

Table 3: **Panel A. Regression of Investment Measures. DRAFT.**

Automated output. The version in the submitted thesis was manually adjusted due to style and space constraints.

	Change in Ln(Assets)				Change in Ln(PPENT)			
	(1) I	(2) II	(3) III	(4) IV	(5) I	(6) II	(7) III	(8) IV
New financial covenant violation	-0.092*** (0.008)	-0.046*** (0.008)	-0.041*** (0.008)	-0.036*** (0.008)	-0.100*** (0.010)	-0.036*** (0.010)	-0.030*** (0.010)	-0.028** (0.011)
One-time violator				0.018** (0.007)				0.022** (0.009)
Frequent violator				-0.016*** (0.006)				-0.006 (0.007)
Operating cash flow / Average assets		0.195*** (0.005)	0.201*** (0.032)	0.204*** (0.032)		0.202*** (0.006)	0.204*** (0.025)	0.205*** (0.025)
Leverage		-0.083*** (0.009)	-0.066*** (0.023)	-0.062*** (0.023)		0.021* (0.012)	0.059* (0.029)	0.060* (0.030)
Interest expense / Average assets		0.374*** (0.055)	0.419** (0.180)	0.421** (0.179)		0.698*** (0.073)	0.649** (0.263)	0.649** (0.263)
Net worth / Assets		0.079*** (0.007)	0.095*** (0.022)	0.092*** (0.022)		0.180*** (0.010)	0.218*** (0.027)	0.216*** (0.027)
Current ratio		-0.004*** (0.000)	-0.005*** (0.001)	-0.005*** (0.001)		0.008*** (0.001)	0.007*** (0.002)	0.007*** (0.002)
Market-to-book ratio		0.019*** (0.000)	0.018*** (0.001)	0.018*** (0.001)		0.015*** (0.000)	0.014*** (0.001)	0.014*** (0.001)
Ln(Assets)		-0.006*** (0.001)	-0.007*** (0.002)	-0.008*** (0.002)		0.005*** (0.001)	0.001 (0.002)	0.000 (0.002)
PPENT / Assets		0.098*** (0.005)	0.040** (0.015)	0.039** (0.015)		-0.027*** (0.007)	-0.202*** (0.022)	-0.203*** (0.022)
First differences (Assets)		0.234*** (0.007)	0.203*** (0.018)	0.202*** (0.018)		0.449*** (0.009)	0.400*** (0.020)	0.400*** (0.020)
First differences (PPENT / Assets)		0.415*** (0.030)	0.421*** (0.060)	0.419*** (0.060)		0.356*** (0.040)	0.355*** (0.127)	0.353*** (0.127)
Constant	0.065*** (0.001)	-0.009 (0.006)			0.046*** (0.001)	-0.157*** (0.008)		
FE	No	No	Yes	Yes	No	No	Yes	Yes
Clustered SE	No	No	Yes	Yes	No	No	Yes	Yes
R <sup>2</sup>		0.080			0.001	0.067		
Adj. R <sup>2</sup>	0.001	0.080			0.001	0.067		
Num. obs.	150928	108118	108118	108118	149304	107863	107863	107863
Num. groups: quarter		44	44	44		44	44	44
Num. groups: ffi		36	36	36		36	36	36
Num. groups: cqtr		4	4	4		4	4	4
R <sup>2</sup> (full model)			0.111	0.112			0.094	0.094
R <sup>2</sup> (proj model)			0.072	0.073			0.068	0.068
Adj. R <sup>2</sup> (full model)			0.110	0.111			0.093	0.094
Adj. R <sup>2</sup> (proj model)			0.072	0.073			0.068	0.068

\*\*\*  $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$