lag for the fiscal year-end earnings announcements is greater than for the first three fiscal quarters (Chambers and Penman 1984).

The variables *Sales*, *Inventory*, *Surprise* and *Bad* control for firm characteristics shown in prior literature to have a significant relationship with earnings announcement lags (e.g. Givoly and Palmon 1982; Chambers and Penman 1984). Consistent with prior studies, I expect *Sales* and *Surprise* to have a negative association with *Lag* (i.e. larger firms and firms with more positive earnings surprises make their announcements earlier) while *Inventory* and *Bad* have a positive relationship with *Lag* (i.e. firms whose earnings fall short of analyst expectations make their announcements later). All regressions also include fiscal year indicator variables for the years from 1999 through 2008 to control for time fixed effects.

2.1.1.4. Results

Summary Statistics, Univariate Results and Correlations

I present summary statistics and the results of univariate tests for the sample in Table 2, Panel A. The summary statistics tables present the mean, median, 25th and 75th

percentile figures for the dependent variable *Lag* and the explanatory variables for *H1* and *H2* (*PF*, *Yearend*, *Sales*, *Inventory*, *Surprise* and *Bad*). In the sample, firms waited an average (median) of 31.11 (28) days after the fiscal period-end date to release their earnings announcements. Overall, firm-quarter observations have an average (median) of approximately 9% (3%) of their assets in inventory, and approximately 30% of the observations having negative earnings surprises. The results for univariate tests of Reg G's effect on earnings announcement timing indicate that overall the average firm-quarter observation *Lag* increased by 4.42 days after Reg G ($p < 0.01$). The univariate results also show that *Sales* were significantly greater but that *Inventory* was significantly less after Reg G. The results also show that the incidences of pro forma earnings, bad earnings news and earnings surprises were greater after Reg G.

Pearson and Spearman correlation coefficients for the variable used in testing *H1* and *H2* are shown in Table 2, Panel B. The sample shows significant correlations between *Lag* and all of the explanatory variables. *RegG*, *PF*, *Yearend* and *Bad* are positively correlated with *Lag*, while *Sales*, *Inventory* and *Surprise* are all negatively correlated with *Lag* (all with $p < 0.01$). In addition to the relation with *Lag*, *RegG* is positively related to all of the remaining variables except *Inv*, with which it has a negative relation.

In Panel C of Table 2 I present the mean, median statistics and the number of observations of *Lag* for each fiscal year in the sample. I observe a marked increase in *Lag* for both the yearend and other quarters during fiscal 2003. The increase in *Lag* is not simply a temporary, one-time jump in that year that reverts later. In Figure 1 I present histograms for *Lag* in the pre-Reg G and post-Reg G period for fiscal yearend

observations (*Panel B*) separately from the other three fiscal quarters (*Panel A*). The figures demonstrate an apparent shift to the right for both of the post-Reg G samples, indicating that the change in Lag occurred across the distribution and was not concentrated in the tails.

Multivariate Results

In Table 3, I present the results of the Reg G's effect on *Lag* using OLS with heteroskadasticity-corrected standard errors (White 1980).[10] For *Model 1* in Table 3, I do not include *RegG* to establish the sign and significance of the explanatory variables. As expected, *Yearend*, *Inventory* and *Bad* carry positive and significant coefficients ($p < 0.01$), indicating that fiscal year-end announcements, as well as those from companies with more inventory and bad news, come later. I also find that *PF* carries a significant positive coefficient, which indicates that, *ceteris paribus*, earnings announcements containing pro forma earnings come approximately 1.62 days later than those that do not ($p < 0.01$). *Surprise* and *Sales* carry negative and significant coefficients ($p < 0.01$), indicating that larger companies and companies with better unexpected earnings make their announcements earlier, as expected.

For *Model 2* in Table 3, *RegG* has a positive and significant coefficient (α_1 = 3.41; t = 5.63), providing multivariate evidence that the amount of time between the fiscal period-end and earnings announcements lengthened after Reg G. For *Model 3*, I find that the coefficients on both the interaction term *RegG*Yearend* (α_5 = 2.60; t = 11.59) and *RegG* (α_1 = 2.77; t = 4.64) are positive and significant, indicating that fiscal year-end announcements were delayed by more than 5 days ($\alpha_1 + \alpha_4$) and other quarters

[10] These results are also robust to using firm-clustered standard errors.

by almost 3 days (α_1) after Reg G. I also find that coefficient on *RegG*PF* is insignificant, indicating that Reg G did not significantly change the timing of earnings announcements containing pro forma earnings. Further, this result indicates that firms did not require additional time to prepare the Reg G-mandated reconciliation of pro forma and GAAP earnings. The other explanatory variables maintain their signs and significance through *Model 2* and *Model 3*. Taken together, the results presented in Table 3 provide evidence that, even when controlling for other factors, Reg G induced firms to make their earnings announcements less timely, potentially making them less relevant for investors.

2.1.2. SEC Filing Dates Sample

2.1.2.1. Hypothesis Development

Firms that wait to make their earnings announcement until the day the form is due to be filed with the SEC face different incentives than those that do not. First, the concurrent filers do not face the same restatement risk that other firms do because there is a minimal possibility of errors and misstatements and no time to discover them before the filing. Second, concurrent filer firms may not grapple with the choice of delaying their earnings announcements after because Reg G did not affect the SEC filing date requirements. Firms that concurrently announced their earnings and made their quarterly SEC filing prior to the deadline had the flexibility to delay their announcement similar to other firms. As such, I pose my next hypotheses in the null form:

> *H1b: There is no incremental change in the lag between fiscal period-end date and the earnings announcement date for firms that announce their earnings and make their quarterly SEC filing on the same date after the adoption of Reg G.*

2.1.2.2. Sample Construction[11]

To perform the change in earnings announcement timing tests including the SEC filing dates data, I start with the Basic Timing Tests Sample. I then match this sample to the set of SEC filing dates available through *Compustat*. 23,973 observations are deleted due to missing filing dates, leaving me with a sample of 81,798 firm-quarter observations with SEC filing dates.

I present graphical evidence of the frequency of *Lag* for firms that announce and file concurrently as well as those that don't in Figure 2. Yearend observations for firms that announce and file concurrently occur most frequently when *Lag* equals 60 and 75 (267 and 91 observations, respectively), which corresponds to the current 10-K filing deadlines for large accelerated and accelerated filers. For the other three quarters, firms that announce and file on the same day most frequently have *Lag* equal to 40 and 45 (1,329 and 924 observations, respectively), which corresponds to the current 10-Q filing deadlines for accelerated and non-accelerated filers. Firms that do not announce and file on the same day do not demonstrate the same frequency spikes in *Lag* for any of the fiscal quarters. These distributions provide evidence that firms announcing their earnings on the same day that they file their quarterly results with the SEC typically wait until the day that the filing is due to the SEC.

2.1.2.3. Multivariate Model

[11] Prior to Dec. 15, 2003, all firms were subject to a 90 (45) day filing requirement for Form 10-K (10-Q). After Dec. 15, 2003 firms with public float greater than $75Million (accelerated filers) were required to file their Form 10-K (10-Q) within 75 (40) days of the fiscal period end. After Dec. 15, 2006, firms with more than $700Million (large accelerated filers) in public float had their filing deadlines reduced to 60 (40) days for Form 10-K (10-Q). The previous deadlines still held for non-large accelerated filers and non-accelerated filers.

For the first set of tests using the SEC Filing Dates sub-sample I replicate the tests performed in Section 2.1.1.3 using Equation (1) separately for the firm-quarter observations that make their earnings announcement concurrent with the SEC filing date.

$$Lag = \upsilon_0 + \upsilon_1 \text{Re}\, gG + \upsilon_2 PF + \upsilon_3 \text{Re}\, gG * PF + \upsilon_4 Yearend + \upsilon_5 \text{Re}\, gG * Yearend + \\ + \upsilon_6 Filer + \upsilon_7 \text{Re}\, gG * Filer + \upsilon_8 Sales + \upsilon_9 Inventory + \upsilon_{10} Surprise + \upsilon_{11} Bad + \varepsilon, \quad (2)$$

For the second set of tests using the SEC Filings Dates sample, I pool all observations and create an indicator variable (*Filer*) that equals one if the observation's earnings announcement date and SEC filing date are the same day, and zero otherwise. I also include the interaction of the *RegG* and *Filer* variables to capture the incremental effect of Reg G on the earnings announcement lag for firms that elect to announce their earnings on the same day they make their SEC filing.

2.1.2.4. Results

Summary Statistics, Univariate Results and Correlations

I present the summary statistics and results of the univariate tests of differences between observations with *Filer* = 1 and *Filer* = 0 in Table 4, Panel A for the sub-sample with filing dates data. 8,486 (10.37% of total) observations have announcement dates equal to the date of their quarterly SEC filing. The univariate tests show that on average (and at the median) concurrent filer observations have significantly higher Lag, and less likely to include pro forma earnings, are less likely to come at fiscal yearend, have lower sales, less inventory and are more likely to have negative earnings surprises (all significant at the 0.01 level). Most strikingly, concurrent filer observations come almost two weeks later and are 12% more likely to disclose bad earnings news, on average, than others.

I present both Pearson and Spearman correlation coefficients for the variables in the filing dates sub-sample in Table 4, Panel B. The relations from the full sample hold for the filing dates sub-sample. Additionally, *Filer* has a positive and significant relation correlation with *RegG* ($p < 0.0001$), indicating that incidences of concurrent filing and announcing are more likely after Reg G than prior. This would indicate that the additional delays after Reg G push some firms to delay their announcement until their SEC filing date to virtually eliminate their earnings announcement restatement risk.

Multivariate Results

I present the results of the regressions based on Equation (2) in Table 5, which examines the impact of Reg G on the timing of earnings announcements for concurrent filer firms separately from others. Panel A of Table 5 presents the results for observations that do not show the earning announcement and SEC filing on the same date. *Model 3* provides evidence that both pro forma earnings announcements (α_2) and yearend (α_4) announcements come significantly later than others (both significant at the 0.01 level). Insignificant coefficients on α_1 and α_3 indicate that for firms that do not announce and file on the same date, Reg G had no incremental effect on announcements from fiscal quarters one through three and those including pro forma earnings. The impact of Reg G is concentrated on the fiscal yearend announcements, as demonstrated by the positive and significant ($p < 0.01$) coefficient on α_5. This result indicates that, for firms not filing and announcing on the same date, the presence of the auditor had a significant influence on the timing of earning announcements after Reg G.

Panel B of Table 5 presents the results for observations that make their earnings announcement and SEC filing on the same date. The positive and significant ($p < 0.01$)

coefficient of α_1 in *Model 3* provides evidence that earnings announcements for the first three fiscal quarters were delayed after Reg G. Negative and significant coefficients on α_3 and α_5 indicate that for concurrent filer firms, Reg G shortened the *Lag* on announcements from fiscal yearend and pro forma earnings announcements. The control variables retain their signs and significance from the full sample.

The negative coefficient on α_5 is most likely related to the change in the SEC filing requirements for accelerated filers after December 15, 2003. For accelerated filing firms, the deadline for filing the 10-K was shortened from 90 to 75 days as of December 15, 2003 and the 10-K deadline for large accelerated filers was shortened even further to 60 days after December 15, 2006. For those large firms waiting until the deadline to make their concurrent announcement and filing the amount of time to make the filing was reduced on these dates, resulting in the negative coefficient estimate for α_5. The change in the SEC filing date requirement also has an effect on the results in Table 5 Panel C, as documented below.

I present results of the pooled SEC filing dates sub-sample in Table 5 Panel C, which attempts to distinguish the cross-sectional effect of Reg G on different earnings announcements characteristics. Model 4 shows that Reg G (υ_1), by itself, has a positive and significant relationship with *Lag* ($p < 0.05$), while earnings announcements containing pro forma earnings (υ_2), those pertaining to the fiscal yearend (υ_4) and those made by concurrent filers (υ_6) were made significantly later ($p < 0.01$) before Reg G. The interaction terms provide evidence that pro forma earnings announcements (υ_3) had no significant incremental effect on *Lag* after Reg G, while yearend announcements (υ_5)

were made significantly later after Reg G (all at $p < 0.01$). Earnings announcements made by concurrent filers had significantly shorter *Lag* after Reg G ($\upsilon_7 = -3.96$; t-stat = -8.89), again demonstrating the effect of the shortened SEC filing requirements coming within nine months of Reg G's effective date. Again, the control variables retain their signs and significance from the initial timing tests.

2.2. Cross-Sectional Changes in Earnings Announcement Timing

2.2.1. Full Sample

2.2.1.1. Hypothesis Development

To further test the cross-sectional impact of Reg G on the timing of earnings announcements, I examine whether certain firm characteristics or performance is significantly related to the change in Lag after Reg G. In Chen, DeFond and Park (2002) the authors investigate the firms characteristics are related to the firm decision to disclose a balance sheet in their earnings announcement. I hypothesize that the firms more likely to disclose a GAAP financial statement in their earnings announcement (i.e. a balance sheet) will be more likely to change their earnings announcement timing after Reg G. Firms making more GAAP financial statement disclosures will have more disclosures to potentially restate, exposing them to higher restatement risk. In response I would expect those firms to take more time to prepare and disclosure their earnings announcements after Reg G. I therefore state my next hypothesis in the alternate form:

> *H1c: Loss firms, firms with analyst forecast errors and firms executing mergers will have significantly higher incremental, while larger firms, older firms and firms with more analyst following will have significantly shorter Lag after Reg G.*

2.2.1.2. Sample Construction

To execute the cross-sectional earnings announcement timing tests I begin with the Basic Timing Tests sample (Table 1) and impose one further data restriction. I require that observations have *CRSP* data available to calculate firm *Age*, which reduces the sample size by 2,509 observations, leaving me with a sample of 103,262 observations for the cross-sectional timing tests.

2.2.1.3. Multivariate Model

$$\begin{aligned} Lag &= \delta_0 + \delta_1 \text{Re}\, gG + \delta_2 PF + \delta_3 \text{Re}\, gG * PF + \delta_4 Yearend + \\ &\delta_5 \text{Re}\, gG * Yearend + \delta_6 Inventory + \delta_7 Bad + \delta_8 HiTech + \delta_9 \text{Re}\, gG * HiTech \\ &+ \delta_{10} Loss + \delta_{11} \text{Re}\, gG * Loss + \delta_{12} AbsErr + \delta_{13} \text{Re}\, gG * AbsErr + \delta_{14} MandA + \\ &\delta_{15} \text{Re}\, gG * MandA + \delta_{16} lMarket + \delta_{17} \text{Re}\, gG * lMarket + \delta_{18} Follow + \\ &\delta_{19} \text{Re}\, gG * Follow + \delta_{20} Age + \delta_{21} \text{Re}\, gG * Age + \varepsilon, \end{aligned} \quad (3)$$

I supplement Equation 1 by including the independent variables from Chen et al. (2002) found to have a significant relationship with the likelihood of disclosing balance sheet information and the interaction of those variables with the *Reg G* indicator variable. *HiTech* is an indicator variable that equals one if the firm operates in SIC industry codes 2822 – 2836 (Drugs), 3570 – 3577 (Computers), 3600 – 3674 (Electronics), 3810 – 3845 (Precise measurement instruments), 7371 – 7379 (Programming), 8731 – 8734 (R&D services) or 4810 – 4819 (Telephone communications). *Loss* is an indicator variable that equals one if quarterly income before extraordinary items (*Compustat Quarterly*) is negative during the current quarter and zero otherwise. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from *I/B/E/S*) for the current quarter is greater than $0.01 and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter (Compustat) and zero otherwise. *lMarket* is the natural logarithm of the firms market

value at the end of the current quarter (*Compustat Quarterly*). *Follow* is the number of analysts providing a forecast for the current quarter (I/B/E/S). *Age* is the year of the current quarter report date of earnings minus the first year the firm is publicly traded (*CRSP*). *RegG** indicates that the *RegG* variable was interacted with the corresponding independent variable. All other variables remain as previously defined with time fixed effects variables are also included in the regressions.

As constructed, this model will provide additional evidence regarding the cross-sectional variation about the effect of Reg G on the timing of earnings announcements. Significant coefficients on the interaction variables with Reg G will provide evidence that firms with those characteristics changed the timing of their earnings announcements after Reg G. These firm characteristics have significant relationships with the likelihood of making additional GAAP disclosures in earnings announcements, making firms with them more likely to face the decision to alter their earnings announcement content and timing.

2.2.1.4. Results

Summary Statistics, Univariate Results and Correlations

I present the summary statistics and results of the univariate tests of differences between pre- and post-Reg G in Table 6 Panel A for the sub-sample with the cross-sectional data. The results of the univariate tests provide evidence that Lag is significantly higher, more observations include pro forma earnings, have bad earnings news, mergers, and more analyst following after Reg G. The results also show reductions in inventory, observations from hi-tech industries and loss observations after Reg G. Table 6 Panel B provides both the Pearson and Spearman correlation coefficients

for the variables. The coefficients demonstrate relationships similar to the ones documents in the univariate tests.

Multivariate Results

I present the results of the regressions based on Equation (3) in Table 7, which examines the impact of Reg G on the timing of earnings announcements while controlling for other firm characteristics that have been shown to be associated with the decision to disclose a detailed balance sheet in the firm's earnings announcements. In *Model 1,* I execute the regressions without the RegG interactions to establish the association direction between the firm characteristics and earnings announcement timing over the entire sample period. In *Model 2,* I include the interactions to decipher whether the associations changed around the adoption of Reg G.

In Table 7, *Model 1* provides evidence that hi-tech firms, firms executing mergers, larger firms, older firms and firms with more analyst following make their earnings announcements significantly earlier than others (all $p < 0.01$). Further, loss firms and firms with large analyst forecast errors make their earnings announcements significantly later (all $p < 0.01$). In *Model 2*, I document evidence that Reg G is associated with increasing *Lag* for loss firms, firms with large forecast errors and for larger firms. Further, Reg G is associated with decreasing *Lag* for older firms and firms with more analyst coverage. Taken together, these results indicate that firm characteristics are significantly associated with earnings announcement timing and that Reg G's impact on earnings announcement timing varies in the cross-section depending on firm characteristics associated with the likelihood of disclosing a GAAP balance sheet.

2.2.2. SEC Filing Dates Sample

2.2.2.1. Hypothesis Development

In this section I further test Hypotheses *H1b* and *H1c*.

2.2.2.2. Sample Construction

To perform the change in earnings announcement timing tests including the SEC filing dates data, I start with the Cross-Sectional Timing Tests sample from Section 2.2.1.2. I then match this sample to the set of SEC filing dates available through Compustat. 23,352 observations are deleted due to missing filing dates, leaving me with a sample of 79,910 firm-quarter observations with SEC filing dates.

2.2.2.3. Multivariate Model

$$\begin{aligned} Lag = {} & \delta_0 + \delta_1 \mathrm{Re}\,gG + \delta_2 \mathrm{Pr}\,oForma + \delta_3 \mathrm{Re}\,gG * \mathrm{Pr}\,oForma + \delta_4 Yearend + \\ & \delta_5 \mathrm{Re}\,gG * Yearend + \delta_6 Inventory + \delta_7 Bad + \delta_8 HiTech + \delta_9 \mathrm{Re}\,gG * HiTech \\ & + \delta_{10} Loss + \delta_{11} \mathrm{Re}\,gG * Loss + \delta_{12} AbsErr + \delta_{13} \mathrm{Re}\,gG * AbsErr + \delta_{14} MandA + \\ & \delta_{15} \mathrm{Re}\,gG * MandA + \delta_{16} lMarket + \delta_{17} \mathrm{Re}\,gG * lMarket + \delta_{18} Follow + \\ & \delta_{19} \mathrm{Re}\,gG * Follow + \delta_{20} Age + \delta_{21} \mathrm{Re}\,gG * Age + \delta_{22} Filer + \delta_{23} \mathrm{Re}\,gG * Filer + \varepsilon, \end{aligned} \tag{4}$$

For the cross-sectional timing tests using the SEC Filings Dates sample, I create an indicator variable (*Filer*) that equals one if the observation's earnings announcement date and SEC filing date are the same day, and zero otherwise. I also include the interaction of the *RegG* and *Filer* variables to capture the incremental effect of Reg G on the earnings announcement lag for firms that elect to announce their earnings on the same day they make their SEC filing.

2.2.2.4. Multivariate Results

I present the results of the regressions based on Equation (4) in Table 8, which examines the impact of Reg G on the timing of earnings announcements while controlling for other firm characteristics and the incidences of making the earnings

announcement and SEC filing on the same date. In *Model 1,* I execute the regressions without the RegG interactions to establish the association direction between the firm characteristics and filing dates over the entire sample period. In *Model 2,* I include the interactions to decipher whether the associations changed around the adoption of Reg G.

In Table 8, *Model 1* provides evidence the same relationships documented above in Section 2.2.1.4 hold when also controlling for the concurring earnings announcement and SEC filing (all $p < 0.01$), except that the negative association between *Lag* and *HiTech* is no longer significant. Again, the decision to make the earnings announcement and SE filing on the same date has a positive association with *Lag* ($p < 0.01$). In *Model 2*, I document evidence that Reg G is associated with increasing *Lag* for firms with large forecast errors ($p < 0.01$). Further, Reg G is significantly associated with decreasing *Lag* for older firms ($p < 0.01$). Taken together, these results indicate that firm characteristics are significantly associated with earnings announcement timing and that Reg G's impact on earnings announcement timing varies in the cross-section depending on firm characteristics associated with the likelihood of disclosing a GAAP balance sheet.

2.3. Changes in Earning Announcement Timing Tests for Hand-Collected Sample

Prior research has found significant changes in the amount and type of disclosures made as part of firms' earnings announcements (e.g. Francis et al. 2002, Landsman and Maydew 2002; Kolev et al. 2008; Heflin and Hsu 2008; Collins et al. 2009). An alternate explanation for the change in earnings announcement timing in this section is that the results are driven by the trend of firms increasing their GAAP financial statement disclosures and the decrease in pro forma reporting after Reg G. To ensure that my results are not driven by these changes in earnings announcement disclosures, I perform

an additional set of analyses using a sample of hand-collected earnings announcements. Hand-collection is necessary to determine which GAAP financial statements are provided and whether firms disclose pro forma earnings in their earnings announcements. I collect a sample of fiscal first and fourth quarter (yearend) earnings announcements for a random sample of 500 firms in the year immediately before and after Reg G's enactment date.[12]

2.3.1. Sample Construction

I began the collection process with the sample of firm-quarter observations used in the earnings announcement timing tests. I eliminate any observations without the necessary data in *Compustat Quarterly*, *I/B/E/S* or *CRSP* to execute the tests below. Further, I eliminate any firms that do not have four observations each between March 28, 2002 and March 27, 2003 and March 2008, 2003 and March 27, 2004, leaving a sample of 1,608 firms from which to select my hand-collection sample. Of those 1,608 firms, I randomly select 500 firms for the sample and an additional 100 firms to use as replacements if I am unable to locate any of the necessary earnings announcements for any of the sample firms.[13] I collected, read and coded the presence of pro forma earnings (*PR*), a detailed income statement (*IS*), a detailed balance sheet (*BS*) or a detailed statement of cash flows (*CF*)[14] in the four (4) required earnings announcements for five hundred (500) firms giving me a total of two thousand (2,000) earnings announcements

[12] Rather than collecting all eight announcements for a smaller number of firms, I opted to collect the fiscal yearend announcement and one of the other three quarters in order to evaluate the differences between yearend announcements and the others.

[13] I used the *iMetrix* database, a service of EDGAR Online, to obtain the post-Reg G earnings announcements as they are furnished to the SEC on a Form 8-K. I used Lexis-Nexis Academic to collect the pre-Reg G announcements.

[14] *PR* is an indicator variable that I set equal to one if the earnings announcement discloses non-GAAP earnings, zero otherwise. *IS* is an indicator variable that I set equal to one if the earnings announcement discloses a detailed GAAP income statement, zero otherwise. *BS* is an indicator variable that I set equal to one if the earnings announcement discloses a detailed GAAP balance sheet, zero otherwise. *CF* is an indicator variable that I set equal to one if the earnings announcement discloses a detailed GAAP statement of cash flows, zero otherwise.

with disclosure data.[15] Please refer to Table 9 for additional detail regarding the sample selection process for the hand-collection sample base.

I present the summary statistics, univariate tests for changes in the variables around Reg G and correlation coefficients in Table 10.

2.3.2. Results

2.3.2.1. Summary Statistics and Correlation Coefficients

The summary statistics and univariate tests provide preliminary evidence about the change in earnings announcement disclosures around Reg G. Approximately 30% of the earnings announcements collected disclosed pro forma earnings (mean *PR* = 0.30); this drops significantly from 37% in the pre-Reg G period to 22% in the post-Reg G period ($p < 0.01$), consistent with prior research (e.g. Entwistle et al. 2006; Marques 2006; Heflin and Hsu 2008; Kolev et al. 2008). The likelihood of disclosing all three types of GAAP financial statements increased significantly ($p < 0.01$) after Reg G. The likelihood of disclosing an income statement increased from approximately 96% to 98%, a balance sheet from approximately 70% to 78% and a statement of cash flows from approximately 17% to 26%. Detailed income statements were included in almost all of the sample earnings announcements, indicating that they are expected by investors.

I use this sample to test for a change in the reliability of earnings announcements while controlling for the disclosures firms provide in their earnings announcements. Before I perform those tests I first examine if the disclosures firms provide in their earnings announcements changed in the post-Reg G period and if the change in earnings announcement *Lag* are related to the disclosures included in the earnings announcement.

[15] During the collection process, I was unable to locate earnings announcements for thirty-four (34) of the selected firms and replaced each of those firms with a firm from the replacement sample with the closest GVKEY.

2.3.2.2. Multivariate Results

To examine whether the change in earnings announcement timing I document in Section 2.1.1.4 depends on the disclosure content of the earnings announcement, I supplement Equation 3 with disclosure variables taken from the hand-collected earnings announcements. Instead of using a proxy for the disclosure of pro forma earnings I include the indicator variable (*PR*) that captures the disclosure of pro forma earnings in the announcement. I also include the interaction of *PR* and *RegG* to estimate the change in earnings announcement timing after Reg G for pro forma earnings announcements. To control for the effect of GAAP disclosures on the timing of earnings announcements, I also include *lGAAPScore*, which is the natural logarithm of the sum of the *IS*, *BS* and *CF* variables, and the interaction of *lGAAPScore* and *RegG*.[16]

Please refer to Table 10 for summary statistics, univariate results and correlation coefficients for data used for the tests that include the hand-collected sample of earnings announcement disclosures. In Table 11, I present the results of the multivariate tests of the change in earnings announcement timing around Reg G while controlling for the disclosure content of the announcements. Even controlling for the amount of GAAP disclosures and the presence of pro forma earnings, I find that the effect of Reg G on the earnings announcement timing of the firms holds in the hand-collected sample.[17] These results provide further evidence that the change in earnings announcement timing brought

[16] As a robustness check, I use the simple sum of *IS*, *BS* and *CF* and my inferences remain unchanged.
[17] I find a positive and significant ($p < 0.01$) coefficient on *RegG* ($p < 0.01$) in *Model 1*. The positive and significant coefficient on *RegG* ($p < 0.01$) holds in *Model 2*, which is supplemented with the interaction of the disclosure variables and *RegG*. None of the disclosure variables ($\alpha_2, \alpha_3, \alpha_4$ or α_5) is significant in either *Model 1* or *Model 2* of Table 11, indicating that for the hand-collected sample of earnings announcements, the level of disclosure does not have a significant relationship with the announcement's timing.

about after Reg G was not dependent on the disclosures made but was endemic across the population of announcements.[18]

2.4. Additional Changes in Earnings Announcement Timing Tests

The Sarbanes-Oxley Act instituted many other changes around Regulation G's enactment date that could possibly confound the earnings announcement results presented in this paper. Although Regulation G was the only component of SOX to address earnings announcements and the announcements would have remained outside of the SEC's oversight without Regulation G, I perform a number of additional earnings announcement timing analyses to ensure that the results I document for Reg G are not subsumed by other contemporaneous SOX-related changes. The results of the sensitivity analyses for the earnings announcement timing tests are included in Table 12 and described below.

2.4.1. Including Restatement Data

Firms that make their earnings announcements earlier may be more likely to have restatements later and Reg G introduced the possibility of earnings announcement restatements. To control for the effect that future restatements may have on the timing of earning announcements I supplement Equation 1 (Table 3) with an indicator variable (*Restate*) that equals one if the financial statements from the current observation were

[18] In additional untabulated results I find that, of the three GAAP financial statements, only the new disclosure of a cash flow statement is significantly and negatively related to the announcement timing after Reg G. This result is likely concentrated in firms that have greater disclosure incentives and does not qualitatively alter the relationship between *Lag* and *RegG*.

later restated, and zero otherwise.[19] The results from this test are presented in Table 12 Panel A.

While the regression analysis provides evidence of a positive and statistically significant association between later restatement and the earnings announcement *Lag* (α_{10} = 0.62; p < 0.01) the associations between the Reg G variables (α_3 and α_5) both remain positive and significant (both at $p < 0.01$) with magnitudes similar to Table 3. The association between Reg G and *Lag* remains after controlling for future restatements of that quarter's accounting information.

2.4.2. Including Internal Control and Accelerated Filer Status Data

SOX Sections 302 and 404 require the firm's management and its external audit firm, respectively, to evaluate the firm's internal controls and disclose whether they are functioning effectively. Firms may have altered their earnings announcement timing in order to gain greater assurance around their internal controls in response to these SOX requirements. While the Section 302 (management) requirements became effective during August of 2002, the Section 404 (external audit firm) requirements were phased in over a longer period of time.[20] To investigate the association of internal control disclosures and filing status on earnings announcement timing I supplement the regression from Table 12 Panel B with additional control variables: *ICD*, *AccFiler* and *SOX404*. *ICD* is an indicator variable that equals one if the firm discloses internal control deficiencies in the current quarter, and zero otherwise. *AccFiler* is an indicator variable that equals one if the firm identifies itself as an accelerated filer, and zero otherwise.

[19] All data pertaining to restatements, internal control disclosures, filer status, and audit characteristics was collected from the *Audit Analytics* database.
[20] Accelerated filers were required to comply with Section 404 for fiscal years ending after November 30, 2004.

SOX404 is an indicator variable that equals one if the observation requires a Section 404 disclosure from its external auditor, and zero otherwise. The results from these tests are presented in Table 11, Panel B.

In *Model 1* of Table 12 Panel B I do not include the *SOX404* indicator variable and find that, while firms making internal control deficiency disclosures make their earnings announcements 7.54 days later *ceteris paribus* (α_{11} = 7.54; p < 0.01), the documented associations between Reg G and earnings announcement timing remain significant and positive (α_3 = 3.08; p < 0.01 and α_5 = 3.86; p < 0.01). In Model 2 of Table 12, Panel B I document the results of the earnings announcement timing regressions including the *SOX404* variable. Again, even though the SOX404 variable has a positive and significant association with *Lag* (α_{13} = 2.74; p < 0.01), the associations between the Reg G variables and *Lag* remain positive and significant (both p < 0.01). The association between Reg G and earnings announcement timing remains even after controlling for internal control deficiencies, accelerated filer status and SOX Section 404 disclosure requirements.

2.4.3. Including Audit Data

Bronson et al. (2011) document evidence that PCAOB auditing standards delayed audit completion and extended the amount of time between the fiscal yearend date and the audit report date.[21] They also find that earnings announcements made prior to the audit report date are more likely to be restated and are, therefore, of lower quality. Bronson et al. (2011) also finds that certain audit characteristics, including audit firm

[21] Title I of the Sarbanes-Oxley Act of 2002 created and established the functions of the Public Company Accounting Oversight Board (PCAOB) as well as auditing and independence standards and rules.

size, opinion and audit report date have associations with the earning announcement timing. To ensure that the earnings announcement timing results that I document for Reg G are not simply an artifact of audit characteristics, I supplement Equation 1 (Table 3) with additional control variables related to the audit. I include an indicator variable that equals one if the audit opinion is provided by a large audit firm (*BIG5*), and zero otherwise, an indicator variable for an earnings announcement corresponding to a year in which the firm receives a going concern modification (*GC*), and zero otherwise and an indicator variable that equals one if the earnings announcement date is before the audit opinion date (*NotAudited*), and zero otherwise.[22] The results from these tests are presented in Table 12, Panel C.

The results presented in Table 12, Panel C provide evidence that audit characteristics are significantly related to earnings announcement timing. Companies audited by a large external auditor make their fiscal yearend earnings announcements significantly earlier than others ($\varpi_9 = -2.24$; $p < 0.01$ from *Model 3*) but firms that receive going concern modifications make their yearend earnings announcements significantly later ($\varpi_{10} = 15.07$; $p < 0.01$ from *Model 3*). Additionally, firms that make their earnings announcement prior to the audit report date make their announcement significantly earlier than other firms ($\varpi_{11} = -8.47$; $p < 0.01$ from *Model 3*). Even controlling for the audit characteristics, fiscal yearend earnings announcements after Reg G came more than ten days later than those prior to Reg G ($\varpi_1 = 10.29$; $p < 0.01$ from *Model 3*).

2.4.4. Including Sarbanes-Oxley Timeframes

[22] All observations for these tests are fiscal yearend observations because only these relate to audit opinions.

I execute further tests in an attempt to disentangle Reg G's effect on earnings announcement timing from these other components because Reg G's effective date fell near other important SOX dates. For these tests I alter Equation 1 (Table 3) by eliminating the Reg G variables and constructing three new timeframe indicator variables: *SOX*, *RegG1* and *SOX404*. *SOX* equals one if the earnings announcement date is after SOX's enactment date (July 30, 2002) but before the Reg G's effective date (March 28, 2003), and zero otherwise. *RegG1* equals one if the earnings announcement date is after Reg G's effective date but before the effective date of SOX Section 404 for accelerated filers (November 30, 2004), and zero otherwise. *SOX404* equals one if the earnings announcement date is after the effective date for SOX Section 404 for accelerated filers (November 30, 2004), and zero otherwise. I present the results from these tests in Table 12, Panel D, where *Model 1* includes all 105,771 observations from the main earnings announcement timing tests (Table 3) and *Model 2* restricts the timeframe of the observation's earnings announcement date to be between May 31, 2001 and January 31, 2006 and includes 52,437 observations.[23]

The results in Table 12, Panel D indicate that earnings announcement timing changed significantly all three Sarbanes-Oxley timeframes. *SOX*, *RegG1* and *SOX404* all have positive and significant associations with *Lag* ($\vartheta_1 = 1.72$; $\vartheta_2 = 2.28$; $\vartheta_3 = 3.93$, respectively in Model 2; all $p < 0.01$). The growth in *Lag* that began with the enactment of Reg G increased after Section 404 took effect under both specifications.

[23] I limit the earnings announcement dates to be between May 31, 2001 and January 31, 2006 to have fourteen months in the pre-Sarbanes-Oxley and post-Section 404 periods. The *SOX* period includes approximately eight months of observations while the *RegG1* period includes approximately twenty months of observations.

3. CHANGE IN DISCLOSURE LIKELIHOOD

For my second test of the economic consequences of Reg G, I examine the change in the likelihood of disclosing pro forma earnings and GAAP financial statements in quarterly earnings announcements around the effective date of Reg G. While prior research has documented that firms decreased their use of pro forma earnings after Reg G (e.g. Marques 2006; Heflin and Hsu 2008; Kolev et al. 2008), to date no study has examined the change in GAAP financial statement disclosures around Reg G. In this section I examine the change in pro forma earnings likelihood using a proxy in a large sample and using actual pro forma disclosures from hand-collected earnings announcements. I also examine the change in the likelihood of disclosing GAAP financial statements in the hand-collected earnings announcements. The results of those tests are below.

3.1 Changes in Pro Forma Disclosure Likelihood

3.1.1. Full Sample

3.1.1.1. Hypothesis Development

Reg G was created by the SEC to address the use of pro forma earnings in quarterly earnings announcement press releases. A number of previous studies find evidence that pro forma earnings disclosures decreased significantly after Reg G's adoption (e.g. Entwistle et al. 2006; Marques 2006; Yi 2007; Heflin and Hsu 2008; Kolev et al. 2008). I expect to find the same decrease in the use of pro forma earnings in my sample, as well, and I include the tests for the change in pro forma earnings disclosure likelihood for the sake of completeness. I state my second hypothesis in the alternate form, as follows:

H2: There was a significant decrease in the likelihood of firms disclosing pro forma earnings in their quarterly earnings announcements after the adoption of Reg G.

3.1.1.2. Sample Construction

To execute the cross-sectional earnings announcement timing tests I begin with the Basic Timing Tests sample from Section 2.1.1.2 and impose further data restrictions. I require that observations have the additional Compustat data to calculate the variables below. One of the additional control variables, *UpEarn*, requires two consecutive years of earnings data. These additional restrictions reduce my sample size by 36,111 observations, leaving me with a sample of 69,600 observations for the large-sample pro forma disclosure likelihood tests.

3.1.1.3. Multivariate Model

Similar to prior research (Heflin and Hsu 2008; Marques 2006; Lougee and Marquardt 2004) I estimate the change in the likelihood of disclosing pro forma earnings following Regulation G using the following logistic regression:

$$\Pr(PF = 1) = \Lambda\begin{pmatrix} \phi_0 + \phi_1 \text{Re } gG + \phi_2 Yearend + \phi_3 \text{Re } gG * Yearend + \\ \phi_4 SpecItems + \phi_5 Bath + \phi_6 In \text{ tan } gible + \phi_7 HiTech + \\ \phi_8 Loss + \phi_9 UpEarn + \phi_{10} Assets + \phi_{11} Leverage + \\ \phi_{12} StdROA + \varepsilon \end{pmatrix} \quad (5a)$$

The dependent variable is the probability that the firm discloses non-GAAP earnings (*PF* equals 1), where *PF* is an indicator variable that equals one if the actual earnings in *I/B/E/S* does not equal the GAAP earnings per share in Compustat (*Compustat Quarterly* item #19 or #9 depending on the I/B/E/S primary or diluted indicator). $\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$. *RegG* is an

indicator variable that equals one for all earnings announcements made on or after March 28, 2003, and zero otherwise. *Yearend* is an indicator variable that equals one if the earnings announcement is made for the fiscal fourth quarter (year-end) and zero otherwise. I also include interaction of *Yearend* and *RegG* to capture the incremental effect of Reg G on the likelihood of disclosing pro forma earnings in fourth quarter earnings announcements. A negative and significant coefficient on *RegG* (ϕ_1) would provide evidence that earnings announcements were less likely to include pro forma earnings after Reg G compared to before, supporting prior research. A positive (negative) significant coefficient on *Yearend* (ϕ_2) would provide evidence that fourth quarter earnings announcements were more (less) likely to include pro forma earnings than the other three fiscal quarters. A positive (negative) significant coefficient on the interaction (ϕ_3) would provide evidence that Reg G increased (decreased) the likelihood that firms disclose pro forma earnings in the fourth quarter announcement.

I also include a host of control variables that prior literature has found to be significantly related to the likelihood of disclosing pro forma earnings (i.e., Heflin & Hsu 2008; Marques 2006; Lougee & Marquardt 2004). *SpecItems* is a dummy variable that indicates the presence of special items, zero otherwise, for which I expect to find a positive coefficient (Heflin & Hsu 2008; Marques 2006). Prior research has shown that firms with special items are more likely to use pro forma earnings in their earnings announcement (Heflin & Hsu 2008; Bradshaw & Sloan 2002). *Bath* is an indicator variable, which equals one if the firm has a negative special item and its earnings excluding the special item are negative, zero otherwise, for which I expect a negative coefficient (Heflin & Hsu 2008; Marques 2006). Firms that have negative income and

negative special items, pro forma earnings will not allow the firm to show positive income; therefore they will be less likely to disclose non-GAAP income. *Intangible* is the value of intangible assets scaled by total assets. I expect a positive coefficient for this variable as firms typically exclude the amortization expense from pro forma earnings (Heflin and Hsu 2008; Marques 2006; Lougee and Marquardt 2004). *HiTech* remains as previously defined, for which I expect a positive coefficient as prior research has shown companies in technology industries more likely to use pro forma earnings (Heflin and Hsu 2008; Marques 2006). *Loss* is an indicator variable that equals one if GAAP earnings are negative, zero otherwise, for which a positive coefficient is expected (Heflin and Hsu 2008; Marques 2006). *Upearn* is a dummy variable, which equals one if the firm's GAAP earnings are greater than or equal to its earnings for the same quarter of the prior year, zero otherwise, for which I expect a negative coefficient (Heflin and Hsu 2008; Marques 2006). *Assets* is the logarithm of total assets, for which I expect a positive coefficient (Heflin and Hsu 2008; Lougee and Marquardt 2004). *Leverage* is total liabilities scaled by the book value of stockholders' equity, for which I expect a negative coefficient (Heflin and Hsu 2008; Lougee and Marquardt 2004). *StdROA* is the standard deviation of net income scaled by total assets for the previous eight quarters, for which I expect a positive coefficient (Lougee and Marquardt 2004).

3.1.1.4. Results

Summary Statistics, Univariate Results and Correlation Coefficients

I present summary statistics and the results of univariate tests of changes in the variables from before to after Reg G in Table 13 Panel A. In the overall sample the proxy for pro forma earnings was apparent in 46% of the observations and increased

marginally from 45% to 46% from the pre-Reg G to the post-Reg G period. 38% of observations disclosed special items, 11% exhibited "big bath" behavior, 32% of the observations were from hi-tech companies and 26% of observations disclosed losses. In Panel B of Table 13 I present both Pearson and Spearman correlation coefficients and all of the control variables demonstrate a significant positive correlation with the disclosure of pro forma earnings. Again, I document no significant correlation between the RegG indicator variable and the disclosure of pro forma earnings.

Multivariate Results

In Table 14 I document the results of the multivariate tests that examine the change in the likelihood of disclosing pro forma earnings after the adoption of Reg G. In *Model 1* I do not include the indicator variable for the fiscal fourth quarter observations (*Yearend*) and its interaction with the *RegG* variable but both *Yearend* and the *Yearend*RegG* interaction variable are included in *Model 2*. In *Model 1*, I document evidence of a significant decrease in the likelihood of disclosing pro forma earnings after the adoption of Reg G (ϕ_1 = -0.06; p < 0.01) while controlling for other firm characteristics that have been found to be associated with the decision to disclose pro forma earnings (Heflin and Hsu 2008; Kolev et al. 2008). In Model 2, I document evidence that the decrease in the likelihood of disclosing pro forma earnings is evidence in both fiscal yearend earnings announcements (ϕ_1 = -0.10; p < 0.01) as well of the other three fiscal quarters (ϕ_1 = -0.03; p < 0.05). These results conform to the results from prior research that document a significant decrease in the likelihood of disclosing pro forma earnings after the adoption of Reg G (e.g. Entwistle et al. 2006; Marques 2006; Yi 2007; Heflin and Hsu 2008; Kolev et al. 2008).

3.1.2. Hand-Collected Sample

3.1.2.1. Hypotheses Development

In this section I include further tests of hypothesis *H2* from Section 3.1.1.1 above.

3.1.2.2. Sample Construction

The sample used for the change in pro forma disclosure likelihood tests for the hand-collected sample is the same as described in Section 2.3.1 above.

3.1.2.3. Multivariate Model

To further examine the change in the likelihood of disclosing pro forma earnings around Reg G, I supplement the model from Section 3.1.1.3 an indicator variable (*NewGAAP*) that equals one if the post-Reg G earnings announcement included a GAAP financial statement that was not disclosed in the pre-Reg G period, and zero otherwise.

$$\Pr(PFDisc = 1) = \Lambda\begin{pmatrix} \delta_0 + \delta_1 NewGAAP + \delta_2 Yearend + \delta_3 SpecItems + \delta_4 Bath + \\ \delta_5 Intangible + \delta_6 HiTech + \delta_7 Loss + \delta_8 UpEarn + \delta_9 Assets \\ + \delta_{10} Leverage + \delta_{11} StdROA + \varepsilon \end{pmatrix} \quad (5b)$$

Finding a positive (negative) association between *NewGAAP* and *PFDisc* would indicate that firms treated new GAAP financial statement disclosures as complements (substitutes) for pro forma earnings.

3.1.2.4. Results

Summary Statistics and Correlation Coefficients

Refer to Section 2.3.2.1 for the summary statistics and correlation coefficients for the variable used from the hand-collected sample.

Multivariate Results

In Table 15 Panel A I document the results of the multivariate tests that examine the change in the likelihood of disclosing pro forma earnings after the adoption of Reg G

for the hand-collected sample of quarterly earnings announcements. I document evidence that the decrease in the likelihood of disclosing pro forma earnings is evidence in both fiscal yearend earnings announcements (ϕ_1 = -0.11; $p < 0.01$) as well of the other three fiscal quarters (ϕ_1 = -0.75; $p < 0.01$). These results, again, conform to the results from prior research that document a significant decrease in the likelihood of disclosing pro forma earnings after the adoption of Reg G (e.g. Entwistle et al. 2006; Marques 2006; Yi 2007; Heflin and Hsu 2008; Kolev et al. 2008).

In Table 15 Panel B I investigate the change in pro forma earnings disclosures using a logistic pro forma disclosure likelihood model developed in Heflin and Hsu (2008). The dependent variable in *Model 1* (*Model 2*) is the likelihood that a pro forma disclosing firm in the pre-Reg G period stops (continues) disclosing pro forma after Reg G. I supplement the Heflin and Hsu (2008) model with an indicator variable (*NewGAAP*) that equals one if the post-Reg G earnings announcement has a GAAP financial statement disclosure that it did not make in the pre-Reg G period. In *Model 1*, I find no significant relationship between *NewGAAP* and *StopPF*, indicating that firms that stop providing pro forma earnings after Reg G do not increase the number of GAAP financial statements they disclosure. On the other hand, I find a positive and significant ($p < 0.01$) on *NewGAAP* in *Model 2,* which indicates that firms that continue disclosing pro forma are more likely to disclose additional GAAP financial statements in their earnings announcements after Reg G.

Taken together, the results in Table 15 indicate that, after Reg G, firms decreased their use of pro forma earnings but also treated pro forma earnings and GAAP financial statement disclosures as complements. That is, firms that choose to continue providing

pro forma earnings also choose to disclose additional GAAP financial statements in their earnings announcements after Reg G.

3.2 Changes in GAAP Financial Statement Disclosure Likelihood

In this section I examine whether firms changed their GAAP financial statement disclosures in their quarterly earnings announcements. Because the only machine readable database of earnings announcement disclosures (*Standard & Poor's Point-In-Time Database*) is prohibitively expense, I execute the change in likelihood of disclosing GAAP financial statements in earnings announcements using the hand-collected sample.

3.2.1. Hypothesis Development

Prior research has an increasing trend in the amount of detailed GAAP financial statement disclosures made as part of firms' earnings announcements over the past three decades (e.g. Francis et al. 2002; Amir and Livnat 2006; Collins et al. 2009). It is reasonable to assume that the trend of increasing GAAP disclosures would continue over the adoption period of Reg G. Conversely, firms may have resisted providing additional GAP financial statement disclosures after Reg G as the disclosures after Reg G would be subject to SEC oversight and would have to be restated if they are later found to have contained errors or omissions. Further, if the risk of restatement was high enough, firms may have even decreased the amount of GAAP financial statement disclosures they made in their earnings announcements after the effective date of Reg G.

As it is ambiguous whether firms would have changed the amount of GAAP disclosures in their quarterly earnings announcements, I stated my third hypothesis in the null form, as follows:

H3: There was no significant change in the likelihood of firms disclosing GAAP financial statements in their quarterly earnings announcements after the adoption of Reg G.

3.2.2. Sample Construction

The sample used for the change in GAAP financial statement disclosure likelihood tests is the same as described in Section 2.3.1 above.

3.2.3. Multivariate Models

Chen et al. (2002) investigates firms characteristics associated with the decision to disclose a balance sheet in firm's earnings announcements. I develop the following logistic model based on Chen et al. (2002) that predicts the likelihood of a firm disclosing detailed GAAP financial statements (i.e. a detailed income statement, balance sheet or statement of cash flows) in their earnings announcements.

$$\Pr(GAAP = 1) = \Lambda\begin{pmatrix} \rho_0 + \rho_1 \text{Re } gG + \rho_2 Yearend + \rho_3 HiTech + \rho_4 Loss \\ + \rho_5 AbsErr + \rho_6 MandA + \rho_7 Age + \rho_8 \text{Re } tVol \\ + \rho_9 lMarket + \rho_{10} MTB + \rho_{11} Follow + \varepsilon \end{pmatrix} (6a)$$

The dependent variables are indicator variables (*IS*, *BS*, *CF*) that equals one if the earnings announcement includes a detailed GAAP financial statement, and zero otherwise. *Yearend* and *HiTech* remain as previously defined. *Loss* is an indicator variable that equals one if GAAP earnings are negative, zero otherwise. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from I/B/E/S) for the current quarter is greater than \$0.01 and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter and zero otherwise. *Age* is the year of the current

quarter report date of earnings minus the first year the firm is publicly traded (from CRSP). *RetVol* is the standard deviation of stock returns over the prior 250 days, where at least 100 days of stock returns are required for inclusion in the sample. *lMarket* is the natural logarithm of the firms market value at the end of the current quarter. *MTB* is the ratio of market value to the book value of equity at the end of the current quarter. *Follow* is the number of analysts providing a forecast for the current quarter (from *I/B/E/S*).

To provide additional detail regarding the concurrent change in pro forma earnings and GAAP financial statement disclosures in earnings announcements I execute the next set of logistic regressions on the 1,000 post-Reg G observations

$$\Pr(New = 1) = \Lambda\begin{pmatrix} \rho_0 + \rho_1 StopPF + \rho_2 ContPF + \rho_3 Yearend + \rho_4 Loss \\ + \rho_5 AbsErr + \rho_6 MandA + \rho_8 \text{Re}\, tVol + \rho_9 lMarket \\ + \rho_{10} MTB + \rho_{11} Follow + \varepsilon \end{pmatrix} (6b)$$

The dependent variable is a series of indicator variables (i.e. *NewIS*, *NewBS*, *NewCF*) that equal one if the post-Reg G firm-quarter observation contains a detail GAAP financial statement but the matching pre-Reg G observation did not, and zero otherwise. I supplement Equation 6a with two additional variables: *StopPF* and *ContPF*. *StopPF* (ρ_1) equals one if the post-Reg G announcement does not include pro forma earnings but the announcement for the same fiscal quarter in the pre-Reg G period, and zero otherwise. *ContPF* (ρ_2) equals one if both the pre- and post-Reg G earnings announcement include pro forma earnings, and zero otherwise. Finding a significant positive association between *StopPF* (*ContPF*) and any of the dependent variables would indicate that firms treated GAAP financial statement disclosures as substitutes (complements) for pro forma earnings.

3.2.4. Multivariate Results

In *Model 1, Model 2* and *Model 3* of Table 16 Panel A I estimate the likelihood of disclosing an income statement, balance sheet or statement of cash flows, respectively, in a post-Reg G announcement when one was not disclosed in the same fiscal quarter of the prior year. *Model 4* estimates the likelihood of disclosing any additional financial statements in a post-Reg G announcement when one was not disclosure in the same fiscal quarter of the prior year. I supplement the model with two indicator variables that identify the pro forma disclosure practices of firms that disclosed pro forma earnings before Reg G.

Of the 377 observations that included pro forma earnings prior to Regulation G, 189 (188) of the observations in the same quarter after Reg G continued (stopped) disclosing pro forma earnings. For each of the four models in Table 16 Panel B, I find a positive and significant coefficient for *ContPF* ($p < 0.01$ for *Models 1*, *2* and *4*; $p < 0.10$ for *Model 3*). These results indicate that in the hand-collected sample, the likelihood of increasing GAAP financial statement disclosures is significantly higher if the firm continues disclosing pro forma earnings. As such, the results indicate that firms treated new GAAP financial statements as complements to the continued disclosure of pro forma earnings.

4. CHANGES IN INVESTOR RESPONSES TO EARNINGS ANNOUNCEMENTS

For my third test of the economic consequences of Regulation G, I investigate whether investors react as if they view the announced earnings as more reliable after Reg G's adoption compared to before Reg G. By conferring the SEC with regulatory oversight of earnings announcements, Reg G potentially assures investors that firms' earnings announcements are of higher quality after Reg G compared to before Reg G. While the Financial Accounting Standards Board replaced the qualitative characteristic of reliability with faithful representation in September 2010, I use the word "quality" to encompass both reliability and faithful representation (FASB 1980 and 2010). I investigate whether changes in investors' responses to earnings announcements after Reg G, compared to before Reg G, indicate a change in the perceived reliability of earnings announcements. If market reactions to earnings announcements do not change following the adoption of Reg G, then this suggests that the regulation of announcements failed to affect investor perceptions of the earnings announcement quality. On the other hand, if market reactions decrease following the adoption of Reg G, then this suggests that investors viewed earnings announcements as lower quality and less reliable after Reg G, possibly due to the change in announcement timeliness.

4.1. Changes in Earnings Response Coefficients (ERC)

4.1.1. Full Sample

4.1.1.1. Hypothesis Development

Earnings response coefficients (ERC) measure the stock market price reaction to a unit of earnings surprise. I first employ short-window, analyst-based ERCs to investigate whether investors view earnings announcements as more reliable post Reg G adoption.

Hothhausen and Verrecchia (1988) develops a model showing that the price reaction to an information release about a risky asset depends on the quality (precision) of the information released. Investors trade more intensely around more reliable earnings announcements and ERCs provide evidence of trading intensity by measuring the change in the stock price for a unit of unexpected earnings (e.g. see Kim and Verrecchia 1991).[24] If investors view an earnings announcement as being more reliable, they will trade more intensely around the announcement resulting in a higher ERC. Using the framework developed in Holthausen and Verrecchia (1988), Teoh and Wong (1993) find that earnings announcements audited by a large audit firm have higher ERCs than others, indicating that investors perceive their earnings announcements to be more reliable due to the large auditor's presence.

Prior research has provided indications that the quality of information disclosed in earnings announcements has improved after the adoption of Reg G. Kolev et al. (2008) finds that the quality of pro forma exclusions improved after Reg G and Yi (2007) finds that pro forma earnings are more value-relevant after Reg G. Additionally, Zhang and Zheng (2011) find that investor mispricing of earnings decreases after the adoption of Reg G using the returns from an arbitrage portfolio with long (short) positions in firms with low (high) levels of pro forma exclusions. These studies provide evidence that the reliability of earnings announcements may have changed after the adoption of Reg G.[25]

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[24] When earnings surprises are calculated using analyst forecasts of earnings (e.g. *I/B/E/S*, *First Call* or *Zacks*) the surprise captures GAAP (non-GAAP) earnings news for firms that disclose GAAP (pro forma) earnings. In this manner, the ERC reflects stock price reaction to a unit of GAAP earnings news or pro forma earnings news depending on what type of income the firm discloses.

[25] Bronson et al. (2011) find that instances of firms making their earnings announcement prior to the completion of field work by the external auditor increased after the enactment of PCAOB Auditing Standards Nos. 2 and 3 and that earnings announcements made prior to the completion of external audit work have lower reliability. Increased incidences of making unaudited earnings announcements, which

If Reg G resulted in an increase in the reliability of earnings announcements, then stock price reactions to earnings news would be larger (i.e. ERCs would increase) in the post-Reg G period compared to the pre-Reg G period. The prior evidence is mixed, however. Marques (2006) shows that, for 361 S&P 500 firms, both short-window and long-window ERCs increase around the enactment of Reg G but Yi (2007) does not find evidence of a significant change in short-window ERCs for a hand-collected sample of firms after the adoption of Reg G. Conversely, Heflin and Hsu (2008) finds evidence of a "modest decline in the association of returns and forecast errors" after Reg G, which they ascribe to a reduction in the use of pro forma earnings. Considering these results, it remains an empirical question whether investor responses indicate a change in the perceived reliability in the post Reg G period.

If Reg G had an effect on investors' perceptions of earnings announcement reliability, then I expect to find evidence of a change in ERCs from the pre-Reg G period to the post-Reg G period. I state my third hypothesis in the null form as follows:

H4: Investors' price reactions to earnings surprises, as captured by ERC, did not change after Reg G.

4.1.1.2. Sample Construction

To create the sample of observations that I will use to test for a change in earnings response coefficients (*H4*), I collect data from the *Compustat Quarterly, I/B/E/S* and *CRSP* databases over the two-year period from March 28, 2002 through March 27, 2003. I construct a firm-fiscal quarter matched sample to ensure that a change in sample composition does not bias my results. I begin with an initial sample of 74,856 firm-

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have lower reliability, before the enactment date of Standards Nos. 2 and 3 (November 15, 2004) may bias against finding a significant increase in perceived reliability after Reg G.

quarter observations from November 2001 through April 2004 from *Compustat Quarterly*. Again I eliminate any observations that are missing earnings announcement dates (6,883 observations) and any observations with earnings announcement date errors (276 observations). To construct the matched firm-quarter sample for the year immediately before and immediately after Reg G's enactment date, I eliminate any observations with an earnings announcement date before March 28, 2002 or after March 27, 2003, eliminating 17,566 observations. I also eliminate any observations in the pre-Reg G (post-Reg G) period that do not have a matching firm-fiscal quarter observation in the post-Reg G (pre-Reg G) period, eliminating 13,461 observations. Finally, I eliminate any observations that lack the required stock return or analyst forecast data on *CRSP* or *I/B/E/S* to calculate *CAR* or *Surprise*, respectively, eliminating 17,584 observations. This process, detailed in Table 17, provides a final usable sample of 19,086 firm-quarter observations (2,926 firms), which I use to test the change in ERC from the pre-Reg G period to the post-Reg G period.

4.1.1.3. Multivariate Model

To test for a change in the investor price reactions to news in earnings announcements after Reg G relative to before Reg G (*H4*), I estimate the following OLS regression.[26]

$$CAR = \beta_0 + \beta_1 RegG + \beta_2 RegG * Surprise + \beta_3 Surprise + \beta_4 RegG * Lag + \beta_5 Lag + \beta_6 PF + \beta_7 Bad + \beta_8 Yearend + \varepsilon \quad (7)$$

The dependent variable, *CAR*, is calculated for the three-day period, t = -1, 0, +1 relative to the earnings announcement day 0 for company i, as the difference of the firm's stock

[26] I use the Prais-Winsten (1954) generalized least squares procedure to correct for autocorrelation as a robustness check. I also calculate *CAR* using a value-weighted index and S&P 500 index returns to test the robustness of my results.

return and the return for the equal-weighted market index.[27] The control variables remain as constructed for Equation 1.

The matched firm-quarter sample design I employ controls for firm and quarter fixed effects (i.e. firm size, industry, balance sheet composition, growth options, management risk aversion, analyst following, seasonality, etc.) and allows for a simplified OLS specification. *Surprise* (β_3) captures the amount of unexpected earnings as defined previously (i.e. the pre-Reg G ERC) and *RegG*Surprise* (β_2) captures the change in ERCs from the pre-Reg G period to the post-Reg G period.[28] I expect a positive relationship between earnings surprises and abnormal returns (Teoh and Wong 1993); thus, I expect that $\beta_3 > 0$. A positive coefficient for β_2 demonstrates that investors have stronger price reactions to earnings news after Reg G than before Reg G and provides evidence about whether Reg G increased the perceived reliability of earnings (Teoh and Wong 1993). *Lag* captures the effect of the announcement delay on abnormal stock returns. Because I find that Reg G extended the amount of time between the fiscal period-end and earnings announcement dates, I control for *Lag* to ensure that the market reaction to the earnings announcements is not simply a function of the reporting delay. I anticipate that the results will conform to the 'good news early, bad news late' convention from prior studies and expect a negative coefficient ($\beta_5 < 0$) on *Lag* (e.g. Begley and Fischer 1998; Collins et al. 2009). I include the *PF* and *Bad*

[27] Heflin and Hsu (2008) also examines the change in investor responses to analyst forecast errors around Reg G and finds a significant ($p < 0.05$) decrease in the relation. However, the authors use long-window (90-day) unadjusted returns from 2000 through 2005, which statistically introduces noise from both events during the quarter unrelated to earnings announcement disclosures and from events unrelated to Reg G into the return measure and is not appropriate for this study.

[28] As noted in prior research (Kolev et al. 2008; Collins et al. 2009), *I/B/E/S* actual earnings, which I use to construct *Surprise,* is a pro forma earnings figure if the firm provides non-GAAP earnings and is GAAP earnings otherwise. As such, *Surprise* captures pro forma earnings news for firms that disclose pro forma income and is GAAP earnings news for firms that disclose only GAAP income.

indicator variables to control for the effect of pro forma earnings and missing analyst forecasts on returns and make no prediction for β_6 but expect a negative coefficient ($\beta_7 <$ 0) on *Bad.* I include *Yearend* to investigate whether fiscal yearend earnings announcement has an incremental significant relation with stock returns but make no predication about its coefficient's sign.

4.1.1.4. Results

Summary Statistics, Univariate Results and Correlation Coefficients

I present the summary statistics and correlation coefficients for the changes in ERC sample (*H4*) in Table 18. Both the mean and median observations for *CAR* held at 0.00 overall in both the pre- and post-Reg G periods. The sample also shows a marked increase in the average and median *Lag*, consistent with the results in Section 6.1. Overall, firm-quarter observations in the matched sample show average and median unexpected earnings of 0.00. The correlation matrix shows a significant positive relationship between *CAR* and *Surprise* (at the 0.001 level). This indicates that companies with positive (negative) earnings surprises had positive (negative) abnormal returns in the sample, as expected.

Reg G substantially altered the environment for earnings announcements by increasing oversight and creating additional rules for the use of pro forma measures. Consistent with previous research (e.g. Beaver 1968; Teoh and Wong 1993; Francis et al. 2002), I use abnormal stock returns (*CAR*) to investigate whether Reg G significantly changed investor responses to earnings surprises.

Multivariate Results

In Table 19, I present results from the abnormal returns (*CAR*) regressions, which indicate a statistically significant increase in investor responses to earnings surprises from the pre- to the post-Reg G period.[29] *Model 1* serves as a benchmark and excludes the two independent variables that measure Reg G's effect, while all regressions use the matched firm-quarter sample from Table 1, Panel B. Consistent with prior research (e.g. Givoly and Palmon 1982; Begley and Fischer 1998; Francis et al. 2002), *Surprise* is positively and significantly related to *CAR* ($p < 0.01$) while *Lag* and *Bad* are negatively and significantly related to *CAR* ($p < 0.05$ and $p < 0.01$, respectively). *Model 2* includes *RegG*, but the coefficient on *RegG* is insignificant. The additional control variables maintain their coefficient signs and significance. *Model 3* includes the *RegG*Surprise* and *RegG*Lag* interaction variables. I find that *RegG*Surprise* is positively and significantly related to *CAR* ($\beta_2 = 0.07$, $p < 0.05$). This result indicates that the adoption of Reg G is associated with an increase in the ERC. The coefficient on *Surprise* ($\beta_3 = 0.69$, $p < 0.01$) indicates a positive and significant ERC for earnings surprises prior to Reg G. The result for *Lag* ($\beta_5 = -0.00$, $p < 0.05$) indicates that the 'good news early, bad news late' convention holds for the sample firms in the pre-Reg G period and the insignificant coefficient on the *RegG*Lag* interaction indicates that is no change in the effect of *Lag* after Reg G. I also find evidence of a negative but insignificant relation between *PF* and *CAR* (β_6). Taken together, the results indicate that there is an increase in the reliability of earnings announcements after Reg G came into effect.

[29] I use OLS with White (1980)-corrected standard errors to estimate the regressions in Table 19 and I employ GLS as a robustness check. All results and inferences remain qualitatively similar using GLS. All results are also robust to using both a value-weighted index and the S&P 500 index for calculating *CAR*.

4.1.2. Hand-Collected Sample

4.1.2.1. Hypotheses Development

In this section I include further tests of hypotheses H from Section 3.1.1.1 above.

4.1.2.2. Sample Construction

The sample used for the change in pro forma disclosure likelihood tests for the hand-collected sample is the same as described in Section 2.3.1 above.

4.1.2.3. Multivariate Model

The multivariate model used for the change in earnings response coefficients tests for the hand-collected sample is the same as described in Section 4.1.1.3 above.

4.1.2.4. Multivariate Results

I replicate the investor response tests from Section 4.1.1.3 on the hand-collected sample to investigate whether the changes in earnings response coefficients and relative informational role of earnings announcements is dependent on the level of disclosure in the announcement. In Table 20 I execute regressions based on Equation 7, supplemented with the variable *lGAAPScore*, which captures the amount of GAAP financial statements disclosed in the earnings announcement, and *PR,* which indicates whether the announcement includes pro forma earnings.

In *Model 1*, I do not include the interaction of *RegG* and *Surprise* to establish the direction and significance of the control variables. As in the large sample, *Surprise* is positively related to the equal-weighted cumulative abnormal returns.[30] *lGAAPScore* has a positive and significant ($p < 0.01$) relationship with *CAR*, indicating that the stock market reacts more intensely to earnings announcements with more GAAP disclosures.

[30] Results remain qualitatively unchanged if I use a value-weighted index or the S&P 500 index to calculate abnormal returns.

The coefficient on *PR* has an insignificant coefficient, suggesting that there is no incremental stock price reaction to the disclosure of pro forma earnings. In *Model 2*, I include the *RegG*Surprise* interaction variable to examine the change in stock price reaction to a unit of earnings news after Reg G for the sample of hand-collected announcements. The interaction is positive and significant, as in the large sample, indicating that investors responded more intensely to a unit of earnings news after Reg G than before. The coefficient on *lGAAPScore* maintains its sign and significance, as well.

Taken together, the results from the change in ERC tests on the hand-collection sample (Table 20) agree with the results for the larger sample that investors found earnings announcements more informative after Reg G than before. These findings are robust to controlling for the amount of disclosures in the announcements.

4.1.3. Additional Changes in ERC Tests

I execute additional analyses on the changes in ERCs around Reg G's enactment to examine whether the changes I document (in Section 4.1.1.3 and Section 4.1.2.4) are isolated to certain types of firms or if the results are sensitive to the control time period used for testing (from March 28, 2002 to March 27, 2003). The additional analyses are described below.

4.1.3.1. Changes in ERC by Use of Pro Forma Earnings before Reg G

In Section 4.1.1.3 and Section 4.1.2.4 I document significantly higher ERCs in the post-Reg G period compared to the pre-Reg G period. In this section I separate my ERC sample based on the use of pro forma earnings in the pre-Reg G period to examine whether the change in ERCs was confined to pre-Reg G pro forma or GAAP earnings disclosers. To execute this separation, I create an indicator variable (*PrePF*) that equals

one if the firm-quarter observation in the pre-Reg G period uses pro forma earnings (i.e. if *PF*, as defined in Table 2, equals one), and zero otherwise. If the pre-Reg G period firm-quarter observation has *PrePF* equal to one, then I set the post-Reg G period firm-quarter observation's *PrePF* variable also equal to one. I then alter Equation 7 (Table 19) by removing the *PF* variables and re-estimate the regressions for the observations with *PrePF* equal to zero and one separately and present the results in Table 21, Panel A.

The results in Table 21, Panel A provide evidence that the change in ERCs around Reg G's enactment was concentrated in firm-quarters that did not use pro forma earnings in the pre-Reg G period (i.e. firms that only disclose GAAP earnings). In *Model 1* I only include observations for firm-quarters that did not use pro forma earnings in the pre-Reg G period (*PrePF* equals zero). The results for this sample demonstrates a significant increase in ERCs around the enactment of Reg G ($\psi_2 = 0.08$; $p < 0.01$) similar in size to the increase documented for the entire sample in Table 5. In *Model 2* I only include observations for firm-quarters that use pro forma earnings in the pre-Reg G period (*PrePF* equals one) and the results for this sample demonstrates no significant change in ERCs ($\psi_2 = -0.01$; *t-stat* = -0.13). Taken together these results indicate the increase in perceived reliability, captured by the change in ERCs around Reg G's enactment, was isolated to firms that disclose only GAAP earnings. These findings provide further evidence that Reg G's impact stretches beyond its intended impact on pro forma earnings.

4.1.3.2. Changes in ERCs by Continued Use of Pro Forma Earnings

To further investigate the change in ERCs I focus on the firm-quarter observations that included pro forma earnings in the pre-Reg G period. For this sample I create an additional indicator variable (*ContPF*) that captures whether the firm continues using pro

forma earnings in the same fiscal quarter after Reg G. *ContPF* equals one if *PF* equals one in the post-Reg G, and zero otherwise. I then re-estimate the regressions for the observations with *ContPF* equal to zero and one separately and present the results in Table 21, Panel B.

The results in Table 21, Panel B provide evidence about the difference in the change in ERCs based on the decision to continue using pro forma earnings after Reg G. *Model 1* includes observations for firm-quarters that only use pro forma earnings in the pre-Reg G period and shows a significant decrease in ERCs for these observations (ψ_2 = -0.36; $p < 0.05$). *Model 2* includes observations for firm-quarters that use pro forma earnings in both the pre-Reg G and post-Reg G periods and shows a significant increase in ERCs for these observations (ψ_2 = 0.31; $p < 0.05$). These results indicate that investors perceive the earnings of firms that continue using pro forma as more reliable than those that stop using pro forma earnings. Consistent with the results documented in Kolev et al. (2008), this evidence may signify that firms that stopped releasing pro forma earnings had lower quality earnings than those that continued.

4.1.3.3. Change in ERCs Using an Alternate Pre-Reg G Period

The pre-Reg G period for the tests in Table 19 covers a timeframe in which the stock market experienced numerous external shocks and may not be optimal for the event study approach used here. I re-perform the change in ERC test using an alternate pre-Reg G period to ensure that the increase in ERCs that I document around Reg is not an artifact of the time period used. For this test I gather stock return and analyst forecast data for the period from March 28, 2001 to March 27, 2002 for the matched firm-quarters in the

post-Reg G period (March 28, 2003 to March 27, 2004).[31] Using this data I re-estimate Equation 2 (Table 5) and present the results in Table 22.

The results presented in Table 22 provide evidence that the increase in ERCs I document earlier is robust to an alternate pre-Reg G time period. The change in ERC remains positive and significant even utilizing a different timeframe for the pre-Reg G period ($\beta_2 = 0.05$; $p < 0.05$). This result indicates that the increases in ERCs that I document in Table 5 are not simply an artifact of the sample period.

4.2. Changes in the Relative Informational Role of Quarterly Earnings Announcements

4.2.1. Full Sample

4.2.1.1. Hypotheses Development

Ball and Shivakumar (2008) develops a measure for the relative informational role of earnings announcements in the stock market. Their measure uses the model fit for a regression of a firms' calendar-year returns on its four quarterly earnings announcement three-day 'window' returns (t = -1, 0, 1 relative to the earnings announcement day, 0). The abnormal R^2 for this regression (the difference between the adjusted R^2 from the regression and the adjusted R^2 assuming that daily stock returns are i.i.d.) captures the proportion of a firm's annual returns that are explained by the short-window (i.e. 3-day) returns around a firm's quarterly earnings announcements.[32] The abnormal R^2 measure from Ball and Shivakumar (2008) captures the relative informational role of quarterly

[31] After collecting the necessary data from *Compustat Quarterly*, *I/B/E/S* and *CRSP* for the new observations, the match firm-quarter sample includes 18,412 observations for 2,877 firms.

[32] Basu et al. (2010) point out that the Ball and Shivakumar (2008) measure is simply an adaption of the Beaver (1968) approach of attempting to measure the increase in return variance around the quarterly earnings announcements. Basu et al. (2010) also affirm that the variance-based approaches do not depend on assumptions regarding market expectations of earnings (e.g. past earnings, analyst forecasts, etc.) and are fundamentally different than the ERC-based approach in Section 3.2.1.

earnings announcements and, thus, provides a readily-interpretable measure of earnings announcements' relative informational importance for investors (i.e. the proportion of annual firm-specific information captured in quarterly earnings announcements).

Reg G may have increased the relative informational role of quarterly earnings announcements if investors view the earnings announcements as providing higher quality disclosures when governed by SEC oversight. If the informational role increased after Reg G, then I expect that trading would become relatively more intense around earnings announcement dates, resulting in an increase in the Ball and Shivakumar (2008) abnormal R^2 measure from the pre-Reg G period to the post-Reg G period.

I state my fourth hypotheses in the null form, as follows:

H5: The informational role of quarterly earnings announcements, as captured by the abnormal R^2 measure of Ball and Shivakumar (2008), did not change after Reg G.

4.2.1.2. Sample Construction

To create the sample of observations that I use to test for a change in the relative informational role of earnings announcements (*H5*), I begin with the sample of firms with earnings announcements from March 28, 2002 through March 27, 2004. I begin with the sample of firms that have eight earnings announcements in this window: four before March 28, 2003 (the pre-Reg G period) and four after that date (the post-Reg G period), giving a sample of 4,986 firms. I eliminate any observations that have less than 100 trading days of stock return data in either the pre-Reg G or post-Reg G period on *CRSP*, eliminating 124 firms. This process, described in more detail in Table 23, provides a final usable sample of 9,724 firm-year observations (4,862 firms), which I use to test for

a change in the relative informational role of earnings announcements between the pre- and the post-Reg G periods.

4.2.1.3. Multivariate Model

To examine the change in the relative informational role of quarterly earnings announcements following the enactment of Reg G, I utilize the following regression developed in Ball and Shivakumar (2008).

$$R_i(Annual) = \theta_0 + \theta_1 R_i(Window1) + \theta_2 R_i(Window2) + \theta_3 R_i(Window3) + \theta_4 R_i(Window4) + \varepsilon \quad (8)$$

I estimate annual cross-sectional regressions of firms' calendar-year returns ($R_i(Annual)$) on returns for the four quarterly earnings announcement windows ($R_i(WindowK), K = 1\ to\ 4$)) for March 28, 2002 through March 27, 2003 (the pre-Reg G period) and March 28, 2003 through March 27, 2004 (the post-Reg G period).[33] The adjusted R^2 from these regressions provides the proportion of the annual return variation associated with the four earnings announcement windows. To benchmark the adjusted R^2 from Equation 3 against normal stock price volatility I calculate abnormal R^2 as the difference between the estimated adjusted R^2 and the expected adjusted R^2 under the assumption that daily returns are i.i.d. across time. For the pre-Reg G (post-Reg G) period there were 251 (252) trading days, providing an adjustment of approximately 4.78% (4.76%) to arrive at the abnormal R^2. The abnormal R^2 provides a measure of the proportion of annual return information captured by the four quarterly earnings announcements. To examine the change in the informational role of quarterly earnings

[33] All returns are calculated as the three-day (t = -1, 0, +1) abnormal returns compared to an equal-weighted index but raw returns and abnormal returns based on a value-weighted index and the S&P 500 index were also executed as a robustness check. The inferences remain unchanged using the different specifications.

announcements for annual returns for a sample of matched firms between the pre- and the post-Reg G periods, I calculate the abnormal R^2 measure for both sample periods and compare the two.

4.2.1.4. Multivariate Results

To test for a change in the informational role of quarterly earnings announcements following the adoption of Reg G, I examine the change in the abnormal R^2 measure developed in Ball and Shivakumar (2008) between the pre- and the post-Reg G periods.

In Table 24 I present the cross-sectional regression estimates of calendar-year returns on the four quarterly earnings announcement window returns (t = -1, 0, +1).[34] The abnormal R^2 calculated in both the pre- and the post-Reg G periods provides a measure of the proportion of annual return information captured by the four quarterly earnings announcements. Each of the earnings announcement windows in both the pre- and post-Reg G periods has a positive and significant ($p < 0.01$) relation with the annual returns. The adjusted R^2 from the regression is 8.76% (14.23%) with an abnormal R^2 of 3.98% (9.47%) in the pre-Reg G (post-Reg G) period. The increase in the abnormal R^2 is 5.49% form the pre- to the post-Reg G period and the ratio of the post-Reg G to pre-Reg G abnormal R^2 is 2.38. I use two alternate approaches to gauge the statistical significance of this increase in abnormal R^2 around Reg G: 1) a randomization test; and 2) a bootstrap estimation.

Randomization Test

First, I implement a randomization procedure to provide a benchmark distribution for the change in abnormal R^2. I randomly assign 4,682 of the 9,724 observations to a

[34] Again, I use an equal-weighted index to calculate abnormal returns but the results are qualitatively unchanged if I use a value-weighted or the S&P 500 index to calculate abnormal returns or if I use raw returns.

test sample, with the remaining observations assigned to a control sample. I then estimate Equation (8) separately for the test and control samples, calculate the abnormal R^2 for both regressions and compute the change and ratio of the abnormal R^2. After performing 500 trials of this randomization process, which provides a distribution of abnormal R^2 changes and ratios against which to compare the results from Table 24. The abnormal R^2 difference and ratio from Table 24 were greater than 99.8% and 99.6% of the randomized trials, indicating significance at the 0.01 level.

Bootstrapping Test

Next I implement a bootstrap approach to the regression model estimation. I randomly select 250 of the sample firms, estimate Equation (8) for these firms in both the pre- and post-Reg G periods separately and calculate the change and ratio of the abnormal R^2 for this sub-sample of firms. Based on 500 trials of such 250-firm randomly selected sub-samples, I bootstrap a distribution of abnormal R^2 changes. I find that 351 of the 500 estimates (70.2%) of the change in abnormal R^2 are positive. Comparing a success rate of 70.2% with a binomial distribution which assumes a 50% rate of positive and negative changes, the increase in the relative informational role of earnings announcement is significant at the 0.01 level. The results of the randomization and bootstrapping tests both indicate that the relative informational role of quarterly earnings announcements increased after Reg G's enactment date, with earnings announcement dates becoming relatively more important to investors after Reg G.[35]

In summary, both sets of investor response tests provide evidence consistent with investors perceiving earnings announcements as more reliable after Reg G's enactment.

[35] The results of the change in abnormal R^2 tests could also be due to an increase in disclosures over time but I do not test for the alternate explanation here.

4.2.2. Hand-Collected Sample Firms

In this section I test the robustness of my full sample results for the change in the relative informational role of quarterly earnings announcement tests by re-performing the same tests on the sample of five hundred (500) firms that I hand-collected earnings announcement disclosures.

4.2.2.1. Hypothesis Development

In this section I test the same hypothesis (*H5*) as in Section 4.2.1.1 above.

4.2.2.2. Sample Construction

In this section I use the sample of firms that I hand-collected earnings announcement disclosures (refer to Section 2.3.1 above).

4.2.2.3. Multivariate Model

In this section I use the sample model (Equation 8) as described in Section 4.2.1.3 above.

4.2.2.4 Multivariate Results

To test for a change in the informational role of quarterly earnings announcements following the adoption of Reg G, I again examine the change in the abnormal R^2 measure developed in Ball and Shivakumar (2008) between the pre- and the post-Reg G periods.

In Table 25 I present the cross-sectional regression estimates of calendar-year returns on the four quarterly earnings announcement window returns (t = -1, 0, +1) for the sample of 500 firms that I hand-collected earnings announcement disclosures.[36] The adjusted R^2 from the regression is 5.62% (17.21%) with an abnormal R^2 of 0.84% (12.45%) in the pre-Reg G (post-Reg G) period. The increase in the abnormal R^2 is

[36] Again, I use an equal-weighted index to calculate abnormal returns but the results are qualitatively unchanged if I use a value-weighted or the S&P 500 index to calculate abnormal returns or if I use raw returns.

11.61% form the pre- to the post-Reg G period and the ratio of the post-Reg G to pre-Reg G abnormal R^2 is 14.83. I use two alternate approaches to gauge the statistical significance of this increase in abnormal R^2 around Reg G: 1) a randomization test; and 2) a bootstrap estimation.

Randomization Test

First, I implement a randomization procedure to provide a benchmark distribution for the change in abnormal R^2. I randomly assign 500 of the 1,000 observations to a test sample, with the remaining observations assigned to a control sample. I then estimate Equation (8) separately for the test and control samples, calculate the abnormal R^2 for both regressions and compute the change and ratio of the abnormal R^2. After performing 500 trials of this randomization process, which provides a distribution of abnormal R^2 changes and ratios against which to compare the results from Table 25. The abnormal R^2 difference and ratio from Table 25 were greater than 99.9% of the randomized trials, indicating significance at the 0.01 level.

Bootstrapping Test

Next I implement a bootstrap approach to the regression model estimation. I randomly select 250 of the sample firms, estimate Equation (8) for these firms in both the pre- and post-Reg G periods separately and calculate the change and ratio of the abnormal R^2 for this sub-sample of firms. Based on 200 trials of such 250-firm randomly selected sub-samples, I bootstrap a distribution of abnormal R^2 changes. I find that 196 of the 200 estimates (98.0%) of the change in abnormal R^2 are positive. Comparing a success rate of 98.0% with a binomial distribution which assumes a 50% rate of positive and negative changes, the increase in the relative informational role of earnings

announcement is significant at the 0.01 level. The results of the randomization and bootstrapping tests both indicate that the relative informational role of quarterly earnings announcements increased after Reg G's enactment date, with earnings announcement dates becoming relatively more important to investors after Reg G.

In summary, a host of investor response tests provide evidence consistent with investors perceiving earnings announcements as more reliable (i.e. higher quality) after Reg G's enactment.

5. CONCLUDING REMARKS

5.1. Discussion of Results

Reg G was the only section of SOX that directly addressed the regulation of earnings announcements and in this paper I present evidence of Reg G's effects. First, while Reg G was not intended to alter the timing of earnings releases, I find results indicating that firms have extended their earnings announcement reporting lags since Reg G became effective. Further, I provide evidence that Reg G strengthened investor responses to earnings announcements, consistent with investors viewing them as being more reliable. I find evidence that these changes are not dependent on a change in GAAP or pro forma earnings disclosures that firms include in their earnings announcements. I also find evidence that firms that continue to provide pro forma earnings after Reg G also increase the quantity of GAAP financial statements they disclose in their earnings announcements. Further, I document evidence that firms disclose GAAP earnings and firms that continue to disclose pro forma earnings experience a significant increase in their ERCs while firms that discontinue the use of pro forma earnings experience a significant decrease in their ERCs.

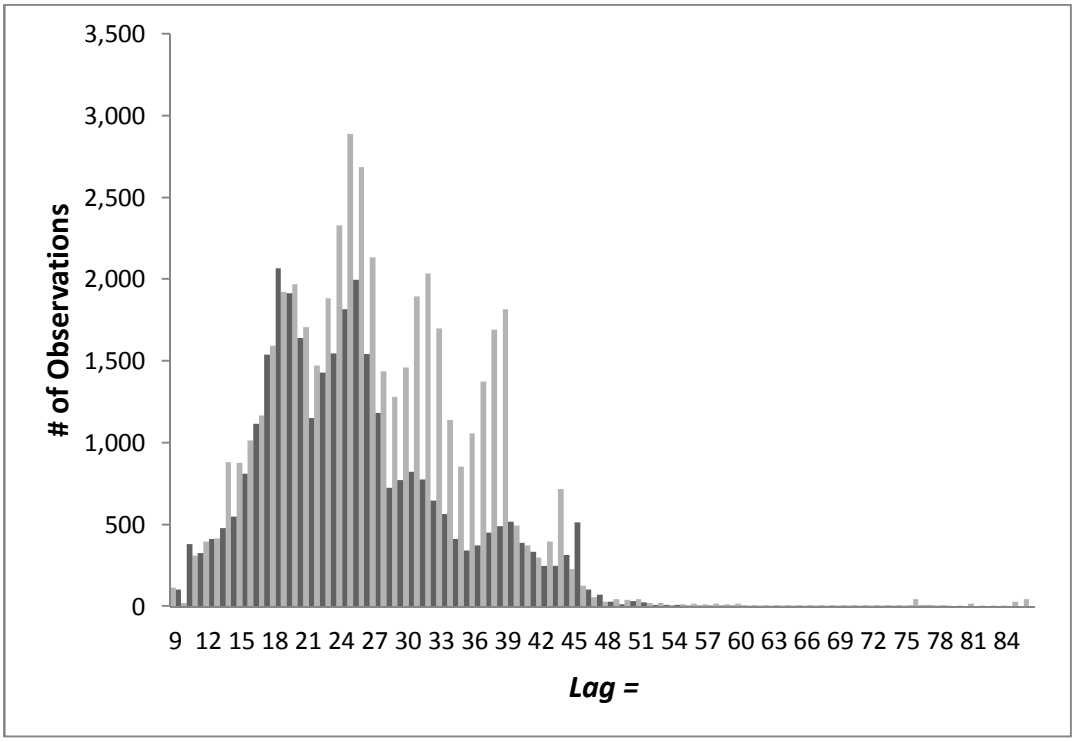
These results indicate that, in the new regulatory environment created by Reg G, firms altered both the content and timing of their earnings announcements and investors changed how they respond to those announcements. The increase in perceived reliability is consistent with the intent of SEC oversight but the change in timeliness is an additional unintended consequence of the intervention into non-GAAP reporting (Kolev et al. 2008). My findings further highlight the relevance and reliability trade-offs inherent in disclosure regulation.

5.2. Areas for Future Research

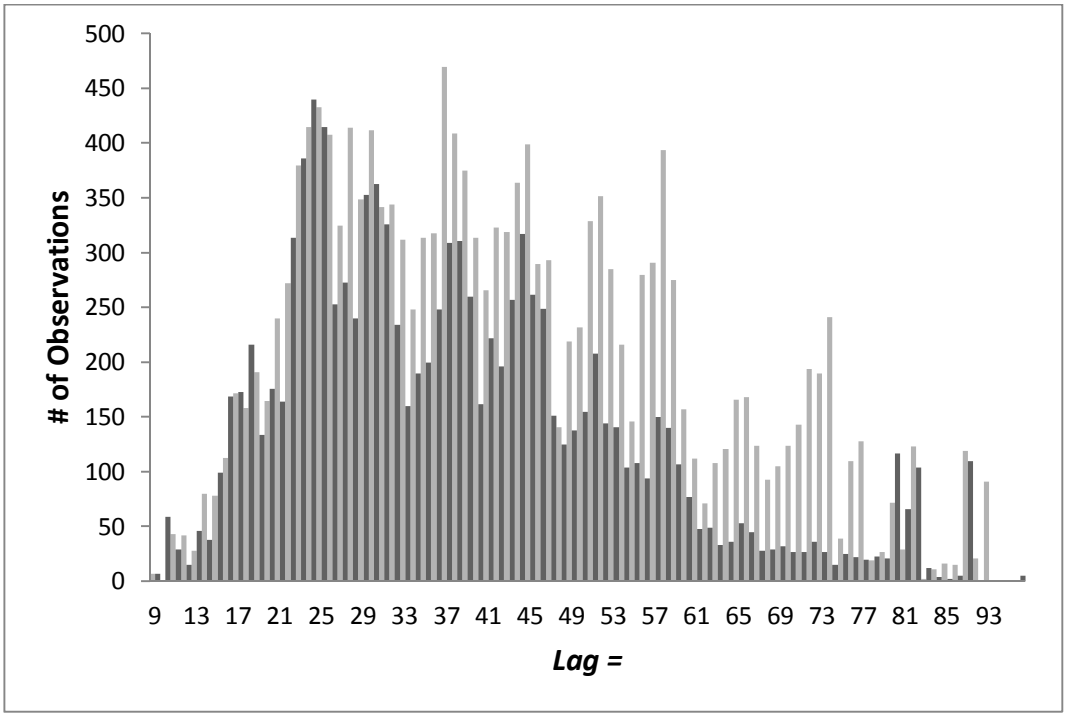
While this dissertation conducts examinations of some of the consequences of Regulation G, other aspects remain to be studied. Future studies may examine the change in other measures of investor responses, like trading volume. Additionally, while some studies have begun to examine the effects of earnings restatements from preliminary earnings releases (e.g. Bronson et al. 2011; Hollie et al. 2011), to my knowledge no study has yet examined the market reaction to restating the additional GAAP financial statement disclosures. Further, now that Reg G has demonstrated that a regulatory change can induce changes in earnings announcement timing, I expect that future studies will continue to examine changes in earnings announcement timing as an important aspect of financial disclosure.

Figure 1. *Lag* Histograms[37]

Panel A. Observations with Yearend = 0

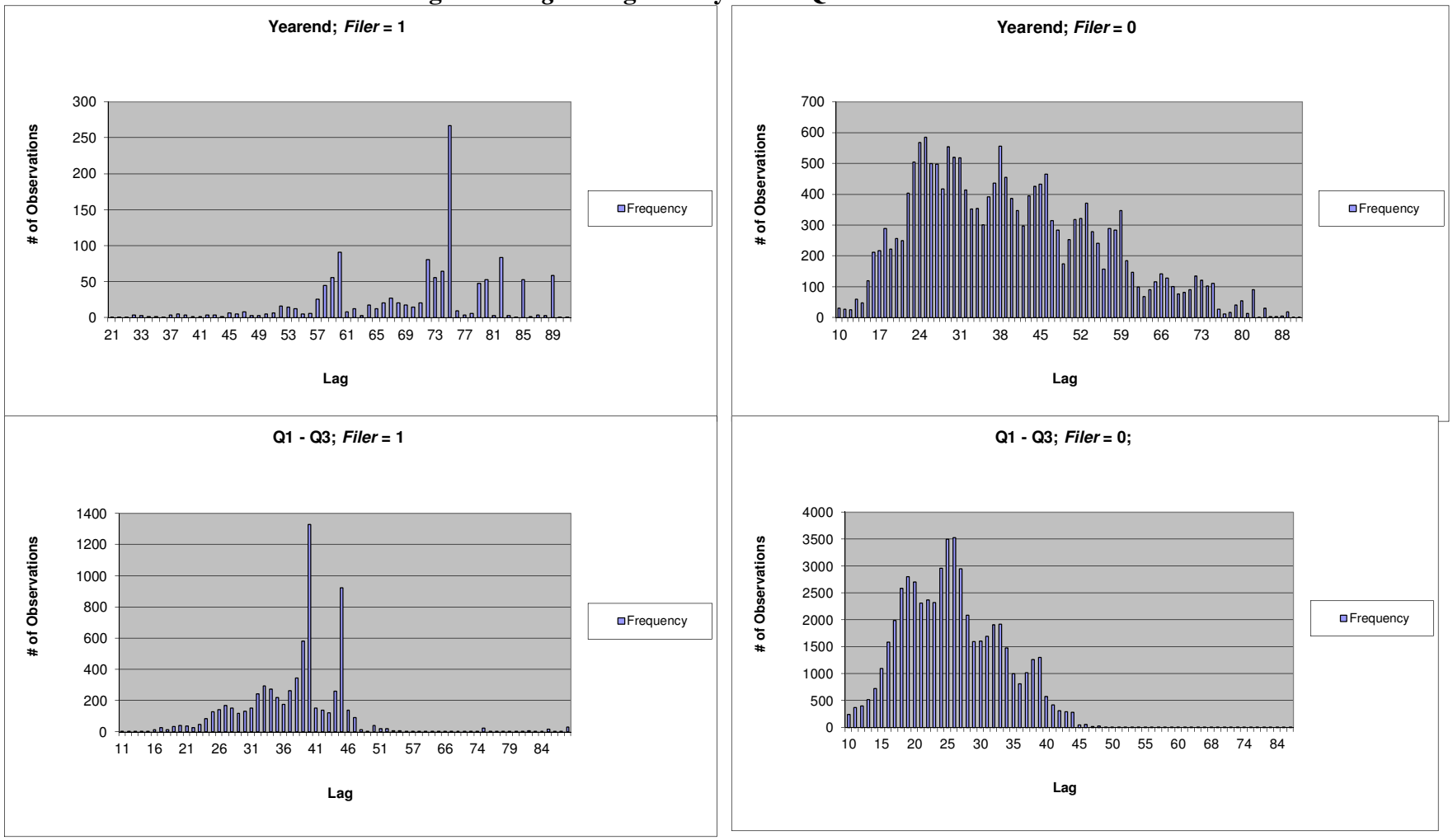


Panel B. Observations with Yearend = 1



[37] *Yearend* is an indicator variable that equals one for observations from the firm's fiscal fourth quarter, and zero otherwise. *Lag* is the number of days between the fiscal period-end date and the report date of quarterly earnings.

Figure 2. *Lag* Histograms by Fiscal Quarter and *Filer*[38]



[38] *Filer* is an indicator variable that equals one if the firm makes its earnings announcement and quarterly SEC filing on the same date, and zero otherwise.

Table 1. Sample Construction – Changes in Earnings Announcement Timing Tests

	Firm-Quarters
Compustat Quarterly File (Jan. 1998 – Dec. 2008)	481,961
Less: Observations without *RDQ*	(91,986)
Less: *RDQ* errors	(5,307)
Firms with *RDQ* and Fiscal Year End data (15,673 firms)	384,668
Less: Observations without control variable data[39]	(178,282)
Less: Observations without *I/B/E/S* analyst forecast data	(100,615)
Basic Timing Tests Sample (7,303 firms)	**105,771**

[39] The necessary control variables for the Basic Timing Tests include the fiscal quarter of the observation, quarterly net sale revenue, total inventory and total assets.

Table 2. Changes in Earnings Announcement Timing Data

Panel A. Summary Statistics & Univariate Tests

Variable	25th Pctl	Mean	Median	75th Pctl	Pre-Reg G Mean	Post-Reg G Mean	t-stat
Lag	22.00	31.11	28.00	38.00	28.46	32.88	50.55**
PF	0.00	0.43	0.00	1.00	0.45	0.42	-7.57**
Yearend	0.00	0.26	0.00	1.00	0.26	0.26	0.35
Sales	3.44	4.74	4.73	6.02	4.59	4.85	21.45**
Inv	0.00	0.09	0.03	0.14	0.10	0.09	-19.30**
Surprise	0.00	0.00	0.00	0.00	0.00	0.00	5.59**
Bad	0.00	0.30	0.00	1.00	0.27	0.32	19.35**
Observations		105,771			42,479	63,292	

Lag is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (Compustat Quarterly item #19 or #9 depending on the I/B/E/S primary or diluted indicator). *Yearend* is an indicator variable that equals one if the earnings announcement is for the fiscal fourth quarter, zero otherwise. *Sales* is the natural logarithm of quarterly net sales revenue. *Inventory* is the ratio of inventory to total assets. *Surprise* is calculated as the difference between the actual quarterly earnings announced and the median analyst estimate (*I/B/E/S*) scaled by the end of firm-quarter stock price. *Bad* is an indicator variable that equals one if *Surprise* is negative, and zero otherwise. All regressions include fiscal year indicator control variables. The sample consists of 105,771 firm-quarter observations from fiscal years 1998 through 2008, 42,479 prior and 63,292 subsequent to Reg G's enactment.

** indicates significance at the 0.01 level. Also indicates significant results for Wilcoxon two-sample tests of median differences at the 0.01 level.

Panel B. Variable Correlation Coefficients

	Lag	*RegG*	*PF*	*Yearend*	*Sales*	*Inv*	*Surprise*	*Bad*
Lag	--	**0.15**	**0.05**	**0.46**	**-0.18**	**-0.03**	**-0.14**	**0.14**
RegG	**0.19**	--	**-0.02**	0.00	**0.07**	**-0.06**	**0.02**	**0.06**
PF	**0.05**	**-0.02**	--	**0.06**	**0.19**	**-0.08**	0.00	0.00
Yearend	**0.40**	0.00	**0.06**	--	0.01	**-0.02**	**-0.04**	**0.03**
Sales	**-0.16**	**0.07**	**0.19**	0.01	--	**0.18**	**0.05**	**-0.11**
Inv	**-0.06**	**-0.05**	**-0.05**	**-0.01**	**0.24**	--	**-0.03**	**-0.01**
Surprise	**-0.06**	**-0.01**	**0.02**	**-0.02**	**0.03**	0.01	--	**-0.45**
Bad	**0.14**	**0.06**	0.00	**0.03**	**-0.11**	**-0.02**	**-0.79**	--

Panel C. Lag Statistics by Fiscal Year and Yearend

	***Yearend* = 0**				***Yearend* = 1**		
Year	**Mean**	**Median**	**N**	**Year**	**Mean**	**Median**	**N**
1998	24.7	22	73	1998	41.0	39	376
1999	24.6	24	7,671	1999	39.2	35	2,864
2000	24.9	24	7,409	2000	37.9	36	2,649
2001	25.2	24	7,633	2001	38.0	36	2,732
2002	26.0	24	7,931	2002	38.6	36	2,755
2003	26.9	27	8,033	2003	43.2	40	2,956
2004	28.5	27	8,877	2004	45.1	43	3,230
2005	29.7	28	9,553	2005	46.9	45	3,425
2006	30.8	31	9,974	2006	45.6	44	3,531
2007	31.2	31	10,343	2007	46.2	45	3,139
2008	31.1	31	617				

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal. Correlation coefficients significant at the 0.0001 level are shown in **bold**. All variables remain as defined in Table 2, Panel A. The sample consists of 105,771 firm-quarter observations from fiscal years 1998 through 2008, 42,479 prior and 63,292 subsequent to Reg G's enactment.

Table 3. Changes in Earnings Announcement Timing Results

$$Lag = \alpha_0 + \alpha_1 \text{Re}gG + \alpha_2 PF + \alpha_3 \text{Re}gG * PF + \alpha_4 Yearend + \alpha_5 \text{Re}gG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \varepsilon,$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***
Intercept	30.44	30.49	31.82
	40.41*	***40.48****	***41.81****
RegG		3.41	2.77
(+)		***5.63****	***4.64****
PF	1.62	1.62	1.60
(+)	***20.85****	***20.85****	***13.85****
*RegG*PF*			0.06
(?)			***0.40***
Yearend	15.15	15.09	13.52
(+)	***136.10****	***136.17****	***80.31****
*RegG*Yearend*			2.60
(+)			***11.59****
Sales	-1.47	-1.47	-1.48
(-)	***-71.59****	***-71.68****	***-71.77****
Inventory	3.77	3.81	3.80
(+)	***13.09****	***13.23****	***13.19****
Surprise	-104.64	-104.37	-104.81
(-)	***-18.57****	***-18.59****	***-18.58****
Bad	1.73	1.73	1.71
(+)	***17.68****	***17.67****	***17.55****
R Squared	30.23%	30.28%	30.43%

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *RegG* is an indicator variable that equals one for all earnings announcements made on or after March 28, 2003, and zero otherwise. *RegG*PF* is an interaction of the *RegG* and *PF* variables. *Yearend* is an indicator variable that equals one if the earnings announcement is for the fiscal fourth quarter, zero otherwise. *RegG*Yearend* is an interaction of the *RegG* and *Yearend* variables. *Sales* is the natural logarithm of quarterly net sales revenue. *Inventory* is the ratio of inventory to total assets. *Surprise* is calculated as the difference between the actual quarterly earnings announced and the median analyst estimate (*I/B/E/S*) scaled by the end of firm-quarter stock price. *Bad* is an indicator variable that equals one if *Surprise* is negative, and zero otherwise. All regressions include time fixed effects control variables. The sample consists of 105,771 firm-quarter observations from fiscal years 1998 through 2008.

T-statistics are calculated using White (1980)-corrected standard errors. Results are robust to using firm-clustered standard errors.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Table 4. Changes in Earnings Announcement Timing Data – SEC Filing Dates Sample

Panel A. Summary Statistics & Univariate Tests

					Filer = 0	*Filer* = 1	
Variable	25th Pctl	Mean	Median	75th Pctl	Mean	Mean	t-stat
Lag	22.00	30.84	28.00	37.00	29.38	43.04	81.33**
PF	0.00	0.43	0.00	1.00	0.43	0.40	-4.67**
Yearend	0.00	0.24	0.00	1.00	0.25	0.16	-22.70**
Sales	3.32	4.62	4.59	5.89	4.68	4.15	-21.45**
Inv	0.00	0.08	0.02	0.12	0.08	0.07	-6.99**
Surprise	0.00	0.00	0.00	0.00	0.00	0.00	-14.51**
Bad	0.00	0.30	0.00	1.00	0.29	0.41	21.63**
Observations		81,798			73,312	8,486	

Filer is an indicator variable that equals one if the date of the SEC filing is the same of the report date of quarterly earnings from *Compustat*, and zero otherwise. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (Compustat Quarterly item #19 or #9 depending on the I/B/E/S primary or diluted indicator). *Yearend* is an indicator variable that equals one if the earnings announcement is for the fiscal fourth quarter, zero otherwise. *Sales* is the natural logarithm of quarterly net sales revenue. *Inventory* is the ratio of inventory to total assets. *Surprise* is calculated as the difference between the actual quarterly earnings announced and the median analyst estimate (*I/B/E/S*) scaled by the end of firm-quarter stock price. *Bad* is an indicator variable that equals one if *Surprise* is negative, and zero otherwise. All regressions include fiscal year indicator control variables. The sample consists of 81,798 firm-quarter observations from fiscal years 1998 through 2008, 73,312 where the earnings announcement date is not the same as the SEC filing date and 8,486 where the dates are the same.

** indicates significance at the 0.01 level. Also indicates significant results for Wilcoxon two-sample tests of median differences at the 0.01 level.

Panel B. Correlation Coefficients

	Lag	*RegG*	*Filer*	*PF*	*Yearend*	*Sales*	*Inv*	*Surprise*	*Bad*
Lag	--	**0.18**	**0.32**	**0.03**	**0.49**	**-0.17**	**0.00**	**-0.13**	**0.14**
RegG	**0.22**	--	**0.15**	**0.02**	**0.06**	**0.07**	**-0.05**	**0.02**	**0.06**
Filer	**0.32**	**0.15**	--	**-0.02**	**-0.07**	**-0.08**	**-0.02**	**-0.07**	**0.08**
PF	**0.05**	**0.02**	**-0.02**	--	**0.05**	**0.20**	**-0.07**	0.00	-0.01
Yearend	**0.39**	**0.06**	**-0.07**	**0.05**	--	0.01	**-0.02**	**-0.03**	**0.03**
Sales	**-0.14**	**0.07**	**-0.07**	**0.20**	**0.01**	--	**0.17**	**0.04**	**-0.10**
Inv	**-0.05**	**-0.05**	**-0.04**	**-0.05**	-0.01	**0.22**	--	**-0.03**	0.00
Surprise	**-0.05**	-0.01	**-0.04**	**0.02**	**-0.02**	**0.03**	0.00	--	**-0.45**
Bad	**0.13**	**0.06**	**0.08**	-0.01	**0.03**	**-0.10**	-0.01	**-0.80**	--

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal. Correlation coefficients significant at the 0.0001 level are shown in **bold**. All variables remain as defined in Table 6, Panel A. The sample consists of 81,798 firm-quarter observations from fiscal years 1998 through 2008, 73,312 where the earnings announcement date is not the same as the SEC filing date and 8,486 where the dates are the same.

Table 5. Changes in Earnings Announcement Timing Results – SEC Filing Dates Sample

Panel A. Observations with Filer = 0

$$Lag = \alpha_0 + \alpha_1 \mathrm{Re}gG + \alpha_2 PF + \alpha_3 \mathrm{Re}gG * PF + \alpha_4 Yearend + \alpha_5 \mathrm{Re}gG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \varepsilon,$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***
Intercept	30.44	30.45	31.35
	25.33*	***25.34****	***25.92****
RegG		0.48	-0.02
(+)		***0.95***	***-0.04***
PF	1.38	1.38	1.22
(+)	***17.60****	***17.61****	***10.43****
*RegG*PF*			0.29
(?)			***1.87***
Yearend	13.90	13.89	12.76
(+)	***118.64****	***118.48****	***64.85****
*RegG*Yearend*			1.78
(+)			***7.25****
Sales	-1.18	-1.18	-1.19
(-)	***-56.94****	***-56.94****	***-57.04****
Inv	5.41	5.41	5.38
(+)	***17.18****	***17.20****	***17.08****
Surprise	-65.58	-65.56	-66.06
(-)	***-10.98****	***-10.98****	***-11.02****
Bad	1.26	1.26	1.25
(+)	***12.67****	***12.67****	***12.61****
R Squared	31.83%	31.83%	31.93%

All variables remain as defined in Table 6. The sample consists of 73,312 firm-quarter observations from fiscal years 1998 through 2008 where the earnings announcement date did not coincide with the SEC filing date (i.e. *Filer* = 0).

T-statistics are calculated using White (1980)-corrected standard errors. Results are robust to using firm-clustered standard errors.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Panel B. Observations with Filer = 1

$$Lag = \alpha_0 + \alpha_1 \mathrm{Re}gG + \alpha_2 PF + \alpha_3 \mathrm{Re}gG * PF + \alpha_4 Yearend + \alpha_5 \mathrm{Re}gG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \varepsilon,$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***
Intercept	43.43	43.54	38.86
	8.88*	***8.87****	***9.25****
RegG		6.50	8.43
(+)		***2.82****	***3.54****
PF	2.32	2.30	3.81
(+)	***7.47****	***7.39****	***6.09****
*RegG*PF*			-1.98
(?)			***-2.83****
Yearend	35.33	35.14	42.94
(+)	***69.92****	***70.15****	***30.07****
*RegG*Yearend*			-9.14
(+)			***-6.02****
Sales	-1.20	-1.20	-1.20
(-)	***-20.26****	***-20.36****	***-20.45****
Inv	6.24	6.31	6.33
(+)	***4.72****	***4.78****	***4.81****
Surprise	-91.24	-90.52	-85.73
(-)	***-7.85****	***-7.83****	***-7.59****
Bad	1.79	1.79	1.85
(+)	***5.20****	***5.22****	***5.44****
R Squared	53.27%	53.36%	53.80%

All variables remain as defined in Table 6. The sample consists of 8,486 firm-quarter observations from fiscal years 1998 through 2008 where the earnings announcement date coincided with the SEC filing date (i.e. *Filer* = 1).

T-statistics are calculated using White (1980)-corrected standard errors.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Panel C. All Observations

$$Lag = \upsilon_0 + \upsilon_1 \text{Re}\, gG + \upsilon_2 PF + \upsilon_3 \text{Re}\, gG * PF + \upsilon_4 Yearend + \upsilon_5 \text{Re}\, gG * Yearend +$$
$$+ \upsilon_6 Filer + \upsilon_7 \text{Re}\, gG * Filer + \upsilon_8 Sales + \upsilon_9 Inventory + \upsilon_{10} Surprise + \upsilon_{11} Bad + \varepsilon,$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***	*Model 4* Coefficient ***T-Stat***
Intercept	40.93	40.71	29.76	30.93
	30.45*	***30.34****	***24.88****	***25.69****
RegG	8.18	8.56	1.71	1.36
(+)	***12.99****	***13.46****	***2.96****	***2.37****
PF	2.07	2.14	1.50	1.44
(+)	***22.36****	***15.77****	***18.89****	***12.16****
*RegG*PF*		-0.12		0.12
(?)		***-0.67***		***0.78***
Yearend			15.48	13.67
(+)			***128.72****	***66.89****
*RegG*Yearend*				2.78
(+)				***10.99****
Filer	12.51	16.18	14.23	17.52
(?)	***60.22****	***33.15****	***82.77****	***43.35****
*RegG*Filer*		-4.51		-3.96
(-)		***-8.36****		***-8.89****
Sales	-1.21	-1.20	-1.20	-1.20
(-)	***-50.44****	***-50.24****	***-59.01****	***-59.04****
Inv	4.87	4.88	5.53	5.49
(+)	***12.57****	***12.60****	***17.37****	***17.26****
Surprise	-103.27	-100.31	-84.17	-82.04
(-)	***-15.52****	***-15.16****	***-14.96****	***-14.56****
Bad	1.54	1.55	1.30	1.31
(+)	***13.38****	***13.53****	***13.20****	***13.23****
R Squared	17.28%	17.43%	39.66%	39.95%

All variables remain as defined in Table 6. All regressions include time fixed effects control variables. The sample consists of 81,798 firm-quarter observations from fiscal years 1998 through 2008.
T-statistics are calculated using White (1980)-corrected standard errors.
** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Table 6. Changes in Earnings Announcement Timing Data – Cross-Sectional Sample

Panel A. Summary Statistics & Univariate Tests

Variable	25th Pctl	Mean	Median	75th Pctl	Pre-Reg G Mean	Post-Reg G Mean	t-stat
Lag	22.00	30.89	27.00	37.00	28.32	32.63	49.41**
ProForma	0.00	0.43	0.00	1.00	0.42	0.44	7.65**
Yearend	0.00	0.26	0.00	1.00	0.26	0.26	0.25
Inventory	0.00	0.09	0.04	0.14	0.10	0.09	-18.82**
Bad	0.00	0.30	0.00	1.00	0.27	0.32	18.65**
HiTech	0.00	0.26	0.00	1.00	0.27	0.26	-5.58**
Loss	0.00	0.23	0.00	0.00	0.28	0.21	-26.55**
AbsErr	1.00	0.77	1.00	1.00	0.74	0.79	21.64**
MandA	0.00	0.04	0.00	0.00	0.02	0.05	23.90**
lMarket	5.41	6.62	6.49	7.67	6.33	6.81	43.38**
Follow	2.00	5.77	4.00	8.00	5.24	6.13	26.92**
Age	5.00	15.26	10.00	20.00	14.21	15.97	17.52**
Observations	103,262		41,688	61,574			

HiTech is an indicator variable that equals one if the firm operates in SIC industry codes 2822 – 2836 (Drugs), 3570 – 3577 (Computers), 3600 – 3674 (Electronics), 3810 – 3845 (Precise measurement instruments), 7371 – 7379 (Programming), 8731 – 8734 (R&D services) or 4810 – 4819 (Telephone communications). *Loss* is an indicator variable that equals one if quarterly income before extraordinary items (Compustat) is negative during the current quarter and zero otherwise. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from IBES) for the current quarter is greater than $0.01 and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter (Compustat) and zero otherwise. *lMarket* is the natural logarithm of the firms market value at the end of the current quarter (Compustat). *Follow* is the number of analysts providing a forecast for the current quarter (IBES). *Age* is the year of the current quarter report date of earnings minus the first year the firm is publicly traded (CRSP). All other variables remain as previously defined. The sample consists of 103,262 firm-quarter observations from fiscal years 1998 through 2008, 41,688 prior and 61,574 subsequent to Reg G's enactment.

** indicates significance at the 0.01 level. Also indicates significant results for Wilcoxon two-sample tests of median differences at the 0.01 level.

Panel B. Correlation Coefficients

	Lag	*RegG*	*ProForma*	*Yearend*	*Inv*	*Bad*	*HiTech*	*Loss*	*AbsErr*	*MandA*	*lMarket*	*Follow*	*Age*
Lag	--	**0.15**	**0.05**	**0.46**	**-0.02**	**0.14**	**0.03**	**0.18**	**0.06**	-0.01	**-0.20**	**-0.18**	**-0.13**
RegG	**0.19**	--	**0.02**	0.00	**-0.06**	**0.06**	**-0.02**	**-0.08**	**0.07**	**0.07**	**0.14**	**0.08**	**0.05**
ProForma	**0.05**	**0.02**	--	**0.06**	**-0.08**	0.00	**0.04**	**0.12**	**0.03**	**0.10**	**0.18**	**0.15**	**0.07**
Yearend	**0.40**	0.00	**0.06**	--	**-0.02**	**0.02**	0.00	**0.03**	**0.02**	**0.03**	0.01	0.01	**-0.02**
Inv	**-0.06**	**-0.05**	**-0.06**	**-0.01**	--	-0.01	**-0.08**	**-0.04**	0.01	**-0.03**	**-0.07**	**-0.03**	**0.10**
Bad	**0.13**	**0.06**	0.00	**0.02**	**-0.01**	--	**-0.03**	**0.19**	**0.18**	0.01	**-0.13**	**-0.11**	**-0.02**
HiTech	**0.03**	**-0.02**	**0.04**	0.00	**-0.02**	**-0.03**	--	**0.24**	**-0.03**	**0.03**	**-0.10**	**0.01**	**-0.14**
Loss	**0.18**	**-0.08**	**0.12**	**0.03**	**-0.06**	**0.19**	**0.24**	--	**0.03**	-0.01	**-0.29**	**-0.11**	**-0.18**
AbsErr	**0.06**	**0.07**	**0.03**	**0.02**	0.01	**0.18**	**-0.03**	**0.03**	--	-0.01	**0.02**	-0.01	**0.03**
MandA	-0.01	**0.07**	**0.10**	**0.03**	**-0.02**	0.01	**0.03**	-0.01	-0.01	--	**0.10**	**0.08**	**0.03**
lMarket	**-0.20**	**0.13**	**0.18**	0.01	0.00	--	**-0.11**	**-0.29**	**0.03**	**0.09**	--	**0.65**	**0.41**
Follow	**-0.18**	**0.09**	**0.16**	0.01	0.01	**-0.13**	0.00	**-0.12**	**-0.02**	**0.08**	**0.66**	--	**0.22**
Age	**-0.15**	**0.10**	**0.03**	**-0.03**	**0.23**	-0.01	**-0.13**	**-0.22**	**0.03**	**0.04**	**0.35**	**0.19**	--

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal. Correlation coefficients significant at the 0.0001 level are shown in **bold**. All variables remain as defined in Table 4, Panel A. The sample consists of 103,262 firm-quarter observations from fiscal years 1998 through 2008, 41,688 prior and 61,574 subsequent to Reg G's enactment.

Table 7. Changes in Earnings Announcement Timing Results – Cross Sectional Sample

$$Lag = \delta_0 + \delta_1 \text{Re}\, gG + \delta_2 \text{Pr}\, oForma + \delta_3 \text{Re}\, gG * \text{Pr}\, oForma + \delta_4 Yearend + \delta_5 \text{Re}\, gG * Yearend + \delta_6 Inventory + \delta_7 Bad + \delta_8 HiTech + \delta_9 \text{Re}\, gG * HiTech + \delta_{10} Loss + \delta_{11} \text{Re}\, gG * Loss + \delta_{12} AbsErr + \delta_{13} \text{Re}\, gG * AbsErr + \delta_{14} MandA + \delta_{15} \text{Re}\, gG * MandA + \delta_{16} lMarket + \delta_{17} \text{Re}\, gG * lMarket + \delta_{18} Follow + \delta_{19} \text{Re}\, gG * Follow + \delta_{20} Age + \delta_{21} \text{Re}\, gG * Age + \varepsilon,$$

		Model 1		*Model 2*	
Independent Variables	(Prediction)	Coefficient	***T-Stat***	Coefficient	***T-Stat***
Intercept		30.66	***141.73****	31.39	***109.22****
RegG	(+)	4.48	***50.09****	3.18	
PF	(+)	1.12	***9.69****	1.14	***9.66****
*RegG*PF*	(?)	0.26	***1.75***	0.26	***1.65***
Yearend	(+)	13.35	***81.26****	13.39	***81.51****
*RegG*Yearend*	(+)	2.33	***10.58****	2.28	***10.37****
Inventory	(+)	-0.30	***-1.06***	-0.36	***-1.34***
Bad	(+)	1.97	***22.25****	1.95	***22.03****
HiTech	(+)	-0.35	***-3.99****	-0.91	***-7.19****
*RegG*HiTech*	(+)			1.00	***5.74****
Loss	(+)	3.70	***34.96****	3.30	***22.31****
*RegG*Loss*	(+)			0.75	***3.60****
AbsErr	(+)	0.74	***8.81****	0.29	***2.52***
*RegG*AbsErr*	(+)			0.87	***5.23****
MandA	(+)	-1.09	***-5.56****	-0.79	***-2.24***
*RegG*MandA*	(+)			-0.44	***-1.04***
lMarket	(-)	-1.01	***-28.21****	-1.13	***-22.63****
*RegG*lMarket*	(-)			0.20	***2.79****
Follow	(-)	-0.26	***-34.04****	-0.19	***-13.58****
*RegG*Follow*	(-)			-0.11	***-5.92****
Age	(-)	-0.04	***-15.33****	-0.02	***-5.20****
*RegG*Age*	(-)			-0.03	***-6.52****
R Squared		31.68%		31.80%	

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. All variables remain as defined in Table 4. The sample consists of 103,262 firm-quarter observations from fiscal years 1998 through 2008.

T-statistics are calculated using White (1980)-corrected standard errors. Results are robust to using firm-clustered standard errors.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Table 8. Changes in Earnings Announcement Timing Results – Cross-Sectional and SEC Filing Dates Data Combined

$$Lag = \delta_0 + \delta_1 \text{Re } gG + \delta_2 \text{Pr } oForma + \delta_3 \text{Re } gG * \text{Pr } oForma + \delta_4 Yearend + \delta_5 \text{Re } gG * Yearend + \delta_6 Inventory + \delta_7 Bad + \delta_8 HiTech + \delta_9 \text{Re } gG * HiTech + \delta_{10} Loss + \delta_{11} \text{Re } gG * Loss + \delta_{12} AbsErr + \delta_{13} \text{Re } gG * AbsErr + \delta_{14} MandA + \delta_{15} \text{Re } gG * MandA + \delta_{16} lMarket + \delta_{17} \text{Re } gG * lMarket + \delta_{18} Follow + \delta_{19} \text{Re } gG * Follow + \delta_{20} Age + \delta_{21} \text{Re } gG * Age + \delta_{22} Filer + \delta_{23} \text{Re } gG * Filer + \varepsilon,$$

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Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***
Intercept	29.86	29.34
	137.24*	***100.40****
RegG	2.77	3.59
(+)	***30.46****	***8.61****
ProForma	0.96	0.96
(+)	***8.13****	***7.86****
*RegG*ProForma*	0.43	0.49
(?)	***2.77****	***3.06****
Yearend	13.45	13.55
(+)	***66.88****	***67.22****
*RegG*Yearend*	2.66	2.51
(+)	***10.72****	***10.05****
Inventory	2.18	2.22
(+)	***6.91****	***7.02****
Bad	1.50	1.49
(+)	***16.83****	***16.74****
HiTech	-0.09	-0.73
(+)	***-1.02***	***-5.65****
*RegG*HiTech*		1.06
(+)		***5.98****
Loss	3.24	3.16
(+)	***30.22****	***21.12****
*RegG*Loss*		0.19
(+)		***0.90***
AbsErr	0.56	0.18
(+)	***6.44****	***1.45***
*RegG*AbsErr*		0.74
(+)		***4.27****

MandA	-0.89	-1.23
(+)	***-4.31*****	***-3.44*****
*RegG*MandA*		0.41
(+)		***0.94***
lMarket	-1.09	-0.98
(-)	***-30.39*****	***-19.76*****
*RegG*lMarket*		-0.18
(-)		***-2.55****
Follow	-0.12	-0.11
(-)	***-11.99*****	***-8.06*****
*RegG*Follow*		-0.01
(-)		***-0.31***
Age	-0.02	-0.01
(-)	***-9.72*****	***-3.17*****
*RegG*Age*		-0.02
(-)		***-4.10*****
Filer	14.10	17.03
	81.44**	***41.78*****
*RegG*Filer*		-3.63
(-)		***-8.07*****
R Squared	40.73%	40.90%

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *HiTech* is an indicator variable that equals one if the firm operates in SIC industry codes 2822 – 2836 (Drugs), 3570 – 3577 (Computers), 3600 – 3674 (Electronics), 3810 – 3845 (Precise measurement instruments), 7371 – 7379 (Programming), 8731 – 8734 (R&D services) or 4810 – 4819 (Telephone communications) and zero otherwise. *Loss* is an indicator variable that equals one if quarterly income before extraordinary items (Compustat) is negative during the current quarter and zero otherwise. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from IBES) for the current quarter is greater than $0.01 and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter (Compustat) and zero otherwise. *lMarket* is the natural logarithm of the firms market value at the end of the current quarter (Compustat). *Follow* is the number of analysts providing a forecast for the current quarter (IBES). *Age* is the year of the current quarter report date of earnings minus the first year the firm is publicly traded (CRSP). *Filer* is an indicator variable that equals one if the report date of quarterly earnings is the same as the corresponding SEC filing date and zero otherwise. *RegG** is indicates that the *RegG* variable was interacted with the corresponding independent variable. All other variables remain as previously defined. The sample consists of 79,910 firm-quarter observations from fiscal years 1998 through 2008.

T-statistics are calculated using White (1980)-corrected standard errors. Results are robust to using firm-clustered standard errors.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Table 9. Sample Construction – Hand-Collection Sample Base

	Firm-Quarters
Basic Timing Tests Sample (7,283 firms)	105,771
Less: Observations without necessary data[40]	(24,761)
Less: Observation before Mar. 28, 2002 or after Mar. 27, 2004	(62,059)
Less: Firms without all 8 observations	(12,231)
Hand Collection Sample Base (1,680 firms) (Q4 – 3,360; Q1 – 3,360)	**6,720**

[40] Due to the matched firm-quarter nature of the hand-collected sample, I focus solely on the time-variant controls variables, which include *Loss, MandA, SpecItems, Bath, UpEarn* and *ErrInd. Loss* is an indicator variable that equals one if quarterly income before extraordinary items (Compustat) is negative during the current quarter and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter (Compustat) and zero otherwise. *SpecItems* is an indicator variable that indicates the presence of special items, zero otherwise. *Bath* is an indicator variable that equals one if the firm has a negative special item and its earnings excluding the special item are negative, zero otherwise. *Upearn* is an indicator variable that equals one if the firm's GAAP earnings are greater than or equal to its earnings for the same quarter of the prior year, zero otherwise. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from IBES) for the current quarter is greater than $0.01 and zero otherwise.

Table 10. Hand-Collected Sample Data

Panel A. Summary Statistics & Univariate Tests

Variable	25th Pctl	Mean	Median	75th Pctl	Pre-Reg G Mean	Post-Reg G Mean	t-stat
Lag	22.00	29.06	27.00	36.00	28.50	29.62	2.04***
PR	0.00	0.30	0.00	1.00	0.37	0.22	-7.78***
IS	1.00	0.97	1.00	1.00	0.96	0.98	3.10***
BS	0.00	0.74	1.00	1.00	0.70	0.78	3.98***
CF	0.00	0.21	0.00	0.00	0.17	0.26	5.06***
GAAPScore	1.00	1.92	2.00	2.00	1.82	2.02	5.91***
SpecItems	0.00	0.44	0.00	1.00	0.41	0.46	2.35**
Bath	0.00	0.10	0.00	0.00	0.09	0.10	0.76
Intangible	0.09	0.24	0.19	0.35	0.22	0.25	3.41***
HiTech	0.00	0.44	0.00	1.00	0.44	0.44	-0.54
Loss	0.00	0.17	0.00	0.00	0.17	0.16	-0.66
UpEarn	0.00	0.59	1.00	1.00	0.59	0.60	0.27
Assets	5.04	6.34	6.11	7.34	6.35	6.34	-0.17
Leverage	0.26	1.53	0.70	1.59	1.95	1.12	-7.29***
StdROA	0.01	0.03	0.02	0.04	0.03	0.03	0.45
AbsErr	0.00	0.74	1.00	1.00	0.74	0.74	0.31
MandA	0.00	0.03	0.00	0.00	0.04	0.02	-2.43**
Age	4.00	12.50	8.00	15.00	12.31	12.70	0.64
RetVol	0.03	0.04	0.04	0.05	0.04	0.04	0.30
lMarket	5.25	6.45	6.39	7.43	6.46	6.43	-0.37
MTB	1.65	3.62	2.56	4.26	3.61	3.64	0.21
Follow	4.00	8.26	7.00	11.00	8.13	8.40	1.04
CAR	-0.03	0.00	0.00	0.00	0.00	0.00	0.98
Observations		2,000			1,000	1,000	

PR is an indicator variable that equals one if the firm discloses non-GAAP earnings in its earnings announcement, zero otherwise. *IS* is an indicator variable that equals one if the firm discloses a GAAP income statement in its earnings announcement, zero otherwise. *BS* is an indicator variable that equals one if the firm discloses a GAAP balance sheet in its earnings announcement, zero otherwise. *CF* is an indicator variable that equals one if the firm discloses GAAP statement of cash flows in its earnings announcement, zero otherwise. *GAAPScore* is the sum of the *IS*, *BS* and *CF* variables for each observation. *SpecItems* is an indicator variable that indicates the presence of special items, zero otherwise. *Bath* is an indicator variable that equals one if the firm has a negative special item and its earnings excluding the special item are negative, zero otherwise. *Intangible* is the value of intangible assets scaled by total assets. *HiTech* remains as previously defined. *Loss* is an indicator variable that equals one if GAAP earnings are negative, zero otherwise. *Upearn* is an indicator variable that equals one if the firm's GAAP earnings are greater than or equal to its earnings for the same quarter of the prior year, zero otherwise. *Assets* is the logarithm of total assets. *Leverage* is total liabilities scaled by the book value of stockholders' equity. *StdROA* is the standard deviation of net income scaled by total assets for the previous eight quarters. All other variables remain as previously defined. *AbsErr* is an indicator variable that equals one if the absolute value of the median forecast error (defined as the reported earnings minus the most recent consensus median analysts' forecast from *I/B/E/S*) for the current quarter is greater than $0.01 and zero otherwise. *MandA* is an indicator variable that equals one if the firm reports merger or acquisition activity during the current quarter and zero otherwise. *Age* is the year of the current quarter report date of earnings minus the first year the firm is publicly traded (from *CRSP*). *RetVol* is the standard deviation of stock returns over the prior 250 days, where at least 100 days of stock returns are required for inclusion in the sample. *lMarket* is the natural logarithm of the firms market value at the end of the current quarter. MTB is the ratio of market value to the book value of equity at the end of the current quarter. *Follow* is the number of analysts providing a forecast for the current quarter (from *I/B/E/S*). All other variables remain as previously defined.

***, **, * indicates significance at the 0.01, 0.05 and 0.10 levels, respectively. Also indicates significant results for Wilcoxon two-sample tests of median differences at the same levels.

The sample consists of 2,000 firm-quarter observations for 500 firms randomly selected, with replacement, 1,000 (500 each for the fiscal first and fourth quarter) prior and 1,000 (500 each for the fiscal first and fourth quarter) subsequent to Reg G's enactment.

Panel B. Correlation Coefficients

	RegG	*Yearend*	*Lag*	*PR*	*IS*	*BS*	*CF*	*lGAAPScore*	*SpecItems*	*Bath*	*Intangible*	*HiTech*	*Loss*
RegG	--	0.00	0.05	**-0.17**	0.07	**0.09**	**0.11**	0.13	0.05	0.02	0.08	-0.01	-0.01
Yearend	0.00	--	**0.45**	0.02	0.01	0.03	0.04	0.04	**0.19**	**0.08**	-0.02	0.00	0.03
Lag	0.04	**0.46**	--	-0.01	0.02	0.02	-0.06	-0.02	**0.09**	**0.10**	-0.06	-0.02	**0.12**
PR	**-0.17**	0.02	0.00	--	-0.08	0.07	-0.02	0.01	-0.01	-0.03	-0.01	-0.04	-0.02
IS	0.07	0.01	0.01	-0.08	--	**0.25**	0.08	**0.43**	0.02	0.02	0.02	0.03	0.05
BS	**0.09**	0.03	0.01	0.07	**0.25**	--	**0.30**	**0.82**	0.02	0.01	-0.07	0.00	0.00
CF	**0.11**	0.04	-0.08	-0.02	0.08	**0.30**	--	**0.75**	0.03	0.03	0.01	-0.01	0.05
lGAAPScore	**0.13**	0.05	-0.04	0.03	**0.31**	**0.83**	**0.77**	--	0.04	0.03	-0.03	0.00	0.04
SpecItems	0.05	**0.19**	**0.11**	-0.01	0.02	0.02	0.03	0.04	--	**0.37**	-0.02	-0.02	**0.16**
Bath	0.02	0.08	0.08	-0.03	0.02	0.01	0.03	0.03	**0.37**	--	-0.01	-0.02	**0.73**
Intangible	0.07	-0.03	-0.05	-0.01	0.02	-0.08	0.02	-0.04	-0.02	-0.02	--	0.01	-0.02
HiTech	-0.01	0.00	-0.01	-0.04	0.03	0.00	-0.01	0.00	-0.02	-0.02	-0.01	--	-0.02
Loss	-0.01	0.03	0.08	-0.02	0.05	0.00	0.05	0.04	**0.16**	**0.73**	-0.03	-0.02	--
UpEarn	0.01	**0.12**	-0.02	-0.01	-0.01	0.00	0.00	-0.01	-0.06	**-0.21**	0.01	-0.01	**-0.28**
Assets	0.04	-0.03	-0.02	-0.02	0.02	-0.01	0.02	0.01	0.03	-0.01	**0.29**	**-0.11**	-0.03
Leverage	**-0.09**	0.01	-0.01	0.02	0.00	-0.05	0.00	-0.03	0.00	0.00	**0.25**	-0.04	0.00
StdROA	0.08	-0.05	0.00	-0.02	0.05	0.03	0.02	0.03	-0.01	-0.02	**-0.24**	**0.12**	-0.01
AbsErr	0.01	0.01	0.04	0.03	0.03	-0.01	0.01	0.00	0.02	0.05	-0.04	-0.01	0.06
MandA	-0.05	0.03	-0.01	0.00	0.00	0.02	0.07	0.05	**0.18**	0.04	0.05	0.00	0.00
Age	-0.01	0.00	0.00	0.06	0.03	0.05	-0.04	0.02	-0.02	-0.08	0.07	0.05	**-0.09**
RetVol	0.00	0.00	0.00	-0.04	-0.01	-0.03	0.02	-0.01	-0.03	0.02	0.01	**0.25**	-0.01
lMarket	0.00	-0.01	-0.02	-0.01	-0.03	-0.01	-0.03	-0.02	0.00	-0.05	**0.13**	-0.01	-0.07
MTB	0.01	-0.01	0.01	-0.03	-0.04	-0.03	0.00	-0.02	-0.02	0.02	0.00	**0.14**	0.03
Follow	0.02	-0.02	**-0.26**	0.07	0.02	0.05	0.07	0.07	0.06	-0.04	0.00	0.05	**-0.11**
CAR	0.02	0.02	**0.06**	0.02	0.03	0.02	0.00	0.02	-0.01	-0.03	0.00	0.03	**-0.05**

Panel B. Correlation Coefficients, cont'd

	UpEarn	*Assets*	*Leverage*	*StdROA*	*AbsErr*	*MandA*	*Age*	*RetVol*	*lMarket*	*MTB*	*Follow*	*CAR*
RegG	0.01	0.00	**-0.16**	0.01	0.01	-0.05	-0.01	0.01	-0.01	0.00	0.02	0.01
Yearend	**0.12**	-0.02	0.01	-0.03	0.01	0.03	0.00	0.00	-0.01	-0.02	-0.03	0.03
Lag	-0.03	-0.02	-0.03	0.00	0.03	-0.01	-0.03	0.00	-0.02	0.00	**-0.24**	0.04
PF	-0.01	-0.02	0.05	-0.01	0.03	0.00	0.05	-0.05	-0.01	-0.04	0.08	0.01
IS	-0.01	0.02	0.00	0.01	0.03	0.00	0.03	-0.01	-0.03	-0.04	0.03	0.05
BS	0.00	-0.01	-0.06	0.00	-0.01	0.02	0.05	-0.02	0.00	-0.05	0.06	0.01
CF	0.00	0.02	-0.01	0.02	0.01	0.07	-0.06	0.03	-0.02	-0.01	**0.09**	-0.01
lGAAPScore	-0.01	0.01	-0.04	0.01	0.00	0.05	0.01	0.00	-0.02	-0.04	**0.09**	0.02
SpecItems	-0.06	0.02	0.00	0.01	0.02	**0.18**	-0.01	-0.02	0.00	0.00	0.05	-0.04
Bath	**-0.21**	-0.01	-0.01	0.01	0.05	0.04	-0.07	0.03	-0.05	0.03	-0.04	-0.04
Intangible	0.00	**0.27**	0.07	**-0.11**	-0.05	0.04	0.08	0.02	**0.09**	-0.01	0.01	-0.01
HiTech	-0.01	**-0.11**	-0.07	**0.11**	-0.01	0.00	0.06	**0.25**	0.02	**0.13**	0.03	0.02
Loss	-0.28	-0.03	0.00	0.00	0.06	0.00	-0.08	0.01	-0.08	0.05	**-0.10**	**-0.06**
UpEarn	**--**	0.03	0.01	0.02	0.00	0.01	0.04	-0.03	0.04	-0.07	0.07	0.02
Assets	0.03	**--**	**0.36**	**-0.28**	-0.05	0.04	-0.04	0.04	0.03	-0.06	0.02	-0.03
Leverage	0.01	**0.51**	**--**	-0.06	0.01	0.01	-0.04	0.07	-0.01	-0.04	0.00	-0.01
StdROA	-0.01	**-0.32**	**-0.28**	**--**	-0.02	-0.06	0.00	0.04	-0.06	0.03	0.01	0.00
AbsErr	0.00	-0.05	-0.03	0.01	**--**	-0.01	-0.01	-0.06	0.01	0.00	0.00	0.01
MandA	0.01	0.04	0.02	-0.07	-0.01	**--**	0.01	0.01	-0.01	0.00	0.05	0.03
Age	0.03	-0.04	0.00	-0.08	-0.01	-0.01	**--**	**-0.26**	**0.42**	-0.02	0.03	0.01
RetVol	-0.03	0.03	0.06	-0.01	-0.06	0.01	**-0.20**	**--**	**-0.38**	0.05	0.02	-0.01
lMarket	0.03	0.06	0.02	-0.08	0.02	-0.01	**0.24**	**-0.37**	**--**	**0.22**	-0.03	0.02
MTB	-0.03	-0.02	-0.07	0.02	0.00	-0.04	-0.08	-0.06	**0.37**	**--**	-0.05	-0.00
Follow	0.08	0.02	-0.01	-0.01	0.00	0.06	0.03	0.02	-0.01	-0.08	**--**	0.01
CAR	0.01	-0.01	-0.02	0.00	0.02	0.02	0.00	-0.01	0.04	0.00	0.01	--

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal. *lGAAPScore* is the natural logarithm of *GAAPScore* from Table 7, Panel A. All variables remain as defined in Table 10, Panel A.
Correlation coefficients significant at the 0.0001 level are shown in **bold**.
The sample consists of 2,000 firm-quarter observations for 500 firms randomly selected, with replacement, 1,000 (500 each for the fiscal first and fourth quarter) prior and 1,000 (500 each for the fiscal first and fourth quarter) subsequent to Reg G's enactment.

Table 11. Change in Earnings Announcement Timing Results – Hand-Collected Sample

$$Lag = \alpha_0 + \alpha_1 \mathrm{Re}gG + \alpha_2 PR + \alpha_3 \mathrm{Re}gG*PR + \alpha_4 lGAAPScore + \alpha_5 \mathrm{Re}gG*lGAAPScore +$$
$$\alpha_6 Yearend + \alpha_7 \mathrm{Re}gG*Yearend + \alpha_8 Sales + \alpha_9 Inventory + \alpha_{10} Surprise + \alpha_{11} Bad + \varepsilon,$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***
Intercept	31.79	31.56
	27.38*	***26.99****
RegG	1.53	1.66
(+)	***2.70****	***2.87****
PR	-0.20	0.28
(?)	***-0.39***	***0.41***
*RegG*PR*		-1.11
(?)		***-1.10***
lGAAPScore	0.01	0.05
(?)	***0.28***	***0.67***
*RegG*lGAAPScore*		-0.08
(?)		***-0.47***
Yearend	11.15	11.15
(+)	***17.11****	***17.12****
*RegG*Yearend*	-0.21	-0.18
(+)	***-0.22***	***-0.18***
Sales	-1.52	-1.51
(-)	***-8.87****	***-8.85****
Inv	3.45	3.51
(+)	***1.71****	***1.73****
Surprise	-91.58	-92.13
(-)	***-1.68****	***-1.68****
Bad	1.16	1.19
(+)	***1.79****	***1.84****
R Squared	24.45%	25.15%

The dependent variable is *Lag*, as defined in Table 2 and all other variables remain as defined in Table 10, Panel A. The sample consists of the 2,000 hand-collected firm-quarter earnings announcement observations.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.10 levels, respectively.

Table 12. Changes in Earnings Announcement Timing Results – Additional Analyses

Panel A. Including Restatement Data

$$Lag = \alpha_0 + \alpha_1 RegG + \alpha_2 PF + \alpha_3 RegG * PF + \alpha_4 Yearend + \alpha_5 RegG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \alpha_{10} Restate + \varepsilon$$

Independent Variables (Predicted Sign)	Coefficient ***T-Stat***
Intercept	33.31
	69.21*
RegG	2.38
(+)	***5.94****
PF	1.48
(+)	***13.52****
*RegG*PF*	-0.03
(?)	***-0.24***
Yearend	13.15
(+)	***84.19****
*RegG*Yearend*	2.62
(+)	***12.70****
Sales	-1.45
(-)	***-77.00****
Inventory	3.75
(+)	***13.98****
Surprise	-90.04
(-)	***-20.34****
Bad	1.72
(+)	***19.62****
Restate	0.62
(?)	***5.32****
Adjusted R^2	34.75%

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *Restate* is an indicator variable that equals one if the firm subsequently restates the financial statement from the current period (from *Audit Analytics*), and zero otherwise. All other variables remain as defined in Table 2, Panel A. All regressions include time fixed effects control variables.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample consists of 105,771 firm-quarter observations from fiscal years 1998 through 2008.

Panel B. Including Restatement, Internal Control Deficiencies and Accelerated Filer Status Data

$$Lag = \alpha_0 + \alpha_1 RegG + \alpha_2 PF + \alpha_3 RegG * PF + \alpha_4 Yearend + \alpha_5 RegG * Yearend + \alpha_6 Sales + \alpha_7 Inventory + \alpha_8 Surprise + \alpha_9 Bad + \alpha_{10} Restate + \alpha_{11} ICD + \alpha_{12} AccFiler + \alpha_{13} SOX404 + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***
Intercept	32.14	33.67
	109.63*	***112.40****
RegG	3.08	1.65
(+)	***12.29****	***6.40****
PF	2.26	2.32
(+)	***6.03****	***6.18****
*RegG*PF*	-0.77	-0.87
(?)	***-2.00****	***-2.25****
Yearend	11.71	11.71
(+)	***30.68****	***30.64****
*RegG*Yearend*	3.86	3.59
(+)	***9.46****	***8.79****
Sales	-1.41	-1.43
(-)	***-52.70****	***-53.79****
Inventory	4.68	4.77
(+)	***11.28****	***11.55****
Surprise	-74.86	-76.81
(-)	***-11.45****	***-11.69****
Bad	1.53	1.42
(+)	***12.78****	***11.96****
Restate	-0.31	0.20
(?)	***-1.93****	***1.22***
ICD	7.54	7.06
(?)	***33.89****	***31.55****
AccFiler	-2.24	-3.98
(-)	***-14.33****	***-23.66****
SOX404		2.74
(?)		***25.38****
Adjusted R^2	34.75%	35.38%

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *ICD* is an indicator variable that equals one if discloses an internal control deficiency during the quarter (from *Audit Analytics*), and zero otherwise. *AccFiler* is an indicator variable that equals one if the firm files with the SEC as an accelerated filer (from *Audit Analytics*), and zero otherwise. *SOX404* is an indicator variable that equals one if the report date of quarterly earnings is after November 30, 2004 and if the firm is an accelerated filer (from *Audit Analytics*), and zero otherwise. All other variables remain as defined in Table 2, Panel A.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).
***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.
The sample consists of 55,730 firm-quarter observations from 2002 through 2008.

Panel C. Including Auditor Opinion Data

$$Lag = \varpi_0 + \varpi_1 RegG + \varpi_2 PF + \varpi_3 RegG * PF + \varpi_4 Sales + \varpi_5 Inventory + \varpi_6 Surprise + \varpi_7 Bad + \varpi_8 Restate + \varpi_9 BIG5 + \varpi_{10} GC + \varpi_{11} NotAudited + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***
Intercept	48.08	50.18	49.56
	106.32*	***101.85****	***100.85****
RegG	7.14	10.27	10.29
(+)	***22.60****	***32.22****	***32.34****
PF	2.37	2.83	2.73
(+)	***6.03****	***8.12****	***7.87****
*RegG*PF*	0.04	-0.13	-0.09
(?)	***0.10***	***-0.31***	***-0.22***
Sales	-2.56	-2.43	-2.34
(-)	***-44.70****	***-44.97****	***-43.37****
Inventory	16.55	12.72	12.28
(+)	***18.74****	***15.06****	***14.62****
Surprise	-112.47	-128.61	-09.58
(-)	***-13.58****	***-13.78****	***-11.88****
Bad	2.79	2.74	2.83
(+)	***11.24****	***11.07****	***11.80****
Restate	2.45	-0.27	-0.22
(?)	***1.20***	***-0.72***	***-0.60***
BIG5	-2.54	-2.33	-2.24
(?)	***-6.00****	***-5.84****	***-5.67****
GC	15.54		15.07
(?)	***13.50****		***14.76****
NotAudited		-8.50	-8.47
(+)		***-37.18****	***-37.13****
Adjusted R^2	16.93%	21.22%	21.97%

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *BIG5* is an indicator variable that equals one if the audit opinion is provided by Andersen, Ernst & Young, PricewaterhouseCoopers, KPMG or Deloitte (from *Audit Analytics*), and zero otherwise. *GC* is an indicator variable that equals one if the firm a going concern modification in the current year (from *Audit Analytics*), and zero otherwise. *NotAudited* is an indicator variable that equals one if the report date of quarterly earnings is before the audit opinion signature date (from *Audit Analytics*), and zero otherwise. All other variables remain as defined in Table 2, Panel A.
t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).
***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.
The sample consists of 23,774 fiscal yearend firm-quarter observations from 1998 through 2008.

Panel D. Measuring Alternate SOX Timing Effects

$$Lag = \vartheta_0 + \vartheta_1 SOX + \vartheta_2 RegG1 + \vartheta_3 SOX404 + \vartheta_4 PF + \vartheta_5 Yearend + \vartheta_6 Sales + \vartheta_7 Inventory + \vartheta_8 Surprise + \vartheta_9 Bad + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***
Intercept	29.48	28.73
	278.82**	***182.36*****
SOX	1.36	1.72
(?)	***8.38*****	***9.63*****
RegG1	2.28	2.28
(+)	***24.96*****	***19.45*****
SOX404	6.04	3.93
(?)	***76.10*****	***29.26*****
PF	1.45	1.53
(?)	***20.45*****	***15.67*****
Yearend	14.28	12.70
(+)	***139.43*****	***85.56*****
Sales	-1.43	-1.23
(-)	***-76.22*****	***-46.51*****
Inventory	3.76	3.65
(+)	***14.07*****	***9.66*****
Surprise	-90.51	-87.11
(-)	***-20.45*****	***-13.28*****
Bad	1.73	1.84
(+)	***19.74*****	***14.93*****
Adjusted R^2	32.62%	25.88%
Observations	105,771	52,437

The dependent variable, *Lag,* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings from *Compustat*. *SOX* is an indicator variable that equals one if the report date of quarterly earnings is after July 30, 2002 but before March 28, 2003, and zero otherwise. *RegG1* is an indicator variable that equals one is the report date of quarterly earnings is on or after March 28, 2003 but before November 30, 2004, and zero otherwise. *SOX404* is an indicator variable that equals one if the report date of quarterly earnings is after November 30, 2004, and zero otherwise. All other variables remain as defined in Table 2, Panel A.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

For *Model 1* the sample consists of 105,771 firm-quarter observations from fiscal years 1998 through 2008.

For *Model 2* the sample consists of 52,347 firm-quarter observations from May 31, 2001 through January 31, 2006.

Table 13. Changes in Pro Forma Disclosure Likelihood Data

Panel A. Summary Statistics & Univariate Tests

Variable	25th Pctl	Mean	Median	75th Pctl	Pre-Reg G Mean	Post-Reg G Mean	t-stat
PF	0.00	0.46	0.00	1.00	0.45	0.46	3.18**
Yearend	0.00	0.26	0.00	1.00	0.27	0.26	1.57
SpecItems	0.00	0.38	0.00	1.00	0.34	0.40	17.62**
Bath	0.00	0.11	0.00	0.00	0.14	0.10	-15.28**
Intangible	0.08	0.24	0.20	0.37	0.23	0.25	18.36**
HiTech	0.00	0.32	0.00	1.00	0.32	0.32	0.37
Loss	0.00	0.26	0.00	1.00	0.31	0.23	-23.57**
UpEarn	0.00	0.43	0.00	1.00	0.50	0.40	-24.97**
Assets	5.27	6.53	6.41	7.64	6.38	6.61	17.08**
Leverage	0.38	1.41	0.87	1.64	1.42	1.40	-1.58
Growth	-0.02	1.17	0.11	0.29	2.77	0.30	-10.18**
StdROA	0.01	0.03	0.02	0.03	0.03	0.03	-10.92**
Observations		69,600			24,640	44,960	

PF and *Yearend* remain as defined in Table 2, Panel A. *SpecItems* is an indicator variable that indicates the presence of special items, zero otherwise. *Bath* is an indicator variable that equals one if the firm has a negative special item and its earnings excluding the special item are negative, zero otherwise. *Intangible* is the value of intangible assets scaled by total assets. *HiTech* remains as previously defined. *Loss* is an indicator variable that equals one if GAAP earnings are negative, zero otherwise. *Upearn* is an indicator variable that equals one if the firm's GAAP earnings are greater than or equal to its earnings for the same quarter of the prior year, zero otherwise. *Assets* is the logarithm of total assets. *Leverage* is total liabilities scaled by the book value of stockholders' equity. *Growth* is the current quarter sales scaled by quarterly sales from four quarters prior minus one. *StdROA* is the standard deviation of net income scaled by total assets for the previous eight quarters.

The sample consists of 69,600 firm-quarter observations from fiscal years 1999 through 2008, 24,640 prior and 44,960 subsequent to Reg G's enactment.

** indicates significance at the 0.01 level. Also indicates significant results for Wilcoxon two-sample tests of median differences at the 0.01 level.

Panel B. Correlation Coefficients

	PF	*RegG*	*Yearend*	*SpecItems*	*Bath*	*Intangible*	*HiTech*	*Loss*	*UpEarn*	*Assets*	*Leverage*	*StdROA*
PF	--	0.01	**0.06**	**0.41**	**0.24**	**0.16**	**0.03**	**0.11**	**0.09**	**0.21**	**0.08**	**0.05**
RegG	0.01	--	-0.01	**0.07**	**-0.06**	**0.07**	0.00	**-0.09**	**-0.09**	**0.06**	-0.01	**-0.04**
Yearend	**0.06**	-0.01	--	**0.11**	**0.07**	0.00	0.00	**0.03**	0.01	0.01	0.01	0.00
SpecItems	**0.41**	**0.07**	**0.11**	--	**0.45**	**0.16**	**0.03**	**0.12**	**0.08**	**0.21**	**0.11**	**0.04**
Bath	**0.24**	**-0.06**	**0.07**	**0.45**	--	**0.05**	**0.08**	**0.60**	**0.23**	**-0.05**	**0.08**	**0.20**
Intangible	**0.17**	**0.06**	0.00	**0.18**	**0.05**	--	**0.03**	**-0.06**	-0.01	**0.26**	**0.09**	**-0.05**
HiTech	**0.03**	0.00	0.00	**0.03**	**0.08**	**0.03**	--	**0.20**	0.00	**-0.27**	**-0.16**	**0.26**
Loss	**0.11**	**-0.09**	**0.03**	**0.12**	**0.60**	**-0.08**	**0.20**	--	**0.28**	**-0.28**	**0.05**	**0.37**
UpEarn	**0.09**	**-0.09**	0.01	**0.08**	**0.23**	-0.01	0.00	**0.28**	--	**-0.05**	0.00	**0.04**
Assets	**0.21**	**0.06**	0.01	**0.21**	**-0.05**	**0.29**	**-0.28**	**-0.29**	**-0.05**	--	**0.27**	**-0.34**
Leverage	**0.11**	-0.01	0.01	**0.14**	**0.03**	**0.16**	**-0.31**	**-0.07**	-0.01	**0.49**	--	**-0.06**
StdROA	**0.05**	**-0.02**	0.00	**0.05**	**0.22**	**-0.16**	**0.32**	**0.43**	**0.07**	**-0.43**	**-0.28**	--

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal. Correlation coefficients significant at the 0.0001 level are shown in **bold**. All variables remain as defined in Table 13, Panel A. The sample consists of 69,600 firm-quarter observations from fiscal years 1999 through 2008, 24,640 prior and 44,960 subsequent to Reg G's enactment.

Table 14. Changes in Pro Forma Disclosure Likelihood Results – Full Sample

$$Pr(\ PF\ =1\ ) = \Lambda\begin{pmatrix} \phi_0 + \phi_1\ Re\ gG + \phi_2 Yearend\ + \phi_3\ Re\ gG * Yearend\ + \\ \phi_4 SpecItems\ + \phi_5 Bath + \phi_6 In\ tan\ gible + \phi_7 HiTech\ + \\ \phi_8 Loss + \phi_9 UpEarn + \phi_{10} Assets + \phi_{11} Leverage\ + \\ \phi_{12} StdROA + \varepsilon \end{pmatrix}$$

	Model 1		*Model 2*	
Independent Variable	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***
Intercept	-3.00	**4254.18****	-3.04	**4202.97****
RegG	-0.06	**11.26****	-0.03	**2.69***
Yearend			0.15	**21.47****
*RegG*Yearend*			-0.10	**5.72****
SpecItems	1.46	**5360.93****	1.46	**5258.51****
Bath	0.43	**112.49****	0.43	**110.51****
Intangible	0.81	**312.17****	0.81	**314.30****
HiTech	0.16	**63.64****	0.16	**64.06****
Loss	0.29	**114.44****	0.29	**114.27****
UpEarn	0.21	**136.90****	0.21	**137.86****
Assets	0.27	**1892.58****	0.27	**1898.05****
Leverage	-0.02	**16.48****	-0.02	**16.23****
StdROA	4.08	**255.21****	4.10	**256.91****
Percent Concordant	75.6%		75.6%	
Pseudo R^2	29.3%		29.3%	

The dependent variable is the probability that the firm discloses non-GAAP earnings (*PF* equals 1), where *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (*Compustat Quarterly* item #19 or #9 depending on the I/B/E/S primary or diluted indicator). $\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$. *RegG* is an indicator variable that equals one for all earnings announcements made on or after March 28, 2003, and zero otherwise. *Yearend* is an indicator variable that equals one if the earnings announcement is made for the fiscal fourth quarter (year-end) and zero otherwise. *SpecItems* is a dummy variable that indicates the presence of special items, zero otherwise. *Bath* is an indicator variable that equals one if the firm has a negative special item and its earnings excluding the special item are negative, zero otherwise. *Intangible* is the value of intangible assets scaled by total assets. *HiTech* remains as previously defined. *Loss* is an indicator variable that equals one if GAAP earnings are negative, zero otherwise. *Upearn* is an indicator variable that equals one if the firm's GAAP earnings are greater than or equal to its earnings for the same quarter of the prior year, zero otherwise. *Assets* is the logarithm of total assets. *Leverage* is total liabilities scaled by the book value of stockholders' equity. *Growth* is the current quarter sales scaled by quarterly sales from four quarters prior minus one. *StdROA* is the standard deviation of net income scaled by total assets for the previous eight quarters.

The sample consists of 69,600 firm-quarter observations from fiscal years 1999 through 2008.

** and * indicate significance at the 0.01 and 0.05 levels, respectively.

Table 15. Changes in Pro Forma Disclosure Likelihood Results – Hand-Collected Sample

Panel A. All Observations

$$Pr(\ PF\ =1\ ) = \Lambda\begin{pmatrix} \phi_0 + \phi_1\ RegG + \phi_2 Yearend\ + \phi_3\ RegG * Yearend\ + \\ \phi_4 SpecItems\ + \phi_5 Bath + \phi_6 Intangible + \phi_7 HiTech\ + \\ \phi_8 Loss\ + \phi_9 UpEarn\ + \phi_{10} Assets\ + \phi_{11} Leverage\ + \\ \phi_{12} StdROA\ + \varepsilon \end{pmatrix}$$

Independent Variable	Coefficient	***Wald Chi-Square***
Intercept	-0.07	**0.09**
RegG	-0.75	**53.38*** **
Yearend	0.08	**0.68**
*RegG*Yearend*	-0.11	**5.69** **
SpecItems	0.05	**0.17**
Bath	-0.28	**1.09**
Intangible	0.12	**0.21**
HiTech	-0.18	**3.21***
Loss	-0.05	**0.07**
UpEarn	-0.08	**0.55**
Assets	-0.06	**3.48***
Leverage	0.03	**1.91**
StdROA	-0.80	**0.24**
Percent Concordant	71.3%	
Pseudo R^2	25.7%	

The dependent variable is the probability that the firm discloses non-GAAP earnings (*PF* equals 1), where *PF* is an indicator variable that equals one if the firm discloses non-GAAP earnings in its earnings announcement, zero otherwise. All other variables remain as defined in Table 14. $\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$.

The sample consists of the 2,000 hand-collected firm-quarter earnings announcement observations.

***, ** and * indicate significance at the 0.01, 0.05 and 0.10 levels, respectively.

Panel B. Use of Pro Forma Earnings after Reg G

$$\Pr(PFDisc = 1) = \Lambda\begin{pmatrix} \delta_0 + \delta_1 NewGAAP + \delta_2 Yearend + \delta_3 SpecItems + \delta_4 Bath + \\ \delta_5 Intangible + \delta_6 HiTech + \delta_7 Loss + \delta_8 UpEarn + \delta_9 Assets \\ + \delta_{10} Leverage + \delta_{11} StdROA + \varepsilon \end{pmatrix}$$

	Model 1 *PFDisc = StopPF*		*Model 2* *PFDisc = ContPF*	
Independent Variable	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***
Intercept	-0.84	**3.89****	-1.47	**11.71*****
NewGAAP	0.02	**0.01**	0.51	**6.00*****
Yearend	-0.06	**0.15**	0.12	**0.52**
SpecItems	-0.14	**0.62**	0.13	**0.52**
Bath	0.26	**0.36**	-0.41	**0.72**
Intangible	-0.39	**0.80**	0.68	**2.47**
HiTech	0.12	**0.50**	-0.30	**3.08***
Loss	0.08	**0.05**	-0.27	**0.51**
UpEarn	0.10	**0.34**	-0.34	**3.89****
Assets	-0.09	**2.32**	-0.02	**0.16**
Lev	0.06	**1.48**	0.03	**0.42**
StdROA	-3.15	**0.89**	3.78	**1.58**
Percent Concordant	55.6%		59.0%	
Pseudo R^2	12.7%		10.6%	

$\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$.

The dependent variable is the probability that the firm stops disclosing pro forma earnings (*StopPF* equals 1 in *Model 1*) or the probability that the firm continues disclosing pro forma earnings (*ContPF* equals 1 in *Model 2*) from the same fiscal quarter in the previous year. All other variables remain as defined in Table 7. The sample consists of the 1,000 hand-collected firm-quarter earnings announcement observations from the fiscal year after Reg G became effective.

***, ** and * indicate significance at the 0.01, 0.05 and 0.10 levels, respectively.

Table 16. Changes in GAAP Financial Statement Disclosure Likelihood Results

Panel A. By GAAP Financial Statements

$$\Pr(GAAP = 1) = \Lambda\begin{pmatrix} \rho_0 + \rho_1 \text{Re } gG + \rho_2 Yearend + \rho_3 HiTech + \rho_4 Loss \\ + \rho_5 AbsErr + \rho_6 MandA + \rho_7 Age + \rho_8 \text{Re } tVol \\ + \rho_9 lMarket + \rho_{10} MTB + \rho_{11} Follow + \varepsilon \end{pmatrix},$$

	GAAP = IS		*GAAP = BS*		*GAAP = CF*	
Independent Variable	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***
Intercept	3.64	**18.83*** **	0.70	**4.78** **	-2.33	**42.16*** **
RegG	0.86	**9.43*** **	0.41	**16.06*** **	0.58	**26.52*** **
Yearend	0.04	**0.03**	0.14	**1.98**	0.21	**3.61***
HiTech	0.46	**2.52**	0.03	**0.10**	-0.07	**0.32**
Loss	1.14	**4.71** **	0.08	**0.33**	0.38	**6.96*** **
AbsErr	0.35	**1.60**	-0.09	**0.53**	0.01	**0.01**
MandA	0.07	**0.01**	0.24	**0.62**	0.93	**11.90*** **
Age	0.02	**2.83***	0.01	**4.98** **	-0.01	**5.52** **
RetVol	-8.83	**1.09**	-1.09	**0.11**	2.98	**0.71**
lMarket	-0.17	**3.18***	-0.01	**0.09**	0.03	**0.79**
MTB	-0.04	**2.02**	-0.03	**4.05** **	-0.01	**0.17**
Follow	0.03	**1.44**	0.02	**5.72**	0.04	**17.56*** **
Percent Concordant	68.4%		57.9%		62.3%	
Pseudo R^2	10.6%		3.3%		6.8%	

$\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$.

The dependent variable is the probability that the firm discloses a GAAP financial statement in the earnings announcement observation, where *IS* is an indicator variable that equals one if the firm discloses a GAAP income statement in its earnings announcement, zero otherwise; *BS* is an indicator variable that equals one if the firm discloses a GAAP balance sheet in its earnings announcement, zero otherwise; and *CF* is an indicator variable that equals one if the firm discloses GAAP statement of cash flows in its earnings announcement, zero otherwise.. All other variables remain as defined in Table 7.

The sample consists of the 2,000 hand-collected firm-quarter earnings announcement observations.

***, ** and * indicate significance at the 0.01, 0.05 and 0.10 levels, respectively.

Panel B. New GAAP Financial Statements after Reg G

$$\Pr(New = 1) = \Lambda\begin{pmatrix} \rho_0 + \rho_1 StopPF + \rho_2 ContPF + \rho_3 Yearend + \rho_4 Loss \\ + \rho_5 AbsErr + \rho_6 MandA + \rho_8 \text{Re}\, tVol + \rho_9 lMarket \\ + \rho_{10} MTB + \rho_{11} Follow + \varepsilon \end{pmatrix},$$

	Model 1		*Model 2*		*Model 3*		*Model 4*	
	New = NewIS		*New = NewBS*		*New = NewCF*		*New = NewGAAP*	
Independent Variable	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***	Coefficient	***Wald Chi-Square***
Intercept	-5.03	**14.16*** **	-2.27	**10.06*** **	-2.04	**9.10*** **	-1.38	**6.17** **
StopPF	0.11	**0.03**	-0.15	**0.22**	0.47	**2.90***	0.16	**0.47**
ContPF	2.00	**20.08*** **	0.51	**3.62***	0.72	**7.70*** **	0.60	**7.51*** **
Yearend	-0.12	**0.09**	-0.11	**0.25**	-0.02	**0.01**	-0.12	**0.43**
Loss	-0.43	**0.46**	0.55	**3.89** **	-0.05	**0.02**	0.23	**0.99**
AbsErr	-0.34	**0.59**	-0.13	**0.24**	-0.14	**0.34**	-0.1	**0.23**
MandA	-12.20	**0.00**	0.56	**0.76**	1.05	**3.94** **	0.79	**2.50**
RetVol	17.41	**1.88**	-5.73	**0.63**	-1.06	**0.02**	-3.44	**0.39**
lMarket	0.19	**2.21**	0.02	**0.05**	-0.04	**0.39**	-0.04	**0.53**
MTB	-0.02	**0.21**	0.03	**1.06**	0.03	**1.69**	0.05	**5.98** **
Follow	-0.11	**6.19** **	-0.02	**0.65**	-0.02	**1.13**	-0.03	**2.66**
Percent Concordant	79.10%		60.10%		60.10%		61.50%	
Pseudo R^2	24.00%		16.90%		15.00%		10.70%	

$\Lambda(\bullet)$ represents the logistic response function $e^{a'x}/(1 + e^{a'x})$.

The dependent variable is the probability that the firm discloses a new GAAP financial statement in the earnings announcement observation, where *NewIS* is an indicator variable that equals one if the firm discloses a GAAP income statement in the current earnings announcement but not in the earnings announcement for the same fiscal quarter before Reg G, zero otherwise; *NewBS* is an indicator variable that equals one if the firm discloses a GAAP balance sheet in the current earnings announcement but not in the earnings announcement for the same fiscal quarter before Reg G, zero otherwise; and is an indicator variable that equals one if the firm discloses a GAAP statement of cash flows in the current earnings announcement but not in the earnings announcement for the same fiscal quarter before Reg G, zero otherwise. *NewGAAP* is an indicator variable that equals one if *NewIS*, *NewBS* or *NewCF* equals one, zero otherwise. *StopPF* is an indicator variable that equals one if the firm disclosed pro forma earnings in the same fiscal quarter prior to Reg G but no pro forma earnings in the current observation, and zero otherwise (188 observations). *ContPF* is an indicator variable that equals one if the firm disclosed pro forma earnings in both the pre- and post-Reg G periods for the same fiscal quarter (189 observations). All other variables remain as defined in Table 7.

***, ** and * indicate significance at the 0.01, 0.05 and 0.10 levels, respectively.

The sample consists of the 1,000 hand-collected firm-quarter earnings announcement observations from the fiscal year after Reg G became effective.

Table 17. Sample Construction – Changes in Earnings Response Coefficients Tests

	Firm-Quarters
Compustat Quarterly File (Nov. 2001 – Apr. 2004; 8,059 firms)	74,856
Less: Observations without *RDQ*	(6,883)
Less: *RDQ* errors	(276)
Less: *RDQ* before Mar. 28, 2002 or after Mar. 27, 2004	(17,566)
Less: Firms without matching observations	(13,461)
Less: Observations without *I/B/E/S* data	(17,570)
Less: Observations without *CRSP* data	(14)
Investor Response Sample (2,926 firms) (Q4 – 2,450; Q3 – 2,445; Q2 – 2,349; Q1 – 2,299)	**19,086**

Table 18. Changes in Earnings Response Coefficients Data

Panel A. Summary Statistics

	All Observations			
Variable	Q1	Median	Mean	Q3
CAR	-0.031	0.001	0.001	0.039
Surprise	0.000	0.000	0.000	0.001
Lag	21.00	25.00	28.39	35.00
PF	0.00	0.00	0.34	1.00
Bad	0.00	0.00	0.25	0.00
Yearend	0.00	0.00	0.26	1.00
Observations		19,086		

	Observations Before Reg G				Observations After Reg G			
Variable	Q1	Median	Mean	Q3	Q1	Median	Mean	Q3
CAR	-0.032	0.001	0.001	0.038	-0.030	0.001	0.001	0.040
Surprise	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.001
Lag	20.00	24.00	26.08	34.00	27.00	27.00	29.89	35.00
PF	0.00	0.00	0.37	1.00	0.00	0.00	0.31	1.00
Bad	0.00	0.00	0.24	0.00	0.00	0.00	0.26	1.00
Yearend	0.00	0.00	0.26	1.00	0.00	0.00	0.26	1.00
Observations		9,543				9,453		

Panel B. Correlation Coefficients

	RegG	*CAR*	*Surprise*	*Lag*	*PF*	*Bad*	*Yearend*
RegG	--	0.00	-0.01	0.03	-0.01	0.03	0.00
CAR	-0.01	--	**0.06**	-0.01	-0.01	**-0.17**	0.00
Surprise	-0.02	**0.21**	--	**-0.07**	0.01	**-0.46**	-0.01
Lag	0.03	0.00	**-0.03**	--	**0.07**	**0.11**	**0.46**
PF	-0.01	-0.01	0.01	**0.08**	--	0.02	0.05
Bad	0.02	**-0.17**	**-0.74**	**0.11**	0.02	--	0.02
Yearend	0.00	0.00	-0.01	**0.39**	**0.05**	0.02	--

CAR is the equal-weighted (cumulative abnormal return for each firm-quarter earnings announcement from days -1 to +1, where day 0 is the date of the firm's quarterly earnings announcement. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (Compustat Quarterly item #19 or #9 depending on the I/B/E/S primary or diluted indicator), zero otherwise. *Bad* is an indicator variable that equals one if *Surprise* is negative, and zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise.

Pearson (Spearman) correlation coefficients are presented above (below) the diagonal in Panel B. Correlation coefficients significant at the 0.0001 level are shown in **bold**.

The sample consists of observations with matching firm-quarters both in the year immediately prior to and subsequent to Reg G's enactment (19,086 firm-quarter observations for 2.926 firms).

Table 19. Changes in Earnings Response Coefficients Results – Full Sample

$$CAR = \beta_0 + \beta_1 RegG + \beta_2 RegG * Surprise + \beta_3 Surprise + \beta_4 RegG * Lag + \beta_5 Lag + \beta_6 PF + \beta_7 Bad + \beta_8 Yearend + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* Coefficient ***T-Stat***	*Model 2* Coefficient ***T-Stat***	*Model 3* Coefficient ***T-Stat***
Intercept	0.01	0.01	0.01
	3.70*	***3.15****	***2.70****
RegG		0.00	0.00
(?)		***1.05***	***0.05***
*RegG*Surprise*			0.07
(+)			***2.52****
Surprise	0.68	0.68	0.69
(+)	***6.83****	***6.83****	***6.17****
*RegG*Lag*			0.00
(?)			***0.42***
Lag	0.00	0.00	0.00
(-)	***-1.98****	***-1.97****	***-1.99****
PF	0.00	0.00	0.00
(?)	***-1.29***	***-1.27***	***-1.27***
Bad	-0.02	-0.02	-0.02
(-)	***-15.55****	***-15.56****	***-15.54****
Yearend	0.00	0.00	0.00
(?)	***-0.69***	***-0.68***	***-0.68***
Adjusted R^2 (%)	3.34%	3.34%	3.37%

The dependent variable is *CAR* as defined in Table 18 Panel A. *RegG* is an indicator variable that equals one for all observations made on or after March 28, 2003, zero otherwise. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *RegG*Surprise* is the interaction of the *RegG* and *Surprise* variables. *RegG*Lag* is the interaction of the *RegG* and *Lag* variables. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (Compustat Quarterly item #19 or #9 depending on the I/B/E/S primary or diluted indicator). *Bad* is an indicator variable that equals one if *Surprise* is negative, zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample consists of observations with matching firm-quarters both in the year immediately prior to and subsequent to Reg G's enactment (19,086 firm-quarter observations for 2.926 firms).

Table 20. Change in Earnings Response Coefficients Results – Hand-Collected Sample

$$CAR = \phi_0 + \phi_1 RegG + \phi_2 RegG * Surprise + \phi_3 Surprise + \phi_4 lGAAPScore + \phi_5 PR + \phi_6 Lag + \phi_7 Bad + \phi_8 Yearend + \varepsilon$$

Independent Variables	*Model 1*		*Model 2*	
	Coefficient	***T-stat***	Coefficient	***T-stat***
Intercept	-0.82	***-1.73****	-0.80	***-1.68****
RegG	0.17	***0.50***	0.14	***0.41***
Surprise	0.12	***1.67****	-0.63	***1.89****
*RegG*Surprise*			1.45	***3.05*****
lGAAPScore	0.14	***2.31****	0.14	***2.34****
PR	0.33	***0.86***	0.35	***0.94***
Lag	-0.02	***-1.49***	-0.02	***-1.50***
Bad	-0.02	***-15.52***	-0.02	***-15.52***
Yearend	0.14	***0.37***	0.10	***0.28***
Adjusted R^2	3.49%		3.74%	

The dependent variable is *CAR,* as defined in Table 18 Panel A. *RegG* is an indicator variable that equals one for all observations made on or after March 28, 2003, zero otherwise. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *RegG*Surprise* is the interaction of the *RegG* and *Surprise* variables. *lGAAPScore* remains as defined in Table 7. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *Bad* is an indicator variable that equals one if *Surprise* is negative, zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise.

The sample includes only the earnings announcements for each firm fiscal quarter immediately prior and subsequent to the effective date of Reg G (2,000 firm-quarter observations).

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

Table 21. Additional Changes in Earnings Response Coefficients Results

Panel A. By Use of Pro Forma Earnings

$$CAR = \psi_0 + \psi_1 RegG + \psi_2 RegG * Surprise + \psi_3 Surprise + \psi_4 Lag + \psi_5 Bad + \psi_6 Yearend + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* *PrePF = 0* Coefficient ***T-Stat***	*Model 2* *PrePF = 1* Coefficient ***T-Stat***
Intercept	0.00	0.00
	1.22	***1.20***
RegG	-0.00	0.00
(?)	***-0.10***	***1.42***
*RegG*Surprise*	0.08	-0.01
(+)	***2.64****	***-0.13***
Surprise	0.69	0.69
(+)	***3.70****	***4.88****
Lag	0.00	0.00
(-)	***0.80***	***1.35***
Bad	-0.02	-0.02
(-)	***-11.59****	***-10.23****
Yearend	0.00	-0.00
(?)	***0.28***	***-1.56***
Observations	10,484	8,602
Adjusted R^2 (%)	3.06%	3.53%

The dependent variable is *CAR* as defined in Table 18 Panel A. *RegG* is an indicator variable that equals one for all observations made on or after March 28, 2003, zero otherwise. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *RegG*Surprise* is the interaction of the *RegG* and *Surprise* variables. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *Bad* is an indicator variable that equals one if *Surprise* is negative, zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise. *PrePF* is an indicator variable that equals one if the firm-quarter in the pre-Reg G period observation *PF* variable (defined in Table 2) equals one, and zero otherwise.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample consists of observations with matching firm-quarters both in the year immediately prior to and subsequent to Reg G's enactment (19,086 firm-quarter observations for 2.773 firms).

Panel B. By Continued Use of Pro Forma Earnings After Reg G

$$CAR = \psi_0 + \psi_1 RegG + \psi_2 RegG * Surprise + \psi_3 Surprise + \psi_4 Lag + \psi_5 Bad + \psi_6 Yearend + \varepsilon$$

Independent Variables (Predicted Sign)	*Model 1* *ContPF = 0* Coefficient ***T-Stat***	*Model 2* *ContPF = 1* Coefficient ***T-Stat***
Intercept	0.00	0.00
	0.58	***1.05***
RegG	-0.00	0.00
(?)	***-0.11***	***1.85****
*RegG*Surprise*	-0.36	0.31
(+)	***-2.14****	***2.11****
Surprise	0.83	0.72
(+)	***3.21*****	***4.34*****
Lag	0.00	0.00
(-)	***1.48***	***0.57***
Bad	-0.02	-0.03
(-)	***-5.47****	***-8.60*****
Yearend	-0.00	-0.00
(?)	***-0.71***	***-1.50***
Observations	3,184	5,418
Adjusted R^2 (%)	2.86%	4.25%

The dependent variable is *CAR* as defined in Table 18 Panel A. *RegG* is an indicator variable that equals one for all observations made on or after March 28, 2003, zero otherwise. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *RegG*Surprise* is the interaction of the *RegG* and *Surprise* variables. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *Bad* is an indicator variable that equals one if *Surprise* is negative, zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise. *ContPF* is an indicator variable that equals one if the firm-quarter in the pre-Reg G period observation *PF* variable (defined in Table 2) equals one and the corresponding firm-quarter in the post-Reg G period also equals one, and zero otherwise.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample consists of observations with matching firm-quarters both in the year immediately prior to and subsequent to Reg G's enactment (8,602 firm-quarter observations for 1.803 firms).

Table 22. Changes in ERC Sensitivity Analysis – Alternate Pre-Reg G Period

$$CAR = \beta_0 + \beta_1 RegG + \beta_2 RegG * Surprise + \beta_3 Surprise + \beta_4 RegG * Lag + \beta_5 Lag + \beta_6 PF + \beta_7 Bad + \beta_8 Yearend + \varepsilon$$

Independent Variables (Predicted Sign)	Coefficient ***T-Stat***
Intercept	0.00
	1.40
RegG	0.00
(?)	***0.81***
*RegG*Surprise*	0.05
(+)	***2.31*****
Surprise	0.79
(+)	***7.12******
*RegG*Lag*	-0.00
(?)	***-0.27***
Lag	-0.01
(-)	***-1.76****
PF	-0.00
(?)	***-0.89***
Bad	-0.02
(-)	***-16.25*****
Yearend	0.00
(?)	***0.56***
Adjusted R^2 (%)	3.65%

The dependent variable is *CAR* as defined in Table 18 Panel A. *RegG* is an indicator variable that equals one for all observations made on or after March 28, 2003, zero otherwise. *Surprise* is the difference between the actual EPS and the mean estimate EPS scaled by the end of firm-quarter stock price. *RegG*Surprise* is the interaction of the *RegG* and *Surprise* variables. *RegG*Lag* is the interaction of the *RegG* and *Lag* variables. *Lag* is the number of calendar days between the fiscal period-end date and the report date of quarterly earnings. *PF* is an indicator variable that equals one if the actual earnings in I/B/E/S does not equal the GAAP earnings per share in Compustat (Compustat Quarterly item #19 or #9 depending on the I/B/E/S primary or diluted indicator). *Bad* is an indicator variable that equals one if *Surprise* is negative, zero otherwise. *Yearend* is an indicator variable that equals one if the firm-quarter observation is for the fiscal fourth quarter, zero otherwise.

t-statistics are calculated using heteroskedasticity-corrected standard errors (White 1980).

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample consists of observations with matching firm-quarters both in the year from March 28, 2001 through March 27, 2002 (Pre-Reg G period) and from March 28, 2003 through March 27, 2004 (the Post-Reg G period) (18,412 firm-quarter observations for 2.877 firms).

Table 23. Sample Construction – Changes in the Relative Informational Role of Quarterly Earnings Announcements Tests

	Firms
Compustat Quarterly File (Nov. 2001 – Apr. 2004)	8,059
Less: Firms without *RDQ*	(1,787)
Less: *RDQ* errors	(52)
Less: *RDQ* before Mar. 28, 2002 or after Mar. 27, 2004	(256)
Less: Firms without all eight earnings announcements	(978)
Less: Observations without *CRSP* data	(124)
Relative Informational Role of Earnings Announcements Sample (9,724 Observations)	**4,862**

Table 24. Changes in the Relative Informational Role of Earnings Announcements
Results – Full Sample

$$R_i(Annual) = \theta_0 + \theta_1 R_i(Window1) + \theta_2 R_i(Window2) + \theta_3 R_i(Window3) + \theta_4 R_i(Window4) + \varepsilon$$

	Pre-Reg G		*Post-Reg G*	
	Coefficient	***T-stat***	Coefficient	***T-stat***
Intercept	-0.10	***-5.38****	-0.03	***-5.35****
R_i(Window1)	0.97	***11.40****	1.23	***15.19****
R_i(Window2)	0.79	***11.71****	0.93	***14.55****
R_i(Window3)	0.16	***7.07****	0.62	***9.51****
R_i(Window4)	0.52	***10.91***	1.19	***15.02****
Adjusted R^2	8.76%		14.23%	
Abnormal R^2	3.98%		9.47%	
Abnormal R^2 Difference[A]	**5.49%*** **			
Abnormal R^2 Ratio[A]	**2.38*** **			
Abnormal R^2 Increases[B]	**70.2%*** **			

The dependent variable is the calendar-year buy-and-hold returns from March 28, 2002 (2003) through March 27, 2003 (2004) for the Pre-Reg G (Post-Reg G) period. The independent variables are the three-day buy-and-hold returns for the four earnings announcement days during the calendar year (days *t* -1 through *t* +1). The Abnormal R^2 is the Adjusted R^2 from the regression adjusted for the expected adjusted R^2 under the hypothesis that daily returns are i.i.d. across time.

[A] Significance of Abnormal R^2 Difference (Ratio) based on 500 randomized Abnormal R^2 Differences (Ratios) calculated from the sample of hand-collected earning announcements.

[B] Abnormal R^2 Increases is based on a bootstrapped distribution of Abnormal R^2 changes from random samples of 250 firms from the pre- to the post-Reg G period (500 trials). Significance is based on the success rate of a positive change compared to a binomial distribution.

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

The sample includes 4,682 firms with the necessary stock return data from *CRSP* and earnings announcement dates from *Compustat Quarterly*, with one observation for the calendar year prior to and subsequent to Reg G's enactment date.

Table 25. Changes in the Relative Informational Role of Earnings Announcements Results – Hand-Collected Sample

$$R_i(Annual) = \theta_0 + \theta_1 R_i(Window1) + \theta_2 R_i(Window2) + \theta_3 R_i(Window3) + \theta_4 R_i(Window4) + \varepsilon$$

	Pre-Reg G		*Post-Reg G*	
	Coefficient	***T-stat***	Coefficient	***T-stat***
Intercept	-0.10	***-5.72****	-0.09	***-5.88****
R_i(Window1)	0.97	***4.04****	0.58	***2.79****
R_i(Window2)	0.79	***3.36****	1.01	***6.85****
R_i(Window3)	0.16	***0.60***	0.59	***3.63****
R_i(Window4)	0.52	***2.13****	1.25	***6.10****
Adjusted R^2	5.62%		17.21%	
Abnormal R^2	0.84%		12.45%	
Abnormal R^2 Difference[A]	**11.61%*** **			
Abnormal R^2 Ratio[A]	**14.83*** **			
Abnormal R^2 Increases[B]	**98.0%*** **			

The dependent variable is the calendar-year buy-and-hold returns from March 28, 2002 (2003) through March 27, 2003 (2004) for the Pre-Reg G (Post-Reg G) period. The independent variables are the three-day buy-and-hold returns for the four earnings announcement days during the calendar year (days *t* -1 through *t* +1). The Abnormal R^2 is the Adjusted R^2 from the regression adjusted for the expected adjusted R^2 under the hypothesis that daily returns are i.i.d across time as in Ball and Shivakumar (2008). The sample includes the 500 firms chosen for the hand-collections sample, with one observation for the calendar year prior to and subsequent to Reg G's enactment date.

[A] Significance of Abnormal R^2 Difference (Ratio) based on 500 randomized Abnormal R^2 Differences (Ratios) calculated from the sample of hand-collected earning announcements.

[B] Abnormal R^2 Increases is based on a bootstrapped distribution of Abnormal R^2 changes from random samples of 250 firms from the pre- to the post-Reg G period (200 trials). Significance is based on the success rate of a positive change compared to a binomial distribution.

***, ** and * indicate significance at the 0.01, 0.05 and 0.1 levels, respectively.

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