

Appendix: Variable Definitions

Variable	Definition
<i>Dependent Variables</i>	
<i>MF</i>	= The total number of quarterly management earnings forecasts the firm issues in a fiscal year, MF is equal to 0 if the firm does not issue any quarterly earnings forecasts
<i>Good</i>	= The total number of quarterly good news management earnings forecasts issued in the fiscal year. A management forecast is considered good news when the managers' earnings forecast is greater than analyst forecast consensus. <i>Good</i> is equal to 0 if the firm does not issue any good news earnings forecasts
<i>Bad</i>	= The total number of quarterly bad news management earnings forecasts issued in the fiscal year. A management forecast is considered bad news when the managers' earnings forecast is below analyst forecast consensus. <i>Bad</i> is equal to 0 if the firm does not issue any good news earnings forecasts
<i>Confirm</i>	= The total number of quarterly confirming news management earnings forecasts issued in the fiscal year. A management forecast is considered bad news when the managers' earnings forecast is equal to analyst forecast consensus. <i>Confirm</i> is equal to 0 if the firm does not issue any good news earnings forecasts
<i>AbsMFE</i>	= The absolute values of actual earnings minus management forecast earnings, scaled by the closing price one day before the management forecast day
<i>MFE</i>	= actual earnings minus management forecast earnings scaled by the closing price one day before the management forecast day
<i>Good2Bad</i>	= the total number of good news forecasts plus one scaled by the total number of bad news plus one
<i>VolRet</i>	= stock return Volatility during the fiscal year
<i>AFrevision</i>	= the analyst forecast consensus difference between one month before and one month after management forecasts, scaled by stock price one day before management forecast.
<i>CAR</i>	= the cumulative abnormal returns of the window centered on the management forecast day
<i>Explanatory Variables</i>	
<i>Distance</i>	= the log transformation of the big circle distance in miles between firm headquarters and the nearest SEC regional or headquarters office
<i>DistDum</i>	= 1 if the distance is higher than 100 miles, and 0 otherwise.
<i>Control Variables</i>	
<i>Size</i>	= The log transformation of total assets at the beginning of the quarter
<i>Leverage</i>	= Long-term debt divided by the total assets at the beginning of the quarter
<i>BM</i>	= Book value of equity as a fraction of market value of equity at the beginning of the quarter
<i>ROA</i>	= Net income over total assets in the fiscal quarter
<i>PPE</i>	= Net PPE divided by total assets, estimated in the quarter before the firm enters into a debt contract
<i>VolPrice</i>	= Variance in daily stock prices during the fiscal year
<i>Return</i>	= the cumulative abnormal returns during the window [-60,-1] before earnings announcement date

<i>InstOwn</i>	=	the percentage of institutional ownership
<i>Analyst</i>	=	The log transformation of total number of analysts following the firm for the quarter

TABLE 1: Sample Distribution

Year	# of Obs.	Firm-Years with Forecasts		Forecast News Type Distribution		
		# of Obs.	Percentage	Good News	Bad News	Confirming News
2001	2,150	823	38.28%	27.65%	65.40%	6.95%
2002	2,191	814	37.15%	37.66%	49.48%	12.86%
2003	2,162	776	35.89%	32.87%	55.13%	12.00%
2004	2,132	830	38.93%	36.06%	51.88%	12.07%
2005	2,134	714	33.46%	33.06%	56.22%	10.71%
2006	2,112	678	32.10%	33.35%	56.01%	10.64%
2007	2,070	629	30.39%	29.09%	61.86%	9.05%
2008	2,109	585	27.74%	29.23%	62.54%	8.23%
2009	2,089	502	24.03%	39.25%	52.91%	7.84%
2010	2,072	493	23.79%	44.90%	47.28%	7.82%
Total	21,221	6,844	32.25%	34.11%	55.82%	10.07%

TABLE 2: Descriptive Statistics

	Full Sample							Dist. ≤ 100	Dist. > 100		
	N = 21,221							N = 8,633	N = 12,588		
	Mean	Std.	1%	1st Qu.	Median	3rd Qu.	99%	Mean		diff	t stat
<i>MF</i>	0.89	1.67	0.00	0.00	0.00	1.00	6.00	0.803	0.960	0.158	7.444
<i>Good</i>	0.29	0.73	0.00	0.00	0.00	0.00	3.00	0.267	0.314	0.047	4.793
<i>Bad</i>	0.07	0.25	0.00	0.00	0.00	0.00	1.00	0.058	0.072	0.014	5.078
<i>Confirm</i>	0.50	1.05	0.00	0.00	0.00	0.00	4.00	0.449	0.535	0.086	6.548
<i>Distance</i>	4.56	1.67	0.07	3.40	5.20	5.80	6.78	2.883	5.756	2.874	22.348
<i>Size</i>	5.88	1.95	1.88	4.48	5.83	7.23	10.19	5.798	5.932	0.134	5.334
<i>Leverage</i>	0.48	0.27	0.07	0.27	0.45	0.63	1.31	0.478	0.477	-0.001	-0.609
<i>BM</i>	2.80	3.11	0.44	1.21	2.01	3.43	15.85	2.834	2.773	-0.062	-1.933
<i>ROA</i>	-0.04	0.24	-1.06	-0.05	0.03	0.08	0.23	-0.049	-0.035	0.014	4.129
<i>VolPrice</i>	7.51	17.71	0.02	0.49	1.73	5.58	102.74	7.863	7.274	-0.589	-2.465
<i>Return</i>	0.04	0.17	-0.37	-0.06	0.03	0.13	0.51	0.035	0.038	0.003	1.190
<i>PPE</i>	0.48	0.37	0.03	0.18	0.38	0.70	1.50	0.433	0.518	0.085	18.942
<i>InstOwn</i>	0.39	0.37	0.00	0.00	0.34	0.74	1.05	0.387	0.390	0.003	0.711
<i>Analyst</i>	0.46	0.89	0.00	0.00	0.00	0.00	2.94	1.337	1.433	0.096	7.022

TABLE 3: SEC Distance on Number of Management Forecast (ln(SEC distance in miles))

Num. of MF	# of MF		# of Good News		# of Bad News		# of Confirming News	
	Coef	(std error)	Coef	(std error)	Coef	(std error)	Coef	(std error)
<i>Distance</i>	-0.044	(0.012)***	-0.050	(0.019)**	-0.038	(0.017)**	-0.065	(0.039)*
<i>Size</i>	0.473	(0.030)***	0.269	(0.050)***	0.641	(0.042)***	0.373	(0.096)***
<i>Leverage</i>	-0.340	(0.082)***	-0.005	(0.133)	-0.548	(0.115)***	-0.469	(0.272)*
<i>BM</i>	-0.001	(0.003)	0.012	(0.005)**	-0.010	(0.004)**	0.002	(0.009)
<i>ROA</i>	0.051	(0.070)	0.032	(0.113)	-0.192	(0.098)*	0.906	(0.254)***
<i>VolPrice</i>	-0.000	(0.000)	0.000	(0.000)	-0.001	(0.000)	-0.001	(0.001)
<i>Return</i>	0.014	(0.046)	0.242	(0.077)***	-0.139	(0.063)**	0.038	(0.155)
<i>PPE</i>	0.034	(0.096)	-0.148	(0.157)	0.263	(0.131)**	-0.655	(0.350)*
<i>InstOwn</i>	0.359	(0.079)***	0.598	(0.132)***	0.121	(0.108)	0.828	(0.270)***
<i>Analyst</i>	0.170	(0.034)***	0.002	(0.057)	0.249	(0.045)***	0.442	(0.132)***
Firm fixed effects	Yes		Yes		Yes		Yes	
Year fixed effects	Yes		Yes		Yes		Yes	
Num. obs.	19,151		19,151		19,151		19,151	
pseudo R ²	0.634		0.562		0.580		0.571	

TABLE 4: SEC Distance on Number of Management Forecast (Dummy(SEC distance > 100 miles))

Num. of MF	# of MF		# of Good News		# of Bad News		# of Confirming News	
	Coef	(std error)	Coef	(std error)	Coef	(std error)	Coef	(std error)
<i>DistDum</i>	-0.255	(0.037)***	-0.345	(0.061)***	-0.226	(0.051)***	-0.138	(0.124)
<i>Size</i>	0.478	(0.030)***	0.279	(0.050)***	0.645	(0.042)***	0.369	(0.096)***
<i>Leverage</i>	-0.366	(0.083)***	-0.033	(0.133)	-0.572	(0.115)***	-0.470	(0.273)*
<i>BM</i>	-0.000	(0.003)	0.012	(0.005)**	-0.010	(0.004)**	0.002	(0.009)
<i>ROA</i>	0.051	(0.070)	0.024	(0.113)	-0.190	(0.098)*	0.908	(0.254)***
<i>VolPrice</i>	-0.000	(0.000)	0.000	(0.000)	-0.001	(0.000)	-0.001	(0.001)
<i>Return</i>	0.015	(0.046)	0.241	(0.077)***	-0.140	(0.063)**	0.042	(0.156)
<i>PPE</i>	0.041	(0.096)	-0.136	(0.157)	0.267	(0.131)**	-0.648	(0.350)*
<i>InstOwn</i>	0.351	(0.079)***	0.590	(0.132)***	0.112	(0.108)	0.843	(0.270)***
<i>Analyst</i>	0.174	(0.034)***	0.009	(0.057)	0.253	(0.045)***	0.440	(0.133)***
Firm fixed effects	Yes		Yes		Yes		Yes	
Year fixed effects	Yes		Yes		Yes		Yes	
Num. obs.	19,151		19,151		19,151		19,151	
pseudo. R ²	0.635		0.563		0.580		0.571	

TABLE 5: SEC Distance on Management Forecast Accuracy and Optimism

	Forecast Optimism				Forecast Accuracy			
	Coef	(std error)	Coef	(std error)	Coef	(std error)	Coef	(std error)
<i>Distance</i>	-0.0233	(0.0177)			-0.0002	(0.0000)***		
<i>DistDum</i>			-0.0999	(0.0562)*			-0.0004	(0.0001)***
<i>Size</i>	-0.2054	(0.0500)***	-0.2020	(0.0500)***	-0.0006	(0.0001)***	-0.0006	(0.0001)***
<i>Leverage</i>	0.1342	(0.1360)	0.1242	(0.1361)	0.0008	(0.0003)***	0.0008	(0.0003)***
<i>BM</i>	0.0036	(0.0050)	0.0037	(0.0050)	-0.0000	(0.0000)**	-0.0000	(0.0000)**
<i>ROA</i>	0.8289	(0.1291)***	0.8346	(0.1291)***	-0.0021	(0.0003)***	-0.0021	(0.0003)***
<i>VolPrice</i>	0.0001	(0.0002)	0.0001	(0.0002)	0.0000	(0.0000)	0.0000	(0.0000)
<i>Return</i>	0.4476	(0.0784)***	0.4510	(0.0783)***	0.0009	(0.0002)***	0.0010	(0.0002)***
<i>PPE</i>	0.0739	(0.1616)	0.0802	(0.1615)	0.0004	(0.0004)	0.0005	(0.0004)
<i>InstOwn</i>	0.0412	(0.1473)	0.0399	(0.1473)	-0.0013	(0.0003)***	-0.0013	(0.0003)***
Firm fixed effects	Yes		Yes		Yes		Yes	
Year fixed effects	Yes		Yes		Yes		Yes	
Num. obs.	8,851		8,851		8,851		8,851	
Adj. R ²	0.2052		0.2053		0.3338		0.3331	

TABLE 6: SEC Distance on Stock Return Volatility

	Stock Return Volatility			
	Coef	(std error)	Coef	(std error)
<i>Distance</i>	0.003	(0.002) *		
<i>DistDum</i>			0.020	(0.006) ***
<i>Size</i>	-0.008	(0.004) **	-0.009	(0.004) **
<i>Leverage</i>	0.019	(0.012)	0.020	(0.012)
<i>BM</i>	0.001	(0.000) *	0.001	(0.000) *
<i>ROA</i>	-0.041	(0.018) **	-0.040	(0.017) **
<i>VolPrice</i>	-0.000	(0.000)	-0.000	(0.000)
<i>Return</i>	0.008	(0.005)	0.008	(0.005)
<i>PPE</i>	0.003	(0.015)	0.002	(0.015)
<i>InstOwn</i>	-0.056	(0.012) ***	-0.056	(0.012) ***
<i>Analyst</i>	-0.002	(0.005)	-0.002	(0.005)
Firm fixed effects	Yes		Yes	
Year fixed effects	Yes		Yes	
Num. obs.	17,946		17,946	
Adj. R ²	0.478		0.479	

TABLE 7: SEC Distance on Market Reactions to Management Forecast

CAR	CAR			
	Coef	(std error)	Coef	(std error)
<i>Distance</i>	-0.002	(0.001)		
<i>Distance</i> × <i>GuidanceSurprise</i>	-1.933	(0.305)***		
<i>DistDum</i>			-0.009	(0.005)*
<i>DistDum</i> × <i>GuidanceSurprise</i>			-5.872	(1.011)***
<i>GuidanceSurprise</i>	11.108	(1.747)***	5.881	(1.009)***
<i>Size</i>	-0.004	(0.006)	-0.004	(0.006)
<i>Leverage</i>	0.006	(0.020)	0.004	(0.021)
<i>BM</i>	0.002	(0.001)*	0.002	(0.001)*
<i>ROA</i>	0.059	(0.028)**	0.055	(0.027)**
<i>VolPrice</i>	0.000	(0.000)***	0.000	(0.000)***
<i>Return</i>	0.004	(0.013)	0.004	(0.013)
<i>PPE</i>	-0.006	(0.022)	-0.005	(0.023)
<i>InstOwn</i>	0.050	(0.024)**	0.049	(0.024)**
<i>Analyst</i>	-0.018	(0.010)*	-0.018	(0.010)*
Firm fixed effects	Yes		Yes	
Year fixed effects	Yes		Yes	
Num. obs.	8,851		8,851	
Adj. R ²	0.093		0.098	

TABLE 8: SEC Distance on Analyst Reactions to Management Forecast

	Analyst revision			
	Coef	(std error)	Coef	(std error)
<i>Distance</i>	-0.002	(0.001)		
<i>Distance</i> × <i>GuidanceSurprise</i>	-1.933	(0.305)***		
<i>DistDum</i>			-0.009	(0.005)*
<i>DistDum</i> × <i>GuidanceSurprise</i>			-5.872	(1.011)***
<i>GuidanceSurprise</i>	11.108	(1.747)***	5.881	(1.009)***
<i>Size</i>	-0.004	(0.006)	-0.004	(0.006)
<i>Leverage</i>	0.006	(0.020)	0.004	(0.021)
<i>BM</i>	0.002	(0.001)*	0.002	(0.001)*
<i>ROA</i>	0.059	(0.028)**	0.055	(0.027)**
<i>VolPrice</i>	0.000	(0.000)***	0.000	(0.000)***
<i>Return</i>	0.004	(0.013)	0.004	(0.013)
<i>PPE</i>	-0.006	(0.022)	-0.005	(0.023)
<i>InstOwn</i>	0.050	(0.024)**	0.049	(0.024)**
<i>Analyst</i>	-0.018	(0.010)*	-0.018	(0.010)*
Firm fixed effects	Yes		Yes	
Year fixed effects	Yes		Yes	
Num. obs.	8,851		8,851	
Adj. R ²	0.093		0.098	

TABLE 9: SEC Distance on Good news to Bad news Ratio

	<i>Good2Bad</i>			
	Coef	(std error)	Coef	(std error)
<i>Distance</i>	-0.0060	(0.0106)		
<i>DistDum</i>			-0.0385	(0.0353)
<i>Size</i>	-0.0577	(0.0134)***	-0.0565	(0.0132)***
<i>Leverage</i>	0.0703	(0.0512)	0.0685	(0.0517)
<i>BM</i>	0.0025	(0.0018)	0.0025	(0.0018)
<i>ROA</i>	0.0160	(0.0406)	0.0150	(0.0402)
<i>VolPrice</i>	0.0000	(0.0000)	0.0000	(0.0000)
<i>Return</i>	0.0564	(0.0358)	0.0565	(0.0358)
<i>PPE</i>	-0.1021	(0.0452)**	-0.1006	(0.0449)**
<i>InstOwn</i>	0.1221	(0.0572)**	0.1214	(0.0579)**
<i>Analyst</i>	-0.0362	(0.0190)*	-0.0359	(0.0189)*
Firm fixed effects	Yes		Yes	
Year fixed effects	Yes		Yes	
Num. obs.	19,151		19,151	
Adj. R ²	0.040		0.040	