Internet Appendix

Under New Management: Equity Issues and the Attribution of Past Returns

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Appendix

This Internet Appendix presents supporting results for "Under New Management: Equity Issues and the Attribution of Past Returns."

Table A1 presents the sample of CEO turnovers by year. ExecuComp covers the S&P 1500. However, data collection on the S&P 1500 began in 1994, and any data before 1994 do not cover the entire S&P 1500 but rather, mostly the S&P 500. Our sample covers 1990 to 2011 (partially 2012). We collect CEO data on all ExecuComp firms that have had at least one CEO turnover event during the years that they are covered in ExecuComp. We eliminate turnovers in which the new CEO stays in office for less than one year and those that involve the appointment of co-CEOs. We then merge the CEO data with the firm-quarter data from Compustat, resulting in a total of 110,652 firm-quarter observations where we have CEO information (over approximately 22 years so on average 1,257 firms per quarter). Out of these observations, we have financial data for calculating equity issuance for 106,283 observations (1,208 firms per quarter). To be included in our final sample, an observation must also have nonmissing 3-year returns and data for other control measures (debt ratio, profitability, Q, etc.). This leaves us with 87,488 observations. Therefore, in Table 1 of the paper, the final sample has 87,488 firm-quarter observations (over approximately 22 years so on average 994 firms per quarter).

Tables A2 and A3 show preliminary regressions of equity issuance on trailing Q and past returns, respectively. The starting point for the paper is the examination of the link between past prices and equity issuance. While the paper conditions this link on CEO turnover, it is useful to see that the basic effects are strong.

Tables A4 and A5 examine the effect of CEO-specific changes in Q and CEO-specific past returns on equity issuance, respectively. We also view these results as preliminary. For example, the stronger effect of CEO-specific changes in Q in Table A4 may simply be an artifact of CEO-specific changes being more recent and hence relevant to equity issuance. In Table 2 of the paper, we create a control group, with randomly assigned turnover dates to control for the general, weaker effect of more distant changes in Q on issuance, regardless of CEO turnover. Table A6 repeats the regressions in Table A5 with a new dependent variable. We separate net equity issues into gross issuance and repurchases. The results show that there are contributions from both sides, though the effect on gross equity issues is somewhat larger.

Table A7 finds no statistically significant link between CEO-specific Q and future profitability. One hypothesis is that past changes in Q are differentially useful in predicting future profits – and this, rather than CEO reference points – are responsible for our main results in Table 2.

Table A8 finds strong results for the subsample of CEO turnovers that occurred at least six months prior to equity issuance. So, the results of Table 2 are not driven by situations where there is a close proximity between CEO turnover and an equity issue.

Table A9 explores the relation between equity issuance and reference prices including the all-time high price, the price at which the current CEO arrived, and the high price between the arrival of the current CEO and prior quarter end. An equity issue is more likely when the price is above its all-time high from the previous quarter. The sensitivity to the all-time high price is reduced when there is a CEO turnover in the previous three years. It is only half as sensitive. Importantly, the CEO arrival price is also a useful reference point. The high price since CEO arrival also matters. CEO turnover and a rising price are both key for equity issuance.

Table A1. CEO Turnover This table indicates by year the number of CEO turnovers in the sample. Numbers and percentages for the full sample are presented first, followed by a breakout based on turnover types. A turnover is defined as internal if the CEO has been with the firm for more than one year at the date of the succession announcement. A turnover is considered forced if an announcement of forced resignation or firing of the departing CEO is reported in the news media, if the reason for departing is performance-related, or if the departing CEO is under the age of 60 without health problems or a position with another firm.

Year	Number of CEO Turnovers	Percent	Number of Internal Turnovers	Number of Forced Turnovers
1990	74	2.38	59	12
1991	92	2.96	85	13
1992	103	3.31	101	16
1993	121	3.89	101	26
1994	125	4.02	93	30
1995	148	4.75	109	40
1996	136	4.37	96	40
1997	120	3.85	77	37
1998	143	4.59	94	46
1999	159	5.11	109	52
2000	189	6.07	127	68
2001	170	5.46	112	55
2002	121	3.89	73	39
2003	147	4.72	101	53
2004	152	4.88	102	33
2005	181	5.81	119	46
2006	144	4.63	90	38
2007	154	4.95	84	32
2008	159	5.11	103	41
2009	129	4.14	81	27
2010	107	3.44	68	20
2011	148	4.75	98	30
2012	86	2.76	62	17
2013	5	0.16	3	1
Total	3,113	100.00	2,417	812

Table A2. ***Q*** **and Equity Issuance** This table reports results of OLS regressions of quarterly equity issuance on *Q*. We use two measures to estimate equity issuance. Net equity issuance (*e/A*) is defined as the change in book equity minus the change in balance sheet retained earnings divided by assets. Net equity issuer (*e/A*>5%) takes the value one if net equity issuance (*e/A*) equals or exceeds five percent and zero otherwise. Both measures are scaled up by a factor of 100. We report the results of the following regression:

$$EquityIssuance_{it} = a_t + bQ_{i,t-1} + eX_{i,t-1} + u_{it}$$

where Q_t is measured at the end of the last quarter, and X_{t-1} contains controls for profitability, size, and leverage at the end of the last quarter. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A						*Equity Issues: e/A>5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
Q: Q_{t-1}	0.41	[<0.01]	0.55	[<0.01]	0.64	[<0.01]	2.42	[<0.01]	3.17	[<0.01]	3.32	[<0.01]
Profitability: EBITDA/A_t (%)			-0.16	[<0.01]	-0.02	[0.04]			-0.76	[<0.01]	-0.08	[0.20]
Assets: ln(A_t)			-0.22	[<0.01]	-0.55	[<0.01]			-0.82	[<0.01]	-2.30	[<0.01]
Leverage: D/A_t (%)			0.02	[<0.01]	0.03	[<0.01]			0.09	[<0.01]	0.12	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		Yes
N		87,488		87,488		87,488		87,488		87,488		87,488
R^2		0.04		0.07		0.16		0.03		0.05		0.12

Table A3. Past Returns and Equity Issuance This table reports results of OLS regressions of quarterly equity issuance on past returns (*r*). We use two measures to estimate equity issuance. Net equity issuance (*e/A*) is defined as the change in book equity minus the change in balance sheet retained earnings divided by assets. Net equity issuer (*e/A*>5%) takes the value one if net equity issuance (*e/A*) equals or exceeds five percent and zero otherwise. Both measures are scaled up by a factor of 100. We report the results of the following regression:

$$EquityIssuance_{it} = a_t + \sum_{s=1}^{36} b_s r_{i,t-s} + eX_{i,t-1} + u_t$$

where r_{t-s} denotes the stock return of the s_{th} month prior to the quarter in which the equity issuance is measured, and X_{t-1} contains controls for profitability, size, and leverage at the end of the last quarter. We report the averages of b for each of the six-month period up to three years prior to the equity issuance as well as the respective averages for twelve and thirty-six months. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A						*Equity Issues: e/A>5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
Average b_s												
t-1 to t-6	1.59	[<0.01]	1.86	[<0.01]	1.54	[<0.01]	7.67	[<0.01]	8.81	[<0.01]	7.44	[<0.01]
t-7 to t-12	0.73	[<0.01]	1.03	[<0.01]	0.75	[<0.01]	3.34	[<0.01]	4.63	[<0.01]	3.36	[<0.01]
t-13 to t-18	0.37	[<0.01]	0.62	[<0.01]	0.38	[<0.01]	1.97	[<0.01]	3.05	[<0.01]	1.96	[<0.01]
t-19 to t-24	0.29	[<0.01]	0.49	[<0.01]	0.30	[<0.01]	1.28	[<0.01]	2.15	[<0.01]	1.27	[<0.01]
t-25 to t-30	0.20	[<0.01]	0.36	[<0.01]	0.21	[<0.01]	0.52	[0.11]	1.23	[<0.01]	0.58	[0.06]
t-31 to t-36	0.16	[<0.01]	0.30	[<0.01]	0.15	[0.01]	0.46	[0.15]	1.07	[<0.01]	0.36	[0.25]
t-1 to t-12	1.16	[<0.01]	1.45	[<0.01]	1.15	[<0.01]	5.50	[<0.01]	6.72	[<0.01]	5.40	[<0.01]
t-7 to t-18	0.55	[<0.01]	0.83	[<0.01]	0.57	[<0.01]	2.65	[<0.01]	3.84	[<0.01]	2.66	[<0.01]
t-1 to t-36	0.56	[<0.01]	0.78	[<0.01]	0.55	[<0.01]	2.54	[<0.01]	3.49	[<0.01]	2.49	[<0.01]
Profitability: EBITDA/A_t (%)	-0.15	[<0.01]	-0.15	[<0.01]	-0.01	[0.52]			-0.61	[<0.01]	0.04	[0.49]
Assets: ln(A_t)	-0.25	[<0.01]	-0.25	[<0.01]	-0.61	[<0.01]			-1.01	[<0.01]	-2.66	[<0.01]
Leverage: D/A_t (%)	0.01	[<0.01]	0.01	[<0.01]	0.03	[<0.01]			0.06	[<0.01]	0.10	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		No
N		87,488		87,488		87,488		87,488		87,488		87,488
R^2		0.04		0.07		0.15		0.03		0.04		0.11

Table A4. CEO-Specific *Q* and Equity Issuance This table reports results of the following regression:

$$EquityIssuance_{it} = a_t + b(Q_{i,t-1} - Q_{i,CEO}) + c(Q_{i,CEO} - Q_{i,t-13}) + dQ_{i,t-13} + eX_{i,t-1} + u_{it}$$

We use two measures to estimate quarterly equity issuance. Net equity issuance (*e/A*) is defined as the change in book equity minus the change in balance sheet retained earnings divided by assets. Net equity issuer (*e/A*>5%) takes the value one if net equity issuance (*e/A*) equals or exceeds five percent and zero otherwise. Both measures are scaled up by a factor of 100. Q_{t-1} and Q_{t-13} denote *Q* values one quarter and thirteen quarters prior to the current quarter, respectively. Q_{CEO} is the *Q* value calculated at the end of the last quarter before the CEO took office. X_{t-1} contains controls for profitability, size, and leverage at the end of the last quarter. Only observations in the "Turnover Group" are included in the regression. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A						*Equity Issues: e/A>5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
$Q_{t-1} - Q_{CEO}$	0.66	[<0.01]	0.78	[<0.01]	0.72	[<0.01]	4.11	[<0.01]	4.72	[<0.01]	3.93	[<0.01]
$Q_{CEO} - Q_{t-13}$	0.24	[<0.01]	0.49	[<0.01]	0.43	[<0.01]	1.94	[<0.01]	3.11	[<0.01]	2.18	[<0.01]
Q_{t-13}	0.31	[<0.01]	0.50	[<0.01]	0.49	[<0.01]	2.38	[<0.01]	3.30	[<0.01]	2.58	[<0.01]
Profitability: EBITDA/A_t (%)			-0.20	[<0.01]	-0.01	[0.45]			-0.92	[<0.01]	-0.02	[0.82]
Assets: ln(A_t)			-0.23	[<0.01]	-0.67	[<0.01]			-0.89	[<0.01]	-2.31	[<0.01]
Leverage: D/A_t (%)			0.02	[<0.01]	0.04	[<0.01]			0.09	[<0.01]	0.14	[<0.01]
b – c	0.42	[<0.01]	0.29	[<0.01]	0.29	[<0.01]	2.17	[<0.01]	1.61	[<0.01]	1.75	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		Yes
N		29,552		29,552		29,552		29,552		29,552		29,552
R^2		0.04		0.09		0.22		0.05		0.07		0.18

Table A5. CEO-Specific Returns and Equity Issuance This table reports results of the following regression:

$$EquityIssuance_{it} = a_t + \sum_{s=1}^{36}\left(b_s r_{i,t-s} + c_s currentCEO_{i,t-s} + d_s currentCEO_{i,t-s} r_{i,t-s}\right) + eX_{i,t-1} + u_{it}$$

We use two measures to estimate quarterly equity issuance. Net equity issuance (*e/A*) is defined as the change in book equity minus the change in balance sheet retained earnings divided by assets. Net equity issuer (*e/A*>5%) takes the value one if net equity issuance (*e/A*) equals or exceeds five percent and zero otherwise. Both measures are scaled up by a factor of 100. r_{t-s} denotes the stock return of the s_{th} month prior to the quarter in which the equity issuance is measured. $currentCEO_{t-s}$ takes the value of one if the current CEO at month t is also the CEO at month t-s and zero otherwise. X_{t-1} contains controls for profitability, size, and leverage at the end of the last quarter. We report the respective averages of b and d for each of the six-month period up to three years prior to the equity issuance. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A						*Equity Issues: e/A>5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
Average b_s												
t-1 to t-6	0.92	[<0.01]	1.38	[<0.01]	1.10	[<0.01]	4.60	[<0.01]	6.50	[<0.01]	5.37	[<0.01]
t-7 to t-12	0.20	[0.18]	0.65	[<0.01]	0.47	[<0.01]	0.88	[0.29]	2.79	[<0.01]	2.02	[0.01]
t-13 to t-18	-0.05	[0.73]	0.32	[0.01]	0.11	[0.39]	-0.02	[0.98]	1.51	[0.04]	0.67	[0.35]
t-19 to t-24	0.01	[0.93]	0.30	[<0.01]	0.12	[0.24]	0.26	[0.65]	1.51	[0.01]	0.79	[0.16]
t-25 to t-30	-0.04	[0.68]	0.22	[0.02]	0.06	[0.49]	-0.58	[0.31]	0.51	[0.36]	-0.03	[0.96]
t-31 to t-36	-0.11	[0.20]	0.10	[0.22]	-0.05	[0.50]	-0.66	[0.18]	0.26	[0.60]	-0.49	[0.30]
t-1 to t-12	0.56	[<0.01]	1.02	[<0.01]	0.78	[<0.01]	2.74	[<0.01]	4.64	[<0.01]	3.70	[<0.01]
t-7 to t-18	0.08	[0.49]	0.49	[<0.01]	0.29	[<0.01]	0.43	[0.49]	2.15	[<0.01]	1.34	[0.02]
t-1 to t-36	0.15	[0.08]	0.50	[<0.01]	0.30	[<0.01]	0.75	[0.12]	2.18	[<0.01]	1.39	[<0.01]
Average d_s												
t-1 to t-6	0.70	[<0.01]	0.51	[0.04]	0.47	[0.04]	3.23	[0.03]	2.43	[0.09]	2.16	[0.14]
t-7 to t-12	0.60	[<0.01]	0.43	[<0.01]	0.32	[0.02]	2.82	[<0.01]	2.12	[0.02]	1.53	[0.08]
t-13 to t-18	0.51	[<0.01]	0.37	[<0.01]	0.33	[0.01]	2.46	[<0.01]	1.90	[0.02]	1.57	[0.05]
t-19 to t-24	0.37	[<0.01]	0.24	[0.02]	0.24	[0.03]	1.37	[0.03]	0.85	[0.17]	0.63	[0.33]
t-25 to t-30	0.32	[<0.01]	0.19	[0.06]	0.19	[0.06]	1.54	[0.01]	1.00	[0.10]	0.83	[0.19]
t-31 to t-36	0.40	[<0.01]	0.29	[<0.01]	0.29	[<0.01]	1.72	[<0.01]	1.25	[0.03]	1.27	[0.03]
t-1 to t-12	0.65	[<0.01]	0.47	[<0.01]	0.39	[0.01]	3.03	[<0.01]	2.27	[0.02]	1.85	[0.05]
t-7 to t-18	0.56	[<0.01]	0.40	[<0.01]	0.32	[<0.01]	2.64	[<0.01]	2.01	[<0.01]	1.55	[0.01]
t-1 to t-36	0.49	[<0.01]	0.34	[<0.01]	0.31	[<0.01]	2.19	[<0.01]	1.59	[<0.01]	1.33	[<0.01]
Profitability: EBITDA/A_t (%)			-0.15	[<0.01]	-0.01	[0.56]			-0.61	[<0.01]	0.05	[0.89]
Assets: ln(A_t)			-0.24	[<0.01]	-0.62	[<0.01]			-1.00	[<0.01]	-2.65	[<0.01]
Leverage: D/A_t (%)			0.01	[<0.01]	0.03	[<0.01]			0.06	[<0.01]	0.10	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		Yes
N		87,488		87,488		87,488		87,488		87,488		87,488
R^2		0.04		0.07		0.16		0.03		0.04		0.11

Table A6. CEO-Specific Returns and Gross Equity Issuance and Repurchases This table estimates of the following regression:

$$GrossEquityIssues(Repurchases)_{it} = a_t + \sum_{s=1}^{36}\left(b_s r_{i,t-s} + c_s currentCEO_{i,t-s} + d_s currentCEO_{i,t-s} r_{i,t-s}\right) + eX_{i,t-1} + u_{it}$$

We decompose net equity issuance into the sale of common and preferred stock (Item 84) and the purchase of common and preferred stock (Item 93) using quarterly cash flow statement data. *Issues* takes the value one if gross equity issues equal or exceed five percent of assets and zero otherwise. *Repurchases* takes the value one if gross equity repurchases equal or exceed two and a half percent of assets and zero otherwise. All dependent variables are scaled up by a factor of 100. r_{t-s} denotes the stock return of the s_{th} month prior to the quarter in which the equity issuance is measured. $currentCEO_{t-s}$ takes the value of one if the current CEO at month t is also the CEO at month t-s and zero otherwise. X_{t-1} contains controls for profitability, size, and leverage at the end of the last quarter. We report the respective averages of b and d for up to three years prior to the equity issuance. P-values based on robust standard errors clustered by firm are reported in brackets.

	Gross Equity Issues: ge/A>5%						*Repurchase: rep/A>2.5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
Average b_s												
t-1 to t-12	0.54	[0.40]	2.09	[<0.01]	1.70	[<0.01]	4.16	[<0.01]	-1.09	[0.31]	0.54	[0.59]
t-7 to t-18	-0.72	[0.09]	0.66	[0.09]	0.19	[0.61]	5.18	[<0.01]	0.70	[0.37]	1.96	[0.01]
t-1 to t-36	-0.21	[0.50]	0.96	[<0.01]	0.52	[0.04]	4.27	[<0.01]	0.35	[0.53]	1.17	[0.03]
Average d_s												
t-1 to t-12	2.56	[<0.01]	1.94	[<0.01]	1.52	[0.02]	-2.29	[0.03]	-1.20	[0.25]	-1.61	[0.11]
t-7 to t-18	1.93	[<0.01]	1.43	[<0.01]	1.16	[0.01]	-2.45	[<0.01]	-1.92	[0.02]	-2.21	[0.01]
t-1 to t-36	1.55	[<0.01]	1.07	[<0.01]	0.93	[<0.01]	-2.21	[<0.01]	-1.43	[0.01]	-1.62	[<0.01]
Profitability: EBITDA/A_t (%)			-0.49	[<0.01]	-0.10	[0.03]			1.81	[<0.01]	0.83	[<0.01]
Assets: ln(A_t)			-0.77	[<0.01]	-1.62	[<0.01]			0.28	[0.13]	1.04	[0.01]
Leverage: D/A_t (%)			0.05	[<0.01]	0.08	[<0.01]			-0.16	[<0.01]	-0.19	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		Yes
N		84,145		84,145		84,145		81,578		81,578		81,578
R^2		0.02		0.04		0.11		0.04		0.08		0.23

Table A7. CEO-Specific *Q* and Investment and Profitability This table reports results of the following regression:

$$Y_{it} = a_t + (b_1 + b_2 Turn)(Q_{i,t-1} - Q_{i,CEO}) + (c_1 + c_2 Turn)(Q_{i,CEO} - Q_{i,t-13}) + (d_1 + d_2 Turn)Q_{i,t-13} + eTurn + fX_{i,t-1} + u_{it}$$

This table repeats the regressions in Table 2 with *CapitalExpenditure*, defined as capital expenditures (Item 90) divided by assets, and *Profitability*. All dependent variables are scaled up by a factor of 100. P-values based on robust standard errors clustered by firm are reported in brackets.

	Capital Expenditure		*Profitability*	
	Coef	**[p-val]**	**Coef**	**[p-val]**
Turnover Group:				
$Q_{t-1} - Q_{CEO}$	0.15	[<0.01]	0.48	[<0.01]
$Q_{CEO} - Q_{t-13}$	0.18	[<0.01]	0.46	[<0.01]
Q_{t-13}	0.18	[<0.01]	0.45	[<0.01]
Non-Turnover Group:				
$Q_{t-1} - Q_{CEO}$	0.14	[<0.01]	0.47	[<0.01]
$Q_{CEO} - Q_{t-13}$	0.18	[<0.01]	0.42	[<0.01]
Q_{t-13}	0.18	[<0.01]	0.43	[<0.01]
$b_2 - c_2$	0.01	[0.85]	-0.03	[0.40]
Turn	-0.06	[0.05]	-0.06	[0.20]
Profitability: $EBITDA/A_t$ (%)	0.05	[<0.01]	0.48	[<0.01]
Assets: $\ln(A_t)$	-0.05	[0.04]	-0.03	[0.28]
Leverage: D/A_t (%)	-0.01	[<0.01]	0.00	[0.02]
Fixed effects				
Year-Month		Yes		Yes
Firm		Yes		Yes
N		84,424		84,043
R^2		0.59		0.67

Table A8. CEO-Specific *Q* and Equity Issuance: Lag between CEO Turnover and Equity Issuance This table reports results of the following regression:

$$EquityIssuance_{it} = a_t + (b_1 + b_2 Turn)(Q_{i,t-1} - Q_{i,CEO}) + (c_1 + c_2 Turn)(Q_{i,CEO} - Q_{i,t-13}) + (d_1 + d_2 Turn)Q_{i,t-13} + eTurn + fX_{i,t-1} + u_{it}$$

This table repeats the regressions in Table 2 limiting the sample to situations where the CEO turnover occurred more than six months prior to the quarter of the equity issuance decision. All dependent variables are scaled up by a factor of 100. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A						*Equity Issues: e/A>5%*					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
Panel A: CEO Turnover > 6 months prior to the equity issuance decision												
Turnover Group:												
$Q_{t-1} - Q_{CEO}$	0.62	[<0.01]	0.72	[<0.01]	0.7	[<0.01]	3.95	[<0.01]	4.46	[<0.01]	4.02	[<0.01]
$Q_{CEO} - Q_{t-13}$	0.21	[0.01]	0.4	[<0.01]	0.4	[<0.01]	1.81	[<0.01]	2.77	[<0.01]	2.33	[<0.01]
Q_{t-13}	0.31	[<0.01]	0.45	[<0.01]	0.51	[<0.01]	2.39	[<0.01]	3.16	[<0.01]	3	[<0.01]
Non-Turnover Group:												
$Q_{t-1} - Q_{CEO}$	0.54	[<0.01]	0.69	[<0.01]	0.66	[<0.01]	2.72	[<0.01]	3.46	[<0.01]	3.26	[<0.01]
$Q_{CEO} - Q_{t-13}$	0.42	[<0.01]	0.56	[<0.01]	0.54	[<0.01]	2.20	[<0.01]	2.94	[<0.01]	2.76	[<0.01]
Q_{t-13}	0.39	[<0.01]	0.51	[<0.01]	0.55	[<0.01]	2.12	[<0.01]	2.79	[<0.01]	2.84	[<0.01]
$b_2 - c_2$	0.29	[<0.01]	0.19	[0.01]	0.18	[0.02]	1.62	[<0.01]	1.17	[<0.01]	1.19	[<0.01]
Turn	0.09	[0.46]	0.03	[0.79]	0.02	[0.80]	-0.37	[0.51]	-0.64	[0.20]	-0.04	[0.94]
Profitability: EBITDA/A_t (%)			-0.16	[<0.01]	-0.02	[0.17]			-0.74	[<0.01]	-0.05	[0.49]
Assets: ln(A_t)			-0.22	[<0.01]	-0.56	[<0.01]			-0.81	[<0.01]	-2.33	[<0.01]
Leverage: D/A_t (%)			0.01	[<0.01]	0.03	[<0.01]			0.08	[<0.01]	0.11	[<0.01]
Fixed effects												
Year-Month		Yes		Yes		Yes		Yes		Yes		Yes
Firm		No		No		Yes		No		No		Yes
N		70,545		70,545		70,545		70,545		70,545		70,545
R^2		0.04		0.08		0.16		0.04		0.05		0.12
Panel B: CEO Turnover > 12 months prior to the equity issuance decision												
$b_2 - c_2$	0.27	[0.01]	0.15	[0.08]	0.14	[0.12]	1.41	[0.01]	0.92	[0.05]	0.93	[0.07]
N		56,067		56,067		56,067		56,067		56,067		56,067
R^2		0.04		0.08		0.17		0.04		0.06		0.13
Panel C: CEO Turnover > 15 months prior to the equity issuance decision												
$b_2 - c_2$	0.27	[0.02]	0.14	[0.13]	0.13	[0.21]	1.44	[0.02]	0.92	[0.07]	0.93	[0.09]
N		48,906		48,906		48,906		48,906		48,906		48,906
R^2		0.04		0.08		0.18		0.04		0.06		0.13

Table A9. Equity Issuance and Reference Prices This table explores the relation between equity issuance and reference prices including all-time high price, CEO arrival price, and current CEO high price. Net equity issuance (*e/A*) is defined as the change in book equity minus the change in balance sheet retained earnings divided by assets. The dependent variable takes the value of one if net equity issuance (*e/A*) equals or exceeds five percent and zero otherwise. The independent variables of interest are indicator variables for the price at the end of the quarter prior to the issuance data. We compare price to: the all-time high price in prior quarters, excluding the once-lagged quarter; the price at which the current CEO arrived; the high price between the arrival of the current CEO and prior quarter end. *Turnover* is equal to 1 if the firm had a CEO turnover with the last 12 quarters. Controls include profitability, size, and leverage at the end of the last quarter. P-values based on robust standard errors clustered by firm are reported in brackets.

	Equity Issues: e/A>5%					
	Coef	**[p-val]**	**Coef**	**[p-val]**	**Coef**	**[p-val]**
P_{t-1} > Prior Quarter, All-Time High	3.94	[<0.01]	4.01	[<0.01]	3.95	[<0.01]
P_{t-1} > Prior Quarter, All-Time High x Turnover	-1.32	[0.02]	-2.01	[<0.01]	-2.04	[<0.01]
P_{t-1} > CEO Arrival Price			1.83	[<0.01]		
P_{t-1} > Current CEO High Price					0.98	[0.02]
Turnover	0.15	[0.46]	-0.94	[<0.01]	0.03	[0.88]
Profitability: EBITDA/A_t (%)	0.29	[<0.01]	0.27	[<0.01]	0.28	[<0.01]
Assets: ln(A_t)	-3.17	[<0.01]	-3.17	[<0.01]	-3.17	[<0.01]
Leverage: D/A_t (%)	0.10	[<0.01]	0.10	[<0.01]	0.10	[<0.01]
Fixed effects						
Year-Month		Yes		Yes		Yes
Firm		Yes		Yes		Yes
N		87,488		87,488		87,488
R^2		0.10		0.10		0.10