

# Internet Appendix for Measuring the Cost of Regulation: A Text-Based Approach

Charles W. Calomiris      Harry Mamaysky      Ruoke Yang \*

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## 1 Regulatory concept words

To ensure that the context we are identifying is one in which regulation is being discussed in the economic sense (as opposed to, for example, an engineering usage of the word, such as in a discussion of an electricity or water flow regulator system) we identify a list of *Concept* words. We only count an occurrence of *regulat* if one of those Concept words is also present in the same sentence as *regulat*. In Table A1, we report the number of occurrences of *regulat* that coincide with Concept words or not. The vast majority of occurrences coincide with Concept words. The list of Concept words is provided in Table A2, in order of their frequency of occurrence. We identified the words included in this list by examining all the words that co-occur with *regulat* in sentences and using our judgment (prior to running any regressions) to identify words (based on our reading of the sentences in which *regulat* is mentioned) that are associated with economic usages of *regulat*. We refer to sentences containing *regulat* and a Concept word as *regulatory sentences*. We restrict our regulatory tone analysis to sections of calls containing regulatory sentences. The concept word filter applies to only *NetReg* and *RegSent* measures. That is, for a given section of a call, these regulatory measures are set to missing if there are no regulatory sentences in that section of the call, even if there is a mention of *regulat*. *AllSent* measures are unaffected because *AllSent* represents the overall sentiment of a section.

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\*Calomiris (cc374@gsb.columbia.edu) is with Columbia Business School and NBER. Mamaysky (hm2646@columbia.edu) is with Columbia Business School. Yang (ruoke.yang@imperial.ac.uk) is with Imperial College Business School.

## 1.1 Sample sentences mentioning “adapt”

- “Because of our steady and consistent performance, we are well positioned to *adapt* to the coming industry changes required by financial reform legislation and regulators.”
- “Sales in India continue to be impacted as the marketplace *adapts* to the sweeping September 1 regulatory changes to unit-linked product.”
- “On a global kind of view, are you seeing any change or starting to hear any changes on any regulatory front in terms of maybe the local regulators starting to *adapt* strategies for, not just changing cash-to-cash but anything, cash-to-mobile or any of those type solutions.”

## 2 Regulatory exposure from earnings calls: Case studies

The top panel of Figure A1 shows that American Axle, an auto parts manufacturer, mentions regulation only infrequently in its earnings calls. The November 2, 2018 earnings call has the highest *NetRegP* measure among all presentation sections that mention five or more increasing regulatory words. Given that the company almost never discusses regulations on its calls, and that it devotes a portion of this particular call to the topic, we expect that this discussion is predicated by an unusual event:

“We have recently incurred freight rate increases and increased fuel charges; significant utility rate increases in foreign regulated markets, think of Mexico; wage rate increases necessary to attract and retain hourly associates in a tight U.S. labor market; and material cost increases triggered by these same inflationary pressures as well as tariffs and supplier capacity constraints. [...] Another example is the cost of utilities needed to support our operations in Mexico, as a series of unanticipated federally regulated electricity rate increases were unilaterally imposed on our requirements in Mexico.”

The first sentence mentions regulation, but in an offhand manner. The second sentence gets at the heart of the matter. The company is concerned about an unanticipated rate increase from utilities that support its operation in Mexico. Using NLP measures allows us to identify such important regulatory events, which would not be apparent from any other data source. (How else could one learn that a rate increase by Mexican utilities was an adverse event for a U.S. auto parts manufacturer?) Finally, we note the emphasis on regulatory risk: It is

not simply a rate increase, but the fact that this increase was unanticipated, that bothers the management team, perhaps because it portends future potential surprises. Again, the physical cost of regulatory compliance is not mentioned.

The bottom panel of Figure A1 shows the AutoNation earnings call with the highest *NetRegQA* measures among all earnings calls where the Q&A section contains five or more increasing regulation modifier words. This occurs in the Q&A section of the July 22, 2015 earnings call. Based on the high value of *NetRegQA*, we expect this call to focus on a deteriorating regulatory environment. The sentences that mention regulat in the Q&A section of the call are:

“I think for smaller dealers, the ever-increasing regulatory burden in principle – and by the way, you can look at that for all business, whether we’re talking about how you keep track of overtime, how you deal with health care, the regulatory environment now here around the CFPB, it’s a regulatory burden for smaller companies in principle in America it is getting more and more difficult. [...] I will tell you though that this regulatory burden and difficulty of doing business and the complexity of the demands from the OEMs, you need a Ph.D. to keep track of these incentive programs.”

Our measure captures the management message that there is an increasingly onerous regulatory compliance burden for auto dealers in the U.S. This is qualitatively different from the regulatory concerns of Duke and American Axle: AutoNation is concerned about the physical cost of regulation for small dealers, not just the risks of regulation. It is literally very costly for small dealers to handle all the regulatory requirements of doing business (e.g., the high costs of complying with the regulations of the Consumer Financial Protection Bureau, established in the wake of the Global Financial Crisis). What is not clear is whether management perceives this to be a boon for AutoNation, which is not a “smaller” dealer and may have the resources to better deal with the “regulatory burden.” We discuss the interaction of firm size and regulations in the main body of the paper.

In summary, our measure can accurately capture important aspects of firms’ regulatory environments. It should also be noted that in all three case studies the *NetReg* and *AllSent* series do not appear to be very correlated, suggesting that the *NetReg* measures are capturing a unique aspect of firms’ operating environments, about which the overall tone of earnings calls is not informative.

### 3 Analysis of LDA output

Figures A2 (for the Pres topics) and A3 (for the Q&A topics) show the word clouds associated with each topic, as well as quarterly topic frequencies over time, calculated as the average within-quarter document-topic distributions. Tables A3 and A4 show the most frequently occurring words in each topic, as well as the topic-word probabilities for these words. The topic names come from our subjective judgement of the nature of each topic based on the word clouds and top-word lists.

As seen in Figure A2 and Table A3, regulatory discussion in the Pres section of the call contains two “legalese” topics, which mention regulation in the context of boilerplate legal disclaimers. There are six very coherent topics dealing with: the utility industry, the financial industry, product markets (*prodmarket*), Europe, the FDA, and M&A activity. Of the two remaining topics, one (client) deals with firms’ clients or customers, and the other deals with the impact of regulation on profit levels or margins. These topics reflect the carefully crafted regulatory messaging that management chooses to give investors. From the bottom part of Figure A2, we see the fraction of the Pres section devoted to the two legalese topics and to the utility sector has been declining over time, while the Europe and client share has been growing. The other topic categories do not show pronounced trends.

In the Q&A portion of the call, as shown in Figure A3 and Table A4, the topics are somewhat different. There are several topics that have large overlaps with peer topics in the Pres section, and to which we assign the same name. These topics deal with the FDA, M&A activity, product market issues, the financial and utility industries, the firms’ clients and profitability. There are three distinct topics, which do not have close Pres section peers. One of these, which we call *euro-competit*, relates to market competition in the context of Europe. The second of these is a topic dealing with corporate finance questions, such as bank financing and credit access; there is no close analogue here in the Pres section suggesting investors are more interested in discussing these questions than are the management teams. The final topic is one we call *neg* because it contains many negated words. Recall from our earlier discussion that we employ the Das and Chen (2007) negation algorithm, which appends the suffix “\_NEG” to all words following a negating word (e.g. no or not) in a sentence. The neg topic assigns high probabilities to many words that have been negated, e.g. *regul\_NEG* or *impact\_NEG* (which indicates that these words were mentioned on the call after a negating word). There is no comparable tendency in the Pres section, suggesting that in conversation between investors and management teams, the latter feel a need to refer to regulations in a negating way. For example, the following sentence appears in the Q&A of a call in June 2019: “I don’t see a lot of other regulation.” Or this one from September 2010:

“In the very short term, frankly, it’s not because you need to get into conversations with the regulators to pay a dividend from here or there.” In terms of trends in the Q&A section, the bottom part of Figure A3 shows that the fraction of regulatory discussion that is negated and the share coming from the utility sector decline over time, while the euro-competit topic is growing.

While the aggregate trends in the utility and Europe topics are similar between the Pres and Q&A sections of the calls, the aggregate time-series variation of the other topical categories does not appear very correlated across the two call sections. Even at this aggregated level, we find that the Pres and Q&A portions of earnings calls concern themselves with different aspects of the firm-regulatory relationship. Of course, the variation in the disaggregated information content of the two sections is likely even higher.

Table A5 gives a sense of how our topical categories are related to our *NetReg* measure. For the Pres and Q&A sections of each call (the top and bottom panels of the table respectively) for each topic category we find all calls whose document-topic probability is above 50%. For such calls, we then calculate the average value of *NetReg*. For example, calls whose Presentation sections discuss regulation in the context of the FDA have a very low *NetReg* score of -0.017, indicating a favorable regulatory environment. Whereas calls that discuss regulation in in the Q&A section in the context of profit margins have a relatively high *NetReg* score of 0.007, indicating an adverse regulatory environment. Interestingly discussions of M&A in the context of regulation are associated with a very favorable regulatory environment, as indicated by extremely low *NetReg* scores.

For our empirical work, we first check the stability of these topical categories across different LDA estimations, and then work with regulatory topics that are stable across all LDA estimations. Furthermore, we find that some topics have quite similar to one another, and we combine these topics into topic groups for our empirical analysis. This procedure is discussed in Appendix Section 4.

## 4 Topic stability

To assess the stability of our the Presentation and Q&A topics, we proceed as follows. For the Presentation corpus, we run 100 LDA estimations. And we run another 100 LDA estimations for the Q&A corpus. We refer to these 200 runs as the evaluation runs, and we refer to the topic models used in the paper as the base runs. When comparing one LDA run to another one, it is challenging to decide which topic from run one is associated with which topic from run two. We use a recursive mapping between the base run and each evaluation run that

maps each base topic to the evaluation run topic that has the highest cosine similarity, and that hasn't yet been assigned to any other base topic. This recursive mapping proceeds as follows:

For each evaluation run, we calculate a  $10 \times 10$  cosine similarity matrix  $m^{(10)}$  where  $m_{i,j}^{(10)}$  is the cosine similarity between the  $i$ th base model topic and the  $j$ th topic of the evaluation run, or

$$m_{i,j}^{(10)} = \frac{\tau_i^{b\top} \tau_j^{eval}}{\|\tau_i^b\| \|\tau_j^{eval}\|},$$

where  $\tau_i^b$  is the topic-word distribution of the  $i$ th topic in the base model, and  $\tau_j^{eval}$  is the  $j$ th topic-word distribution in the evaluation model run. We now find the highest  $m_{i,j}^{(10)}$  for all pairs  $i$  and  $j$  in matrix  $m^{(10)}$ . We refer to the most similar base and evaluation topics as  $b_{10}$  and  $e_{10}$  respectively, and we say that base topic  $b_{10}$  is *associated* with evaluation topic  $e_{10}$ . This associates base topic  $b_{10}$  with evaluation topic  $e_{10}$ . We now remove the  $b_{10}$ th row and the  $e_{10}$ th column from  $m^{(10)}$  to yield a  $9 \times 9$  matrix  $m^{(9)}$ . We now choose the highest value of  $m_{i,j}^{(9)}$  for all pairs  $i$  and  $j$  in matrix  $m^{(9)}$ . This creates a new association between topic  $b_9$  of the base run and topic  $e_9$  of the evaluation run. We now strip out the  $b_9$ th row and the  $e_9$ th column of  $m^{(9)}$  to yield an  $8 \times 8$  matrix  $m^{(8)}$ . We proceed in this way until every one of the base topics has been associated with an evaluation run topic. This yields a set of ten associated topics:  $\{b_{10}, e_{10}\}, \{b_9, e_9\}, \dots, \{b_1, e_1\}$ , with ten cosine similarities  $m_{b_{10}, e_{10}}, m_{b_9, e_9}, \dots, m_{b_1, e_1}$ .

For each of the base topics for the Presentation section, Panel A of Table A6 reports the mean, standard deviation, minimum and maximum cosine similarity between that topic and its associated evaluation topic across the 100 evaluation LDA runs. The table is sorted from the highest to the lowest mean cosine similarity base topic in the Presentation section. For topics from *fda* to *util*, there is a very close match between the base topics and *all* evaluation runs. The minimum cosine similarity between the base topic and its associated evaluation topic across all 100 runs is 0.9380. For *prodmarket* and *client*, the minimum cosine similarity of the base and evaluation topic across all evaluation runs is still quite high, above 0.9. Furthermore, as Figure A4 shows, the *prodmarket* and *client* topics have the highest cosine similarity among all base run topics (of close to 0.75) and for this reason in our empirical work we group these topics together into one combined topic. The *legalese* topic has a relatively high minimum associated topic cosine similarity across all 100 evaluation runs of 0.85, and we keep *legalese* as a standalone topic. At the bottom of the Presentation panel of Table A6, the *euro* and *legalese2* topics are quite unstable across runs, with an extremely high standard deviation of associated cosine similarities, and minimum associated cosine similarities of 0.02

and 0.06 respectively across all 100 evaluation runs. For this reason, we group these two topics together in our empirical analysis, and interpret them as residual topics for discussion categories not capture by the stable topics.

Panel B of Table A6 shows the analogous analysis for the base topics from the Q&A sections of conference calls. Again topics are sorted from highest to lowest by their mean cosine similarity to their associated topics across the 100 evaluations runs for the Q&A corpus. Topics *neg*, *m&a*, *fda*, and *fin*s all distinct – judging by their cosine similarity with one another shown in Figure A4 – and stable topics, which the minimum associated topic cosine similarity across all 100 evaluation runs of roughly 0.98. The *prodmarket*, *client* and *euro-competit* topics are relatively stable, with minimum cosine similarities of 0.95, 0.82, and 0.78 respectively, and as seen from Figure A4 these topics have a high cosine similarity with one another, and seem to form one overall topic category. For this reason we group these three topics together in our empirical work. Finally, the bottom three topics in Panel B of Table A6 are very unstable, with the highest minimum associated topic cosine similarity across the three topics of 0.45 and very high standard deviations of associated topic cosine similarities across the 100 evaluation runs, and we group these together into one residual topic in our empirical work.

## 5 Notes on returns regressions

We note that the alpha coefficients in the return regressions for 22-day ahead returns in Tables A35–A40 are roughly between -1 and -3 and are all statistically significant. The average alpha in our factor model regressions is 1.5 basis points, with a standard deviation of 16.4 basis points. The average 22-day FF6 abnormal (excess) return is 21 (152) basis points with a standard deviation of 1,164 (1,290) basis points. So the economic effect of lagged alphas on future 22-day returns is very small despite the significant coefficient estimates.

### Case studies of corporate regulatory mentions

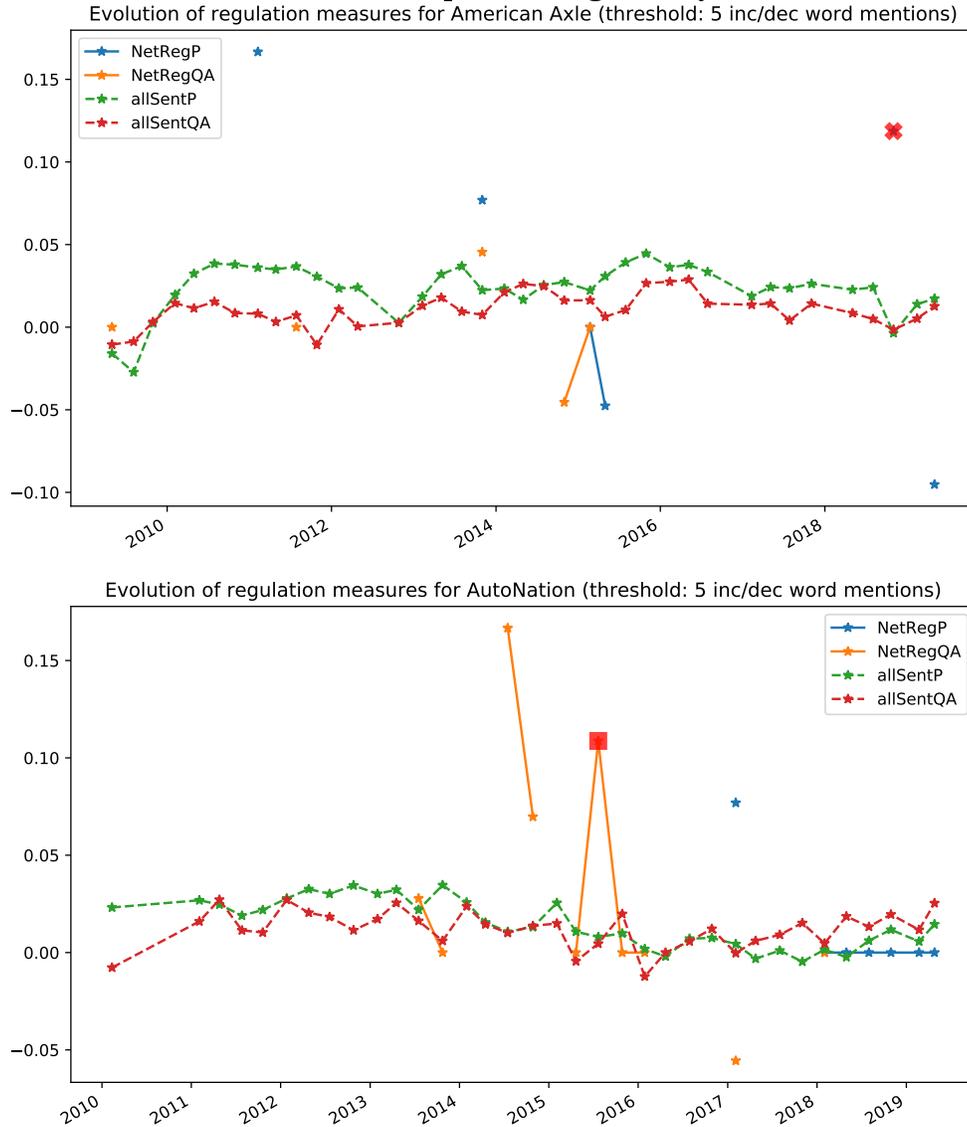


Figure A1: The figures show the evolution of *NetReg* and *AllSent* for three sample firms. On each plot, the maximum and minimum *NetReg* points are shown for both the presentation (red X) and Q&A (red square) sections. The maximum (minimum) is found among all sections of calls that have both positive (negative) *NetReg* and that mention increasing (decreasing) regulatory modifier words (from Table 3) five or more times. If no such sections exist for a given firm in a given quarter, no *NetReg* plot point will be shown; it is possible that a maximum or minimum will not exist because there were no qualifying calls.

Wordcloud for Presentation



Document topic share for Presentation (SA)

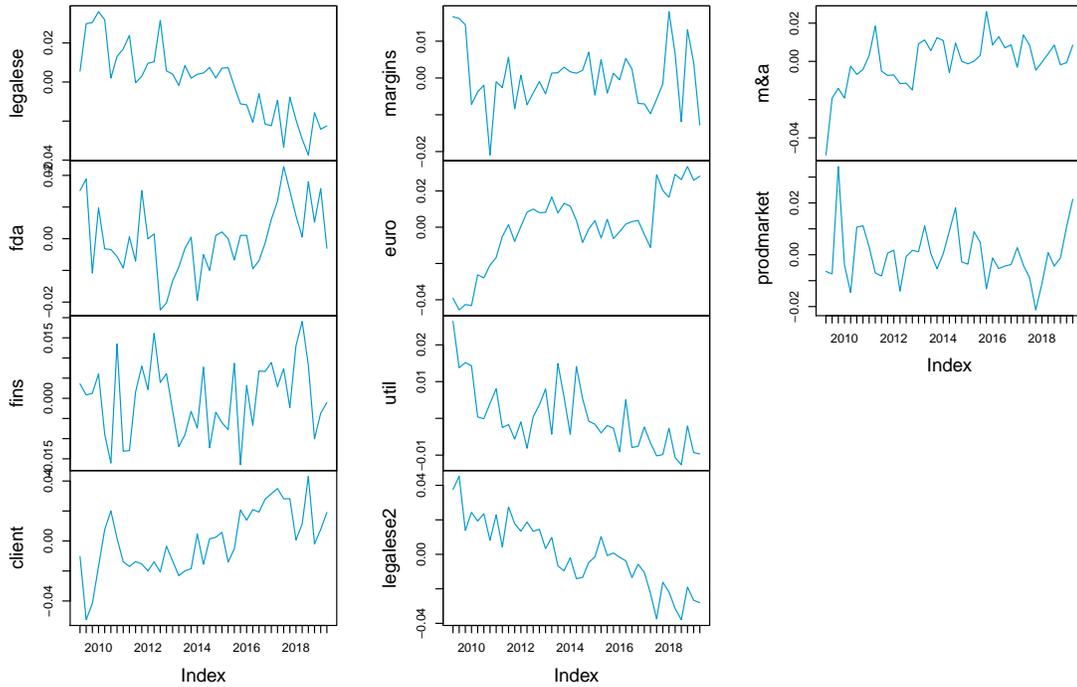


Figure A2: Presentation topics from LDA with 2000-iteration Gibbs sampling. Seasonally adjusted (by regressing out quarter dummies) topic frequencies (averages of document-topic distributions across all Presentation sections in a given quarter) are shown in second panel. The time-series plots are at a quarterly frequency.

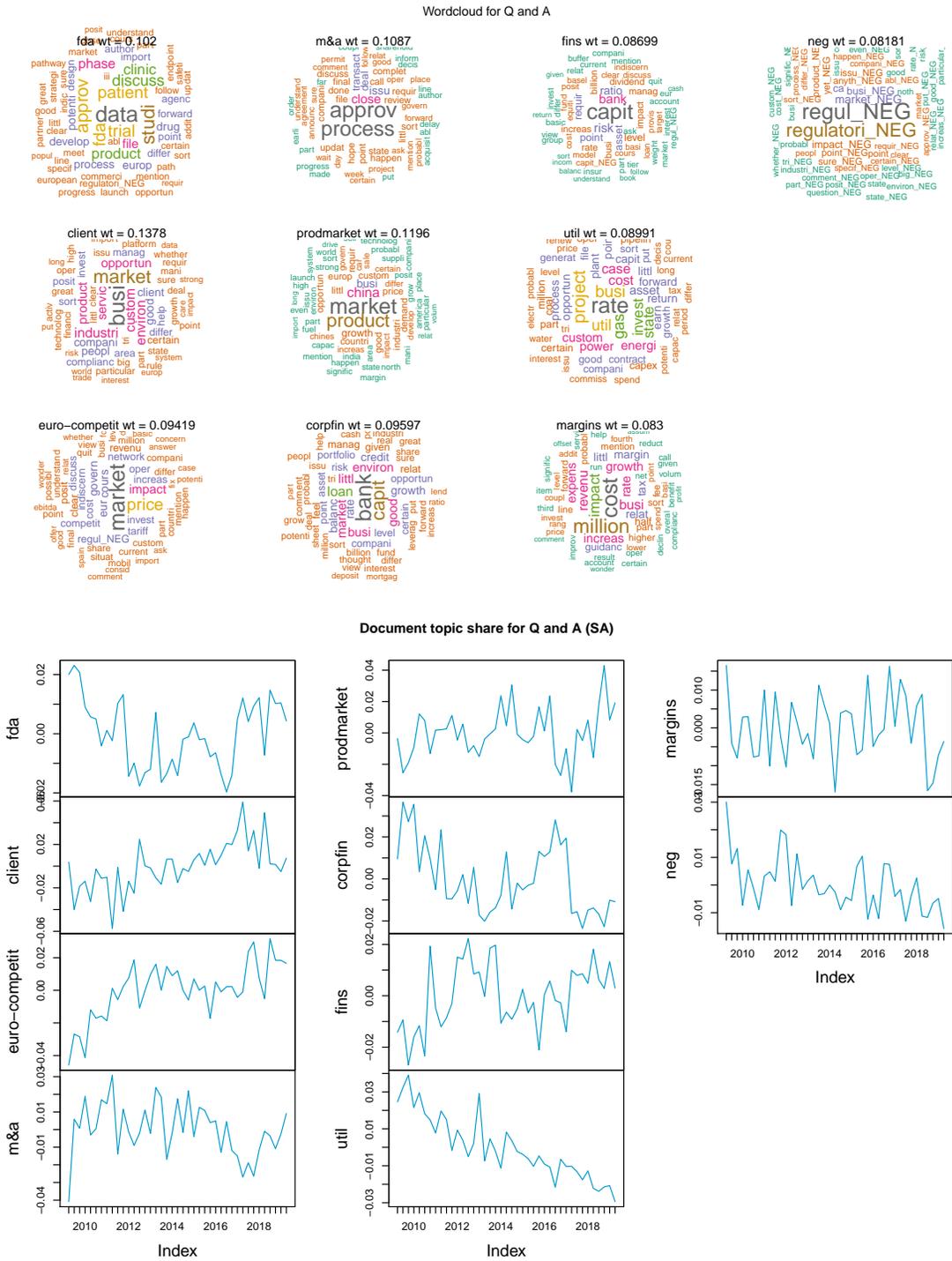
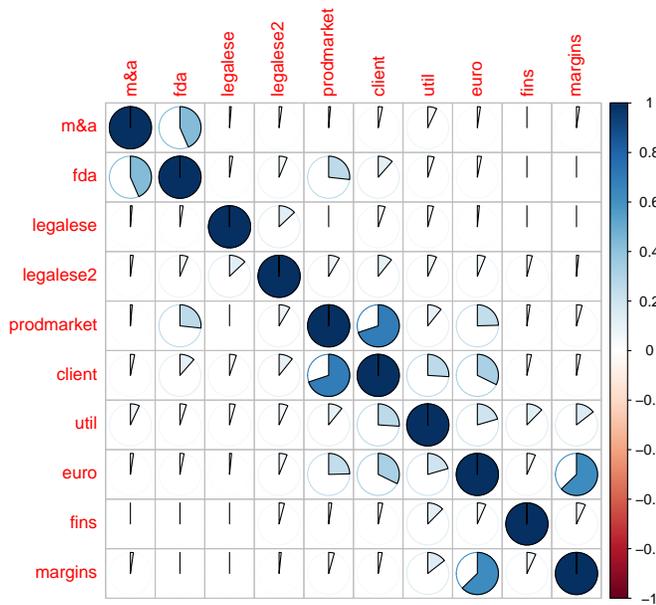


Figure A3: Q&A topics from LDA with 2000-iteration Gibbs sampling. Seasonally adjusted (by regressing out quarter dummies) topic frequencies (averages of document-topic distributions across all Q&A sections in a given quarter) are shown in second panel. The time-series plots are at a quarterly frequency.

Model similarity for LDA Presentation



Model similarity for LDA Q and A

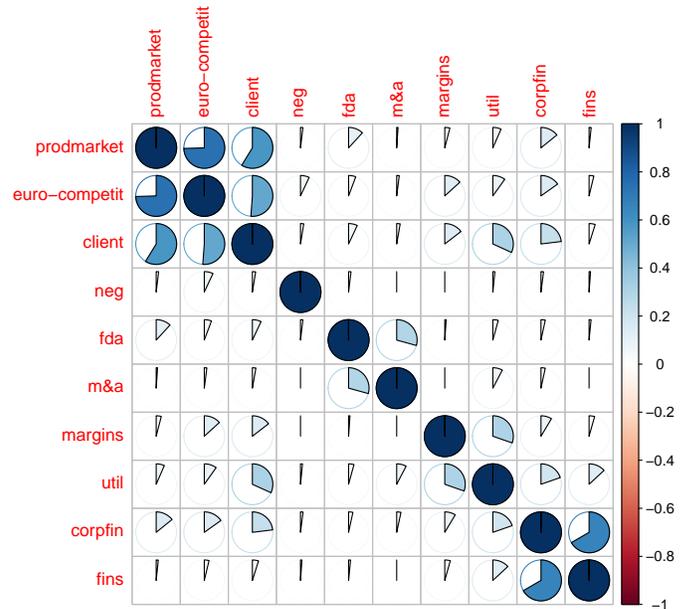


Figure A4: These plots show the cosine similarities between the topics from the base Presentation (left panel) and base Q&A LDA (right panel) runs. If  $\tau_i$  is the topic-word distribution for a given

## Impulse response of asset growth to a *NetReg* shock

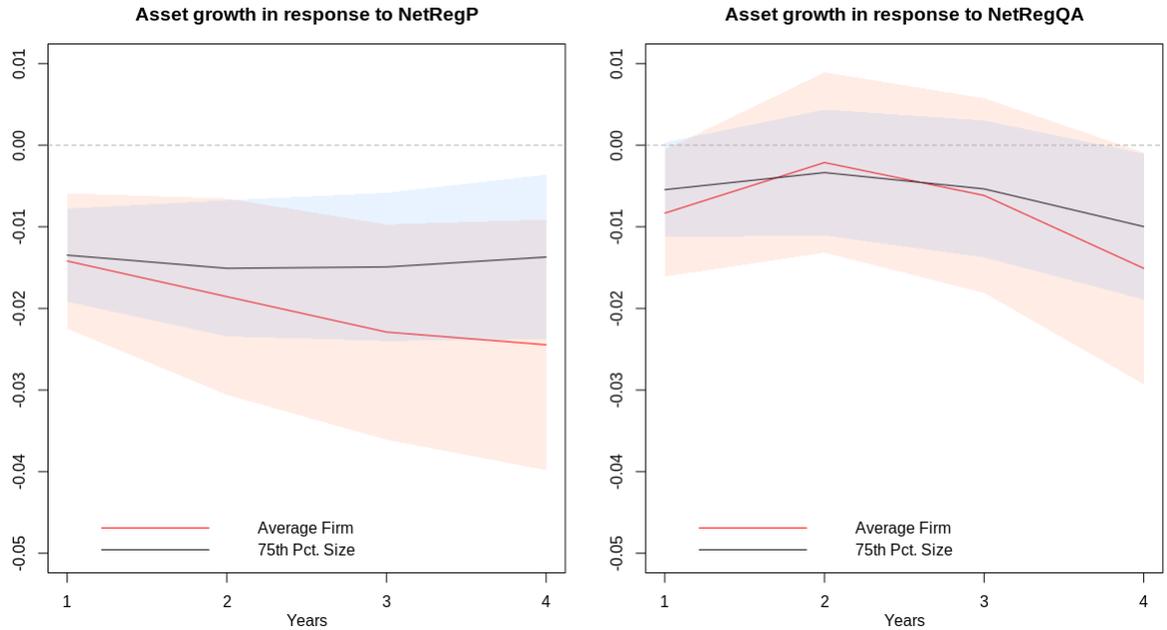


Figure A5: The response of asset growth to a one-standard deviation shock to *NetRegP* (presentation) and *NetRegQA* (Q&A). We use the local projection method of Jorda (2005) to calculate the cumulative impulse response, as the sum of all prior prior and current single period responses to a one standard deviation shock of the respective *NetReg* measure. Shown are the cumulative response for an average-sized firm, as well as for a firm in the 75<sup>th</sup> percentile. The impulse response assumes that the *NetReg* shock is orthogonal to all other influences. Standard errors assume independence of successive shocks. The bands in the figure show 95% confidence intervals.

## Impulse response of gross margin and operating margin to a *NetReg* shock

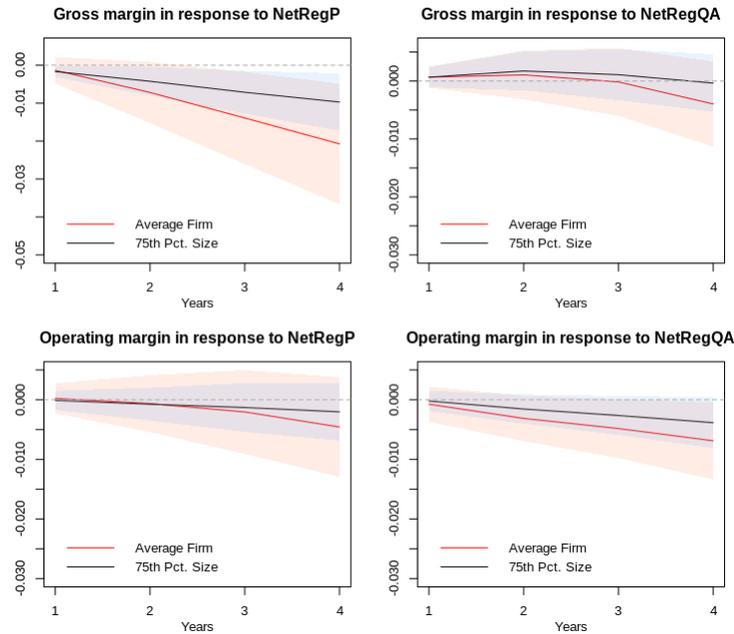


Figure A6: The response of gross margin and operating margin to a one-standard deviation shock to *NetRegP* (presentation) and *NetRegQA* (Q&A). We use the local projection method of Jorda (2005) to calculate the cumulative impulse response, as the sum of all prior prior and current single period responses to a one standard deviation shock of the respective *NetReg* measure. Shown are the cumulative response for an average-sized firm, as well as for a firm in the 75<sup>th</sup> percentile. The impulse response assumes that the *NetReg* shock is orthogonal to all other influences. Standard errors assume independence of successive shocks. The bands in the figure show 95% confidence intervals.

## Impulse response of gross margin change and operating margin change to a *NetReg* shock

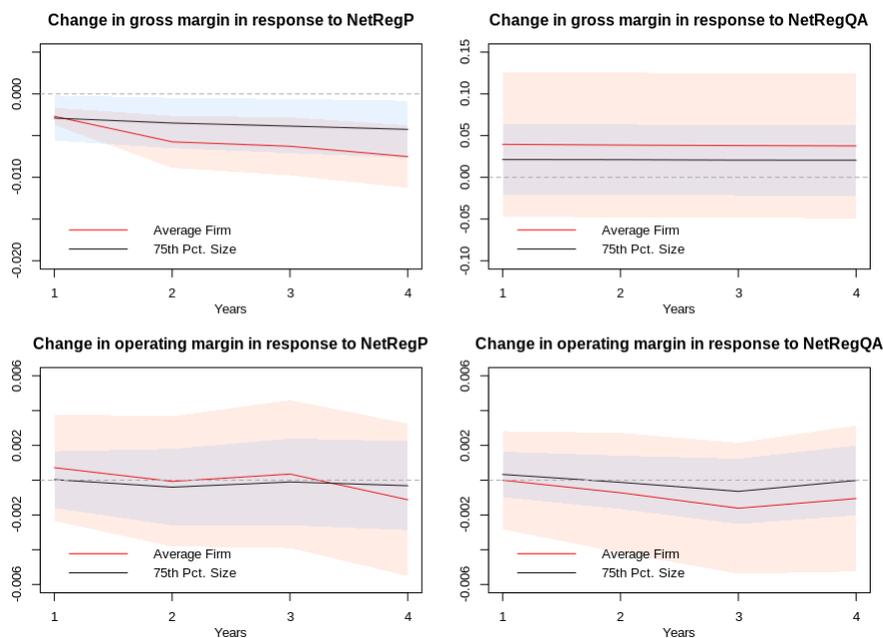


Figure A7: The response of gross margin change and operating margin change to a one-standard deviation shock to *NetRegP* (presentation) and *NetRegQA* (Q&A). We use the local projection method of Jordà (2005) to calculate the cumulative impulse response, as the sum of all prior prior and current single period responses to a one standard deviation shock of the respective *NetReg* measure. Shown are the cumulative response for an average-sized firm, as well as for a firm in the 75<sup>th</sup> percentile. The impulse response assumes that the *NetReg* shock is orthogonal to all other influences. Standard errors assume independence of successive shocks. The bands in the figure show 95% confidence intervals.

Table A1: For a *regulat* sentence to pass our filter, we require that one of the *concept* words is also present. Applying this filter to our data results in the following numbers of calls which pass our regulatory filter in their presentation and Q&A sections respectively. The column labeled “No concept” is the number of sentences mentioning *regulat* but that do not contain a concept word and hence do not pass our regulatory filter.

**Number of earnings calls passing regulatory filter**

	Concept	No concept
Pres	48,136	1,770
QA	37,070	3,399

Table A2: Shown are stemmed modifying concept words. The number of times each stemmed word occurs in the presentation and Q&A portion of the calls is shown next to each word. Words are arranged in decreasing order of occurrence. Stemmed *Concept* words also include their negated versions, e.g. “adjust” and “adjust\_NEG”.

### Regulatory concept word list

Category
<b>Concept</b>
regulatori 128165, market 24012, approv 21109, chang 20204, busi 20036, capit 16205, requir 14343, cost 13757, financi 12454, impact 11811, risk 11247, develop 10847, environ 10746, regulatori_NEG 10474, file 8686, issu 7430, measur 7394, state 7099, complianc 6059, effect 5953, govern 5868, tax 5862, author 5589, expens 5560, review 5200, uncertainti 5085, secur 4786, ratio 4711, condit 4496, side 4330, initi 4232, demand 4036, strategi 3963, progress 3938, rule 3794, fda 3779, agenc 3689, sec 3614, decis 3413, acquisit 3351, challeng 3263, chang_NEG 3113, direct 3098, legal 3080, propos 2991, adjust 2898, pressur 2766, standard 2697, environment 2661, perspect 2520, feder 2504, legisl 2435, limit 2413, law 2316, fee 2289, spend 2280, structur 2225, peopl 2156, market_NEG 2084, leverag 1873, approv_NEG 1831, delay 1818, financ 1800, loss 1798, busi_NEG 1754, submit 1733, impact_NEG 1731, tariff 1685, sector 1655, unregul 1594, item 1546, requir_NEG 1537, limit_NEG 1510, capit_NEG 1503, commit 1484, polit 1454, deregul 1448, standpoint 1396, institut 1270, litig 1249, minimum 1240, nonregul 1232, administr 1195, risk_NEG 1169, headwind 1157, jurisdict 1099, clearanc 1081, issu_NEG 1065, restrict 1035, regim 995, entiti 994, cost_NEG 991, settlement 932, financi_NEG 890, environ_NEG 869, epa 848, guidelin 843, develop_NEG 777, hurdl 777, enforc 771, compliant 753, mandat 718, govern_NEG 684, file_NEG 678, effect_NEG 675, constraint 672, condit_NEG 669, burden 667, state_NEG 611, scrutini 600, oversight 570, tax_NEG 527, wind 513, author_NEG 486, rule_NEG 449, law_NEG 422, secur_NEG 413, demand_NEG 409, side_NEG 383, complianc_NEG 369, agenc_NEG 367, uncertainti_NEG 361, decis_NEG 358, barrier 355, review_NEG 333, legal_NEG 329, sensit 313, fda_NEG 311, complic 310, pressur_NEG 298, direct_NEG 297, standard_NEG 294, perspect_NEG 293, consent 282, antitrust 278, ratio_NEG 277, acquisit_NEG 274, peopl_NEG 274, cms 269, strategi_NEG 269, expens_NEG 250, structur_NEG 249, initi_NEG 245, legisl_NEG 245, privaci 230, propos_NEG 226, provinci 222, feder_NEG 222, cfpb 217, spend_NEG 214, sec_NEG 208, penalti 207, environment_NEG 206, delay_NEG 203, challeng_NEG 196, loss_NEG 191, standpoint_NEG 189, politician 188, litig_NEG 179, progress_NEG 175, policymak 174, financ_NEG 174, adjust_NEG 171, prohibit 168, upregul 168, pollut 164, promulg 161, reregul 159, polit_NEG 158, restrict_NEG 158, minist 154, tariff_NEG 150, measur_NEG 148, supervis 145, enforc_NEG 142, fee_NEG 142, item_NEG 138, notifi 136, permiss 136, leverag_NEG 134, parliament 133, sector_NEG 133, institut_NEG 131, discret 128, hurdl_NEG 127, constraint_NEG 123, usda 121, regim_NEG 120, deregul_NEG 118, docket 117, disallow 114, compliant_NEG 112, commit_NEG 111, entiti_NEG 107, finra 105, ftc 100, disposit 99, mandat_NEG 98, jurisdict_NEG 95, administr_NEG 94, clearanc_NEG 93, unregul_NEG 91, unintend 88, supervisor 85, settlement_NEG 84, submit_NEG 84, supervisor 79, legislatur 78, cftc 77, monopoli 75, burden_NEG 75, dysregul 73, rulemak 72, minimum_NEG 72, headwind_NEG 72, sox 70, guidelin_NEG 66, resubmiss 64, naic 64, oversight_NEG 56, scrutini_NEG 55, repeal 50, nonregul_NEG 50, epa_NEG 49, accreditor 48, superintend 48, congression 47, burdensom 44, lawmak 43, esma 41, barrier_NEG 40, downregul 38, complic_NEG 38, osha 35, sensit_NEG 35, overregul 35, deregulatori 34, crime 32, wind_NEG 32, politician_NEG 31, licensur 30, penalti_NEG 30, reregul_NEG 29, permiss_NEG 28, overturn 28, resubmit 26, fsoc 26, cfpb_NEG 25, prohibit_NEG 25, ministeri 24, upheld 24, autoregul 24, consent_NEG 21, bureaucrat 21, privaci_NEG 19, unintend_NEG 19, antitrust_NEG 19, promulg_NEG 19, preapprov 18, provinci_NEG 18, disposit_NEG 17, pollut_NEG 17, supervisor_NEG 17, iosco 16, redress 15, parliament_NEG 15, discret_NEG 15, cms_NEG 15, minist_NEG 15, supervis_NEG 14, monopoli_NEG 14, codifi 14, usda_NEG 13, icc 11, disallow_NEG 11, crackdown 11, parlamentari 10, upregul_NEG 10, notifi_NEG 9, litigi 9, legislatur_NEG 9, supervisor 7, ftc_NEG 7, overregul_NEG 7, finra_NEG 7, esma_NEG 7, cftc_NEG 6, sox_NEG 5, accreditor_NEG 5, resubmiss_NEG 4, resubmit_NEG 4, congression_NEG 4, docket_NEG 4, fsoc_NEG 4, licensur_NEG 3, rulemak_NEG 3, naic_NEG 3, repeal_NEG 3, lawmak_NEG 3, redress_NEG 3, bureaucrat_NEG 3, dysregul_NEG 3, upheld_NEG 2, burdensom_NEG 2, deregulatori_NEG 2, ministeri_NEG 2, downregul_NEG 2, crime_NEG 1, autoregul_NEG 1, overturn_NEG 1, boatload 1, policymak_NEG 1, iosco_NEG 1, litigi_NEG 1, preapprov_NEG 1, osha_NEG 1

Table A3: Topic-word distributions for the presentation section. The top 20 words in each topic is shown, along with the topic-word distribution. The LDA is estimated using Gibbs sampling with 2000 iterations.

Topic	Words
legalese	financi 0.045, measur 0.04, gaap 0.039, call 0.038, non 0.03, releas 0.023, sec 0.019, inform 0.018, compani 0.018, websit 0.017, statement 0.016, forward 0.015, file 0.014, discuss 0.013, reconcili 0.013, result 0.013, present 0.013, press 0.013, investor 0.012, earn 0.011
fda	clinic 0.02, approv 0.02, develop 0.018, product 0.016, studi 0.014, trial 0.014, patient 0.013, phase 0.012, commerci 0.012, fda 0.012, data 0.011, potenti 0.009, addit 0.008, market 0.008, file 0.008, launch 0.007, progress 0.007, submiss 0.007, result 0.006, iii 0.006
fins	capit 0.048, ratio 0.025, bank 0.018, loan 0.014, requir 0.012, billion 0.012, asset 0.012, million 0.012, risk 0.011, increas 0.011, remain 0.01, level 0.009, total 0.009, strong 0.009, equiti 0.008, posit 0.008, basi 0.008, point 0.008, credit 0.008, invest 0.007
client	market 0.02, busi 0.016, custom 0.011, servic 0.01, growth 0.009, industri 0.009, manag 0.008, environ 0.007, product 0.007, oper 0.007, opportun 0.007, client 0.007, financi 0.006, posit 0.006, increas 0.006, complianc 0.006, invest 0.006, compani 0.005, solut 0.005, technolog 0.005
margins	million 0.072, increas 0.032, expens 0.03, cost 0.027, revenu 0.023, relat 0.019, tax 0.018, oper 0.017, result 0.015, due 0.015, incom 0.013, compar 0.013, higher 0.013, impact 0.013, net 0.013, rate 0.011, lower 0.01, approxim 0.01, sale 0.01, share 0.01
euro	million 0.021, eur 0.02, revenu 0.018, increas 0.014, busi 0.013, impact 0.013, market 0.012, growth 0.012, cost 0.011, ebitda 0.011, result 0.009, price 0.008, oper 0.008, posit 0.007, main 0.007, period 0.006, billion 0.006, due 0.006, network 0.006, half 0.006
util	rate 0.019, earn 0.014, util 0.013, custom 0.013, invest 0.013, busi 0.012, energi 0.012, project 0.012, oper 0.011, gas 0.011, growth 0.009, million 0.007, capit 0.007, result 0.007, case 0.007, servic 0.007, electr 0.007, cost 0.007, file 0.007, power 0.006
legalese2	statement 0.035, risk 0.033, forward 0.028, result 0.027, factor 0.023, compani 0.019, differ 0.019, uncertainti 0.018, materi 0.018, futur 0.014, busi 0.012, file 0.011, caus 0.011, market 0.011, product 0.011, regulatori_NEG 0.011, condit 0.011, competit 0.01, secur 0.01, econom 0.009
m&a	approv 0.037, close 0.021, transact 0.019, process 0.013, complet 0.012, acquisit 0.01, receiv 0.01, compani 0.01, subject 0.01, announc 0.01, agreement 0.008, final 0.008, sharehold 0.008, share 0.007, review 0.007, oper 0.006, progress 0.006, busi 0.006, remain 0.006, propos 0.006
prodmarket	market 0.026, product 0.024, growth 0.013, increas 0.013, demand 0.01, sale 0.01, industri 0.009, busi 0.009, custom 0.008, china 0.008, price 0.008, requir 0.006, strong 0.006, fuel 0.006, technolog 0.006, project 0.005, develop 0.005, oil 0.005, high 0.005, system 0.005

Table A4: Topic-word distributions for the Q&A section. The top 20 words in each topic is shown, along with the topic-word distribution. The LDA is estimated using Gibbs sampling with 2000 iterations.

Topic	Words
fda	data 0.02, studi 0.017, approv 0.014, patient 0.014, fda 0.013, trial 0.013, discuss 0.011, product 0.01, clinic 0.01, phase 0.01, file 0.008, develop 0.007, potenti 0.006, process 0.006, europ 0.006, drug 0.006, differ 0.006, point 0.006, forward 0.005, agenc 0.005
client	busi 0.02, market 0.017, custom 0.009, industri 0.009, environ 0.009, servic 0.008, opportun 0.008, product 0.008, good 0.008, client 0.008, compani 0.007, peopl 0.007, area 0.006, differ 0.006, manag 0.006, sort 0.006, help 0.005, invest 0.005, posit 0.005, complianc 0.005
euro-competit	market 0.021, price 0.014, impact 0.008, cours 0.007, eur 0.007, govern 0.007, cost 0.006, invest 0.006, increas 0.006, competit 0.006, oper 0.006, indiscern 0.006, network 0.005, tariff 0.005, discuss 0.005, regul_NEG 0.005, revenu 0.005, clear 0.005, posit 0.005, busi 0.005
m&a	approv 0.028, process 0.026, close 0.011, issu 0.009, deal 0.008, transact 0.007, done 0.006, point 0.006, hope 0.006, review 0.006, file 0.006, state 0.006, call 0.005, final 0.005, complet 0.005, discuss 0.005, requir 0.005, compani 0.005, updat 0.005, littl 0.005
prodmarket	market 0.033, product 0.026, china 0.014, busi 0.011, growth 0.008, price 0.007, custom 0.007, countri 0.007, europ 0.007, good 0.007, littl 0.007, industri 0.006, demand 0.006, opportun 0.006, requir 0.005, certain 0.005, differ 0.005, increas 0.005, sale 0.005, impact 0.005
corpfin	bank 0.019, capit 0.016, loan 0.01, market 0.008, littl 0.008, good 0.007, environ 0.007, busi 0.007, credit 0.007, balanc 0.006, rate 0.006, growth 0.006, compani 0.006, level 0.006, risk 0.005, point 0.005, opportun 0.005, certain 0.005, asset 0.005, portfolio 0.005
fins	capit 0.034, bank 0.014, risk 0.012, ratio 0.011, requir 0.009, asset 0.009, point 0.008, level 0.008, dividend 0.007, impact 0.007, billion 0.007, busi 0.006, increas 0.006, manag 0.006, rate 0.006, basi 0.005, clear 0.005, cours 0.005, indiscern 0.005, discuss 0.005
util	rate 0.016, project 0.012, busi 0.011, util 0.01, gas 0.009, invest 0.009, state 0.009, cost 0.008, case 0.007, custom 0.007, power 0.006, energi 0.006, asset 0.006, opportun 0.006, plant 0.006, forward 0.006, capit 0.006, littl 0.005, return 0.005, earn 0.005
margins	cost 0.032, million 0.028, impact 0.017, busi 0.015, revenu 0.015, rate 0.014, growth 0.014, increas 0.013, expens 0.013, tax 0.011, relat 0.011, margin 0.011, littl 0.01, guidanc 0.009, half 0.008, line 0.007, sort 0.007, higher 0.007, fee 0.006, mention 0.006
neg	regul_NEG 0.031, regulatori_NEG 0.026, market_NEG 0.01, busi_NEG 0.009, ca 0.008, impact_NEG 0.007, anyth_NEG 0.007, issu_NEG 0.006, point_NEG 0.006, yet_NEG 0.005, product_NEG 0.005, point 0.005, sure_NEG 0.005, compani_NEG 0.005, specif_NEG 0.005, requir_NEG 0.005, sort_NEG 0.005, market 0.005, abl_NEG 0.004, happen_NEG 0.004

Table A5: We collect all earnings calls whose presentation section’s topic distribution is above 50% for a given topic. We then report the mean *NetRegP* and its standard error (assuming independence across calls) for this set of earnings calls for a given topic. The top panel of the tables show these results. The bottom panel shows the analogous results for the Q&A portions of the calls.

**Average *NetReg* across topics**

**Regulatory trends within topical contexts in the Presentation section**

Topic	Mean	SE
legalese	0.0093	0.0004
fda	-0.0174	0.0005
fins	-0.0011	0.0008
client	0.0061	0.0007
margins	0.0083	0.0016
euro	-0.0040	0.0011
util	-0.0162	0.0009
legalese2	0.0136	0.0005
m&a	-0.0535	0.0011
china	0.0079	0.0010

**Regulatory trends within topical contexts in the Q&A section**

Topic	Mean	SE
fda	-0.0147	0.0007
client	0.0010	0.0008
euro-competit	-0.0057	0.0009
m&a	-0.0327	0.0013
china	0.0003	0.0009
corpfin	0.0023	0.0010
fins	-0.0001	0.0009
util	-0.0114	0.0009
margins	0.0068	0.0016
neg	-0.0027	0.0009

Table A6: These panels show the stability (mean, min, max) of the Presentation and Q&A topics across 100 sample LDA runs (100 LDA estimations are run for the Presentation section, and another 100 are run for the Q&A section). The table is sorted by the mean of the cosine similarity between each topic and its associated evaluation run topic, as explained in Section 4.

**Evaluation of stability of base LDA topic models**

**Panel A: LDA Presentation section stability results**

	Mean	SD	Min	Max
fda	0.9993	0.0009	0.9968	0.9999
fins	0.9991	0.0024	0.9896	1.0000
m&a	0.9985	0.0028	0.9886	0.9999
margins	0.9953	0.0125	0.9489	1.0000
util	0.9941	0.0136	0.9380	0.9998
prodmarket	0.9913	0.0148	0.9049	0.9998
client	0.9895	0.0173	0.9296	0.9999
legalese	0.9732	0.0474	0.8538	1.0000
euro	0.8895	0.2664	0.0189	0.9997
legalese2	0.8831	0.2752	0.0639	0.9999

**Panel B: LDA Q&A section stability results**

	Mean	SD	Min	Max
neg	0.9995	0.0003	0.9980	0.9998
m&a	0.9987	0.0008	0.9960	0.9998
fda	0.9975	0.0026	0.9911	0.9998
fins	0.9833	0.0052	0.9759	0.9997
prodmarket	0.9752	0.0131	0.9501	0.9998
client	0.9570	0.0404	0.8203	0.9995
euro-competit	0.9288	0.0562	0.7758	0.9995
margins	0.8689	0.1542	0.2254	0.9992
util	0.7703	0.1989	0.4480	0.9990
corpfin	0.2592	0.2257	0.0985	0.9962

Table A7: This table summarizes the main results for regulatory sentiment in our overall sample (Panel A), small firm (i.e. 10th size percentile, Panel B), large firm (i.e. 90th size percentile, Panel C) in terms of annual percentage effects for sales growth, asset growth, leverage, operating margin, gross margin, change in operating margins, and change in gross margins. Panel D display the effects on returns (in percentages). Coefficients denote the effect from a one standard deviation increase in the independent variable. Non-missing entries reflect effects that are significant at the 10% level.

### Summary of main results for regulatory sentiment

<b>Panel A: Overall</b>	RegSentP	RegSentQA
Sales Growth		
Asset Growth	-0.847***	
Leverage		
Operating Margin		
Gross Margin	0.297*	
Operating Margin $\Delta$		
Gross Margin $\Delta$		
<b>Panel B: Small Firm</b>	RegSentP	RegSentQA
Sales Growth		1.819*
Asset Growth	-1.370**	
Leverage		
Operating Margin		
Gross Margin	0.873**	
Operating Margin $\Delta$	1.573*	1.495*
Gross Margin $\Delta$		
<b>Panel C: Large Firm</b>	RegSentP	RegSentQA
Sales Growth	-1.008**	
Asset Growth		
Leverage		
Operating Margin		0.137*
Gross Margin		
Operating Margin $\Delta$	-0.453*	
Gross Margin $\Delta$		-0.223**
<b>Panel D: Returns</b>	RegSentP	RegSentQA
Excess Ret (22-day)		0.318***
Adj. Ret (22-day)		0.215***
Excess Ret (Call Day)		0.110*
Adj. Ret (Call Day)		

Table A8: This table shows the results of regressing four-quarter-ahead sales growth on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on sales growth

	Sales Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	-2.042 (5.593)		7.993 (11.482)				-4.471 (4.935)	
RegSentQA $_t^i$		8.852 (6.752)		17.738* (10.542)				5.768 (7.801)
Ind. Adj. RegSentP $_t^i$					-2.240 (6.450)			
Ind. Adj. RegSentQA $_t^i$						11.217 (9.470)		
RegSentP $_{t-4}^i$							8.049 (11.212)	
RegSentQA $_{t-4}^i$								8.159** (3.206)
Size $_t^i$	-3.465*** (0.880)	-3.406*** (0.820)	-3.460*** (0.868)	-3.414*** (0.821)	-3.463*** (0.878)	-3.406*** (0.820)	-2.903*** (0.837)	-2.714*** (0.728)
Ind. RegSentP $_t^i$					15.552 (20.905)			
Ind. RegSentQA $_t^i$						18.549 (16.931)		
Sales Growth $_t^i$	0.072** (0.030)	0.073** (0.031)	0.071** (0.031)	0.073** (0.032)	0.072** (0.031)	0.073** (0.032)	0.081*** (0.027)	0.090*** (0.032)
No Regulat Dummy $_t^i$	-1.407 (1.165)	-2.960** (1.435)	-1.355 (1.126)	-2.931** (1.414)	-1.431 (1.156)	-3.019** (1.445)	-1.774*** (0.664)	-3.022*** (1.067)
No Regulat Dummy $_{t-4}^i$							0.775 (1.165)	-0.034 (1.205)
Never Regulat Dummy $_t^i$	-5.348*** (1.973)	-6.896*** (2.194)	-5.290*** (1.925)	-6.878*** (2.175)	-5.375*** (1.970)	-6.956*** (2.209)	-4.568** (2.255)	-6.430** (2.657)
RegSentP $_t^i$ *Size $_t^i$			-7.958 (5.869)					
RegSentQA $_t^i$ *Size $_t^i$				-6.678* (3.833)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					-1.979 (2.875)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						-3.378 (3.368)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,572	49,788	54,572	49,788	54,572	49,788	38,600	34,077
R <sup>2</sup>	0.077	0.075	0.078	0.075	0.077	0.075	0.070	0.064
Adjusted R <sup>2</sup>	0.076	0.074	0.077	0.074	0.076	0.074	0.068	0.062

Note:

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

Table A9: This table shows the results of regressing four-quarter-ahead sales growth on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on sales growth

	Sales Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP $_t^i$	41.332 (27.368)		54.565*** (17.868)				65.976*** (24.489)	
AllSentQA $_t^i$		46.549 (43.706)		29.667 (40.837)				54.712 (35.404)
Ind. Adj. AllSentP $_t^i$					-14.996 (44.942)			
Ind. Adj. AllSentQA $_t^i$						-7.006 (51.537)		
AllSentP $_{t-4}^i$							-3.652 (20.151)	
AllSentQA $_{t-4}^i$								-22.557 (43.327)
Size $_t^i$	-3.459*** (0.870)	-3.443*** (0.868)	-3.395*** (0.802)	-3.518*** (0.878)	-3.459*** (0.875)	-3.447*** (0.871)	-2.893*** (0.796)	-2.857*** (0.790)
Ind. AllSentP $_t^i$					127.262 (116.367)			
Ind. AllSentQA $_t^i$						147.894 (143.398)		
Sales Growth $_t^i$	0.070** (0.030)	0.071** (0.030)	0.070** (0.030)	0.071 (0.057)	0.071** (0.030)	0.071* (0.040)	0.081*** (0.030)	0.082*** (0.028)
No Regulat Dummy $_t^i$	-0.765 (1.402)	-1.036 (1.407)	-0.733 (1.361)	-0.985 (1.389)	0.940 (2.514)	0.110 (2.111)	-0.624 (0.980)	-1.267 (0.949)
No Regulat Dummy $_{t-4}^i$							0.700 (0.991)	0.562 (1.161)
Never Regulat Dummy $_t^i$	-4.687** (2.193)	-4.933** (2.227)	-4.586** (2.072)	-4.960** (2.209)	-2.957 (3.168)	-3.759 (2.832)	-3.494 (2.346)	-4.231 (2.594)
AllSentP $_t^i$ *Size $_t^i$			-8.877 (14.812)					
AllSentQA $_t^i$ *Size $_t^i$				18.181** (7.822)				
Ind. Adj. AllSentP $_t^i$ *Size $_t^i$					39.845* (21.208)			
Ind. Adj. AllSentQA $_t^i$ *Size $_t^i$						53.450** (21.189)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,354	60,262	60,354	60,262	60,354	60,262	46,780	46,666
R <sup>2</sup>	0.076	0.076	0.076	0.076	0.076	0.076	0.067	0.067
Adjusted R <sup>2</sup>	0.075	0.075	0.075	0.075	0.075	0.075	0.066	0.065

Note:

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

Table A10: This table shows the results of regressing four-quarter-ahead asset growth on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on asset growth

	Asset Growth <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sup>i</sup> <sub>t</sub>	-26.387*** (5.856)		-27.466*** (8.170)				-27.908*** (5.468)	
NetRegQA <sup>i</sup> <sub>t</sub>		-11.265* (5.796)		-15.552** (7.411)				-18.464*** (6.985)
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub>					-19.612** (8.404)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub>						-13.989* (8.091)		
NetRegP <sup>i</sup> <sub>t-4</sub>							1.312 (7.622)	
NetRegQA <sup>i</sup> <sub>t-4</sub>								12.894** (6.046)
Size <sup>i</sup> <sub>t</sub>	-1.243*** (0.338)	-1.380*** (0.324)	-1.241*** (0.340)	-1.371*** (0.320)	-1.243*** (0.338)	-1.380*** (0.324)	-1.040*** (0.322)	-1.126*** (0.326)
Ind. NetRegP <sup>i</sup> <sub>t</sub>					-63.703*** (21.425)			
Ind. NetRegQA <sup>i</sup> <sub>t</sub>						-6.231 (14.439)		
Asset Growth <sup>i</sup> <sub>t</sub>	0.127*** (0.023)	0.129*** (0.022)	0.127*** (0.023)	0.129*** (0.022)	0.127*** (0.023)	0.129*** (0.022)	0.117*** (0.026)	0.124*** (0.021)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.831 (0.633)	-2.398*** (0.729)	-0.834 (0.624)	-2.395*** (0.727)	-0.754 (0.559)	-2.428*** (0.703)	-1.192** (0.592)	-3.168*** (0.711)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							1.233* (0.662)	0.696 (0.562)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-3.401*** (1.096)	-5.205*** (1.032)	-3.402*** (1.091)	-5.193*** (1.028)	-3.347*** (1.022)	-5.233*** (1.021)	-2.237 (1.513)	-4.872*** (1.391)
NetRegP <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>			0.842 (3.280)					
NetRegQA <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>				3.248 (2.344)				
Ind. Adj. NetRegP <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>					-1.334 (3.899)			
Ind. Adj. NetRegQA <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>						1.523 (2.862)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,349	50,915	55,349	50,915	55,349	50,915	39,377	35,341
R <sup>2</sup>	0.048	0.052	0.048	0.052	0.048	0.052	0.039	0.044
Adjusted R <sup>2</sup>	0.047	0.051	0.047	0.051	0.047	0.051	0.037	0.043

Note:

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

Table A11: This table shows the results of regressing four-quarter-ahead asset growth on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on asset growth

	Asset Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	-13.398*** (4.644)		-16.661*** (6.287)				-10.777** (5.286)	
RegSentQA $_t^i$		-0.161 (5.293)		0.373 (6.811)				1.629 (8.591)
Ind. Adj. RegSentP $_t^i$					-19.156*** (6.264)			
Ind. Adj. RegSentQA $_t^i$						2.577 (7.177)		
RegSentP $_{t-4}^i$							2.337 (5.364)	
RegSentQA $_{t-4}^i$								2.896 (4.580)
Size $_t^i$	-1.238*** (0.341)	-1.373*** (0.319)	-1.240*** (0.344)	-1.373*** (0.320)	-1.237*** (0.340)	-1.374*** (0.319)	-1.030*** (0.325)	-1.136*** (0.322)
Ind. RegSentP $_t^i$					-5.491 (18.472)			
Ind. RegSentQA $_t^i$						-13.929 (9.993)		
Asset Growth $_t^i$	0.127*** (0.023)	0.130*** (0.022)	0.127*** (0.023)	0.130*** (0.022)	0.127*** (0.023)	0.130*** (0.022)	0.116*** (0.026)	0.126*** (0.020)
No Regulat Dummy $_t^i$	-0.878 (0.718)	-2.529*** (0.743)	-0.897 (0.718)	-2.527*** (0.738)	-0.899 (0.722)	-2.438*** (0.771)	-1.235** (0.610)	-3.396*** (0.701)
No Regulat Dummy $_{t-4}^i$							1.300* (0.761)	0.728 (0.624)
Never Regulat Dummy $_t^i$	-3.413*** (1.162)	-5.335*** (1.043)	-3.434*** (1.162)	-5.333*** (1.039)	-3.434*** (1.168)	-5.245*** (1.062)	-2.194 (1.564)	-5.087*** (1.431)
RegSentP $_t^i$ *Size $_t^i$			2.650 (2.381)					
RegSentQA $_t^i$ *Size $_t^i$				-0.409 (2.752)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					3.945 (2.562)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						-0.136 (2.620)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,757	49,941	54,757	49,941	54,757	49,941	38,689	34,136
R <sup>2</sup>	0.047	0.052	0.047	0.052	0.047	0.052	0.038	0.044
Adjusted R <sup>2</sup>	0.046	0.051	0.046	0.051	0.046	0.051	0.037	0.042

Note:

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

Table A12: This table shows the results of regressing four-quarter-ahead asset growth on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on asset growth

	Asset Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP $_t^i$	111.751*** (24.455)		130.685*** (29.150)				105.819*** (20.390)	
AllSentQA $_t^i$		88.068*** (20.529)		86.751*** (20.552)				75.125*** (24.603)
Ind. Adj. AllSentP $_t^i$					128.893*** (43.671)			
Ind. Adj. AllSentQA $_t^i$						83.626*** (17.575)		
AllSentP $_{t-4}^i$							21.471 (31.212)	
AllSentQA $_{t-4}^i$								45.358* (25.990)
Size $_t^i$	-1.308*** (0.327)	-1.272*** (0.332)	-1.214*** (0.352)	-1.278*** (0.314)	-1.306*** (0.327)	-1.273*** (0.332)	-1.100*** (0.318)	-1.059*** (0.331)
Ind. AllSentP $_t^i$					198.247*** (73.691)			
Ind. AllSentQA $_t^i$						127.994 (113.743)		
Asset Growth $_t^i$	0.126*** (0.023)	0.127*** (0.023)	0.126*** (0.023)	0.127*** (0.023)	0.126*** (0.023)	0.127*** (0.023)	0.112*** (0.025)	0.112*** (0.026)
No Regulat Dummy $_t^i$	0.801 (0.873)	-0.339 (0.662)	0.845 (0.881)	-0.335 (0.680)	2.304* (1.223)	0.092 (1.173)	0.248 (0.646)	-0.957* (0.573)
No Regulat Dummy $_{t-4}^i$							1.636* (0.930)	1.722** (0.675)
Never Regulat Dummy $_t^i$	-1.798 (1.341)	-2.901** (1.134)	-1.653 (1.360)	-2.903*** (1.123)	-0.271 (1.429)	-2.458* (1.400)	-0.463 (1.874)	-1.534 (1.674)
AllSentP $_t^i$ *Size $_t^i$			-12.862* (7.103)					
AllSentQA $_t^i$ *Size $_t^i$				1.449 (10.574)				
Ind. Adj. AllSentP $_t^i$ *Size $_t^i$					-20.651 (18.656)			
Ind. Adj. AllSentQA $_t^i$ *Size $_t^i$						0.850 (9.927)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,558	60,466	60,558	60,466	60,558	60,466	46,881	46,767
R <sup>2</sup>	0.047	0.047	0.047	0.047	0.048	0.047	0.038	0.038
Adjusted R <sup>2</sup>	0.046	0.046	0.046	0.046	0.046	0.046	0.037	0.036

Note:

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

Table A13: This table shows the results of regressing four-quarter-ahead leverage on our net regulatory trends, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory trends into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on leverage

	Leverage $^i_{t+4}$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP $_t^i$	-3.725*		-8.262***				-3.122	
	(1.974)		(2.341)				(2.552)	
NetRegQA $_t^i$		-2.384*		-5.163**				-2.613*
		(1.307)		(2.209)				(1.549)
Ind. Adj. NetRegP $_t^i$					-7.820***			
					(2.407)			
Ind. Adj. NetRegQA $_t^i$						-4.727**		
						(2.286)		
NetRegP $^i_{t-4}$							0.034	
							(1.769)	
NetRegQA $^i_{t-4}$								1.320
								(1.510)
Size $_t^i$	0.310***	0.304***	0.319***	0.310***	0.312***	0.304***	0.255***	0.205***
	(0.060)	(0.062)	(0.055)	(0.060)	(0.059)	(0.062)	(0.063)	(0.066)
Ind. NetRegP $_t^i$					-2.275			
					(5.960)			
Ind. NetRegQA $_t^i$						0.754		
						(3.229)		
Leverage $_t^i$	0.899***	0.900***	0.899***	0.900***	0.899***	0.900***	0.912***	0.916***
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.009)
No Regulat Dummy $_t^i$	-0.088	-0.124	-0.104	-0.122	-0.104	-0.144	-0.090	-0.318*
	(0.163)	(0.176)	(0.163)	(0.176)	(0.159)	(0.173)	(0.181)	(0.170)
No Regulat Dummy $^i_{t-4}$							-0.082	-0.041
							(0.125)	(0.180)
Never Regulat Dummy $_t^i$	-0.653**	-0.701***	-0.660**	-0.692***	-0.667**	-0.719***	-0.696**	-0.933**
	(0.260)	(0.269)	(0.258)	(0.267)	(0.261)	(0.269)	(0.324)	(0.370)
NetRegP $_t^i$ *Size $_t^i$			3.481***					
			(0.758)					
NetRegQA $_t^i$ *Size $_t^i$				2.074**				
				(0.977)				
Ind. Adj. NetRegP $_t^i$ *Size $_t^i$					3.170***			
					(0.788)			
Ind. Adj. NetRegQA $_t^i$ *Size $_t^i$						1.440*		
						(0.858)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	53,115	48,881	53,115	48,881	53,115	48,881	37,496	33,680
R <sup>2</sup>	0.847	0.850	0.847	0.850	0.847	0.850	0.854	0.860
Adjusted R <sup>2</sup>	0.846	0.850	0.847	0.850	0.847	0.850	0.854	0.859

Note:

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

Table A14: This table shows the results of regressing four-quarter-ahead leverage on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on leverage

	Leverage $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	-0.103 (1.193)		1.365 (1.602)				-2.160 (2.000)	
RegSentQA $_t^i$		0.110 (1.373)		0.600 (2.146)				-0.229 (1.344)
Ind. Adj. RegSentP $_t^i$					1.071 (1.625)			
Ind. Adj. RegSentQA $_t^i$						0.416 (2.901)		
RegSentP $_{t-4}^i$							3.481*** (0.955)	
RegSentQA $_{t-4}^i$								0.996 (1.320)
Size $_t^i$	0.310*** (0.061)	0.303*** (0.062)	0.311*** (0.059)	0.303*** (0.061)	0.310*** (0.061)	0.303*** (0.062)	0.254*** (0.063)	0.207** (0.085)
Ind. RegSentP $_t^i$					0.343 (4.553)			
Ind. RegSentQA $_t^i$						-0.064 (3.855)		
Sales Growth $_t^i$	0.900*** (0.010)	0.900*** (0.010)	0.900*** (0.010)	0.900*** (0.010)	0.900*** (0.010)	0.900*** (0.010)	0.913*** (0.010)	0.916*** (0.010)
No Regulat Dummy $_t^i$	-0.078 (0.154)	-0.152 (0.178)	-0.069 (0.155)	-0.150 (0.178)	-0.076 (0.154)	-0.150 (0.180)	-0.060 (0.176)	-0.348** (0.175)
No Regulat Dummy $_{t-4}^i$							-0.073 (0.129)	-0.099 (0.203)
Never Regulat Dummy $_t^i$	-0.642** (0.263)	-0.731*** (0.256)	-0.631** (0.260)	-0.730*** (0.257)	-0.640** (0.263)	-0.730*** (0.264)	-0.662** (0.333)	-1.019*** (0.376)
RegSentP $_t^i$ *Size $_t^i$			-1.173 (0.880)					
RegSentQA $_t^i$ *Size $_t^i$				-0.373 (0.768)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					-1.043 (0.769)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						-0.225 (1.157)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	52,519	47,937	52,519	47,937	52,519	47,937	36,815	32,529
R <sup>2</sup>	0.847	0.850	0.847	0.850	0.847	0.850	0.855	0.859
Adjusted R <sup>2</sup>	0.847	0.850	0.847	0.850	0.847	0.850	0.854	0.859

Note:

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

Table A15: This table shows the results of regressing four-quarter-ahead leverage on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on leverage

	Leverage $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP $_t^i$	6.995 (6.992)		17.108** (6.712)				1.848 (7.243)	
AllSentQA $_t^i$		-1.032 (10.755)		-1.507 (14.730)				-4.413 (11.107)
Ind. Adj. AllSentP $_t^i$					9.161 (7.712)			
Ind. Adj. AllSentQA $_t^i$						-13.271 (16.442)		
AllSentP $_{t-4}^i$							13.264** (5.575)	
AllSentQA $_{t-4}^i$								9.311** (4.143)
Size $_t^i$	0.312*** (0.058)	0.317*** (0.058)	0.363*** (0.054)	0.315*** (0.074)	0.315*** (0.057)	0.318*** (0.058)	0.237*** (0.059)	0.242*** (0.059)
Ind. AllSentP $_t^i$					98.591*** (32.494)			
Ind. AllSentQA $_t^i$						94.462** (37.668)		
Leverage $_t^i$	0.898*** (0.010)	0.898*** (0.010)	0.897*** (0.010)	0.898*** (0.010)	0.897*** (0.010)	0.897*** (0.010)	0.911*** (0.010)	0.910*** (0.010)
No Regulat Dummy $_t^i$	0.050 (0.180)	-0.088 (0.183)	0.073 (0.179)	-0.086 (0.181)	1.688*** (0.622)	0.943** (0.443)	-0.053 (0.188)	-0.138 (0.186)
No Regulat Dummy $_{t-4}^i$							0.154 (0.197)	0.001 (0.135)
Never Regulat Dummy $_t^i$	-0.519* (0.308)	-0.655** (0.321)	-0.441 (0.295)	-0.656** (0.325)	1.143* (0.649)	0.404 (0.472)	-0.465 (0.420)	-0.705* (0.392)
AllSentP $_t^i$ *Size $_t^i$			-6.839*** (2.104)					
AllSentQA $_t^i$ *Size $_t^i$				0.517 (5.653)				
Ind. Adj. AllSentP $_t^i$ *Size $_t^i$					-8.589*** (2.802)			
Ind. Adj. AllSentQA $_t^i$ *Size $_t^i$						3.883 (8.549)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	58,138	58,046	58,138	58,046	58,138	58,046	44,697	44,583
R <sup>2</sup>	0.846	0.846	0.846	0.846	0.846	0.846	0.853	0.853
Adjusted R <sup>2</sup>	0.846	0.846	0.846	0.846	0.846	0.846	0.853	0.853

Note:

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

Table A16: This table shows the results of regressing four-quarter-ahead operating margin levels on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on operating margins

	Operating Margin <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sup>i</sup> <sub>t</sub>	-0.217 (2.143)		1.372 (5.102)				1.311 (2.937)	
NetRegQA <sup>i</sup> <sub>t</sub>		2.302 (2.502)		5.372 (4.967)				5.477 (3.995)
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub>					-0.376 (4.882)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub>						0.933 (4.204)		
NetRegP <sup>i</sup> <sub>t-4</sub>							-0.857 (3.864)	
NetRegQA <sup>i</sup> <sub>t-4</sub>								3.993 (3.551)
Size <sup>i</sup> <sub>t</sub>	0.906*** (0.231)	0.914*** (0.235)	0.903*** (0.229)	0.909*** (0.232)	0.906*** (0.231)	0.914*** (0.234)	1.054*** (0.273)	1.084*** (0.311)
Ind. NetRegP <sup>i</sup> <sub>t</sub>					0.128 (7.242)			
Ind. NetRegQA <sup>i</sup> <sub>t</sub>						13.035 (8.542)		
Operating Margin <sup>i</sup> <sub>t</sub>	0.591*** (0.057)	0.590*** (0.063)	0.591*** (0.057)	0.590*** (0.063)	0.591*** (0.057)	0.590*** (0.063)	0.588*** (0.072)	0.584*** (0.086)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	0.474 (0.432)	0.358 (0.517)	0.480 (0.441)	0.356 (0.514)	0.473 (0.440)	0.297 (0.495)	0.293 (0.319)	0.185 (0.427)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							0.111 (0.261)	0.306 (0.466)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.626 (0.516)	-0.761 (0.583)	-0.624 (0.519)	-0.769 (0.578)	-0.627 (0.521)	-0.819 (0.557)	-0.537 (0.595)	-0.529 (0.958)
NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>			-1.232 (2.635)					
NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>				-2.292 (2.075)				
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>					0.091 (2.608)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>						-0.277 (1.542)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,163	50,757	55,163	50,757	55,163	50,757	39,251	35,238
R <sup>2</sup>	0.545	0.539	0.545	0.539	0.545	0.539	0.541	0.527
Adjusted R <sup>2</sup>	0.544	0.539	0.544	0.539	0.544	0.539	0.540	0.526

Note:

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

Table A17: This table shows the results of regressing four-quarter-ahead operating margin levels on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on operating margins

	Operating Margin $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	0.814 (1.742)		0.570 (2.518)				0.572 (2.468)	
RegSentQA $_t^i$		0.587 (2.266)		-0.731 (4.630)				2.826 (2.908)
Ind. Adj. RegSentP $_t^i$					3.679 (2.600)			
Ind. Adj. RegSentQA $_t^i$						-0.626 (5.330)		
RegSentP $_{t-4}^i$							2.208 (3.200)	
RegSentQA $_{t-4}^i$								3.417* (1.983)
Size $_t^i$	0.910*** (0.232)	0.913*** (0.233)	0.910*** (0.232)	0.914*** (0.234)	0.909*** (0.233)	0.913*** (0.233)	1.059*** (0.271)	1.081*** (0.304)
Ind. RegSentP $_t^i$					-4.732 (7.374)			
Ind. RegSentQA $_t^i$						4.342 (8.344)		
Operating Margin $_t^i$	0.590*** (0.057)	0.589*** (0.063)	0.590*** (0.057)	0.589*** (0.063)	0.590*** (0.057)	0.589*** (0.063)	0.588*** (0.071)	0.581*** (0.098)
No Regulat Dummy $_t^i$	0.491 (0.438)	0.416 (0.547)	0.490 (0.435)	0.412 (0.546)	0.504 (0.445)	0.390 (0.580)	0.337 (0.340)	0.305 (0.475)
No Regulat Dummy $_{t-4}^i$							0.179 (0.284)	0.232 (0.487)
Never Regulat Dummy $_t^i$	-0.602 (0.517)	-0.703 (0.606)	-0.603 (0.515)	-0.706 (0.606)	-0.589 (0.526)	-0.728 (0.643)	-0.420 (0.604)	-0.485 (0.959)
RegSentP $_t^i$ *Size $_t^i$			0.196 (1.048)					
RegSentQA $_t^i$ *Size $_t^i$				1.000 (1.828)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					-1.742 (1.152)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						0.419 (2.031)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,571	49,788	54,571	49,788	54,571	49,788	38,563	34,039
R <sup>2</sup>	0.544	0.537	0.544	0.537	0.544	0.537	0.540	0.521
Adjusted R <sup>2</sup>	0.543	0.536	0.543	0.536	0.543	0.536	0.539	0.520

Note:

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

Table A18: This table shows the results of regressing four-quarter-ahead operating margin levels on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on operating margins

	Operating Margin <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP <sup>i</sup> <sub>t</sub>	-4.744 (11.221)		-30.141** (15.311)				9.706 (11.823)	
AllSentQA <sup>i</sup> <sub>t</sub>		2.870 (13.662)		-2.681 (19.928)				9.687 (12.184)
Ind. Adj. AllSentP <sup>i</sup> <sub>t</sub>					-18.202 (21.776)			
Ind. Adj. AllSentQA <sup>i</sup> <sub>t</sub>						13.644 (20.198)		
AllSentP <sup>i</sup> <sub>t-4</sub>							-23.638*** (8.173)	
AllSentQA <sup>i</sup> <sub>t-4</sub>								-26.827** (13.504)
Size <sup>i</sup> <sub>t</sub>	0.906*** (0.226)	0.907*** (0.229)	0.784*** (0.178)	0.883*** (0.223)	0.903*** (0.226)	0.910*** (0.230)	1.034*** (0.266)	1.037*** (0.270)
Ind. AllSentP <sup>i</sup> <sub>t</sub>					-6.681 (42.119)			
Ind. AllSentQA <sup>i</sup> <sub>t</sub>						-3.245 (48.572)		
Operating Margin <sup>i</sup> <sub>t</sub>	0.594*** (0.056)	0.594*** (0.056)	0.594*** (0.057)	0.594*** (0.056)	0.595*** (0.057)	0.594*** (0.057)	0.598*** (0.075)	0.599*** (0.070)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	0.274 (0.516)	0.394 (0.467)	0.215 (0.496)	0.412 (0.472)	0.277 (0.750)	0.315 (0.540)	0.398 (0.450)	0.323 (0.373)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							-0.183 (0.389)	-0.026 (0.352)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.823 (0.577)	-0.702 (0.566)	-1.016** (0.504)	-0.711 (0.576)	-0.821 (0.911)	-0.782 (0.713)	-0.764 (0.866)	-0.686 (0.797)
AllSentP <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>			17.203 (10.549)					
AllSentQA <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>				6.046 (8.545)				
Ind. Adj. AllSentP <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>					11.222 (12.440)			
Ind. Adj. AllSentQA <sup>i</sup> *Size <sup>i</sup> <sub>t</sub>						-12.573 (11.432)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,357	60,265	60,357	60,265	60,357	60,265	46,735	46,621
R <sup>2</sup>	0.550	0.550	0.550	0.550	0.550	0.550	0.551	0.552
Adjusted R <sup>2</sup>	0.549	0.550	0.550	0.550	0.549	0.550	0.551	0.551

Note:

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

Table A19: This table shows the results of regressing four-quarter-ahead gross margin levels on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on gross margins

	Gross Margin $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP $_t^i$	-6.403*** (1.776)		-8.658*** (2.492)				-6.297*** (2.320)	
NetRegQA $_t^i$		-0.584 (1.993)		-1.261 (3.389)				-1.240 (2.857)
Ind. Adj. NetRegP $_t^i$					-6.645*** (2.507)			
Ind. Adj. NetRegQA $_t^i$						-0.210 (2.702)		
NetRegP $_{t-4}^i$							-5.152 (4.108)	
NetRegQA $_{t-4}^i$								-0.061 (3.149)
Size $_t^i$	-0.517*** (0.136)	-0.472*** (0.120)	-0.513*** (0.134)	-0.471*** (0.121)	-0.517*** (0.135)	-0.472*** (0.125)	-0.440*** (0.133)	-0.353*** (0.105)
Ind. NetRegP $_t^i$					-17.454** (7.181)			
Ind. NetRegQA $_t^i$						-5.896 (3.665)		
Gross Margin $_t^i$	0.822*** (0.050)	0.825*** (0.053)	0.822*** (0.050)	0.825*** (0.053)	0.822*** (0.050)	0.825*** (0.058)	0.825*** (0.058)	0.827*** (0.067)
No Regulat Dummy $_t^i$	-0.284 (0.370)	-0.377 (0.353)	-0.291 (0.369)	-0.377 (0.352)	-0.268 (0.351)	-0.347 (0.350)	-0.172 (0.281)	-0.246 (0.290)
No Regulat Dummy $_{t-4}^i$							-0.361 (0.289)	-0.352 (0.292)
Never Regulat Dummy $_t^i$	-0.603 (0.451)	-0.681 (0.451)	-0.607 (0.447)	-0.679 (0.449)	-0.593 (0.432)	-0.652 (0.448)	-0.647 (0.547)	-0.638 (0.597)
NetRegP $_t^i$ *Size $_t^i$			1.749 (1.072)					
NetRegQA $_t^i$ *Size $_t^i$				0.506 (1.287)				
Ind. Adj. NetRegP $_t^i$ *Size $_t^i$					1.461 (1.149)			
Ind. Adj. NetRegQA $_t^i$ *Size $_t^i$						0.377 (0.723)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,197	50,788	55,197	50,788	55,197	50,788	39,277	35,260
R <sup>2</sup>	0.814	0.814	0.814	0.814	0.814	0.814	0.818	0.814
Adjusted R <sup>2</sup>	0.813	0.814	0.813	0.814	0.813	0.814	0.818	0.814

Note:

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

Table A20: This table shows the results of regressing four-quarter-ahead gross margin levels on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on gross margins

	Gross Margin $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	4.697*		8.317**				2.292	
	(2.728)		(3.687)				(2.017)	
RegSentQA $_t^i$		-0.324		0.383				0.481
		(1.508)		(2.332)				(2.041)
Ind. Adj. RegSentP $_t^i$					7.348**			
					(3.396)			
Ind. Adj. RegSentQA $_t^i$						-1.894		
						(3.057)		
RegSentP $_{t-4}^i$							6.002**	
							(3.029)	
RegSentQA $_{t-4}^i$								3.153
								(3.389)
Size $_t^i$	-0.508***	-0.465***	-0.506***	-0.466***	-0.508***	-0.464***	-0.423***	-0.351***
	(0.134)	(0.118)	(0.131)	(0.118)	(0.133)	(0.117)	(0.127)	(0.107)
Ind. RegSentP $_t^i$					7.977			
					(7.019)			
Ind. RegSentQA $_t^i$						9.090*		
						(5.507)		
Gross Margin $_t^i$	0.822***	0.825***	0.822***	0.825***	0.822***	0.825***	0.825***	0.826***
	(0.050)	(0.054)	(0.050)	(0.054)	(0.050)	(0.054)	(0.058)	(0.067)
No Regulat Dummy $_t^i$	-0.315	-0.377	-0.294	-0.375	-0.314	-0.439	-0.152	-0.221
	(0.375)	(0.358)	(0.366)	(0.355)	(0.375)	(0.352)	(0.265)	(0.318)
No Regulat Dummy $_{t-4}^i$							-0.351	-0.427
							(0.322)	(0.316)
Never Regulat Dummy $_t^i$	-0.618	-0.676	-0.596	-0.675	-0.619	-0.737	-0.604	-0.683
	(0.462)	(0.452)	(0.451)	(0.450)	(0.464)	(0.451)	(0.557)	(0.628)
RegSentP $_t^i$ *Size $_t^i$			-2.915**					
			(1.137)					
RegSentQA $_t^i$ *Size $_t^i$				-0.537				
				(0.893)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					-2.653**			
					(1.144)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						-0.151		
						(1.245)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,605	49,818	54,605	49,818	54,605	49,818	38,589	34,060
R <sup>2</sup>	0.814	0.813	0.814	0.813	0.814	0.814	0.818	0.813
Adjusted R <sup>2</sup>	0.813	0.813	0.813	0.813	0.813	0.813	0.818	0.812

Note:

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

Table A21: This table shows the results of regressing four-quarter-ahead gross margin levels on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on gross margins

	Gross Margin $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP $_t^i$	10.284 (9.358)		8.738 (6.525)				12.953 (9.974)	
AllSentQA $_t^i$		-8.766 (9.122)		-11.704 (8.945)				-11.447 (11.009)
Ind. Adj. AllSentP $_t^i$					6.471 (12.764)			
Ind. Adj. AllSentQA $_t^i$						-11.038 (7.197)		
AllSentP $_{t-4}^i$							2.977 (6.657)	
AllSentQA $_{t-4}^i$								-13.665* (7.693)
Size $_t^i$	-0.503*** (0.133)	-0.498*** (0.129)	-0.510*** (0.155)	-0.512*** (0.138)	-0.504*** (0.134)	-0.499*** (0.129)	-0.415*** (0.132)	-0.403*** (0.120)
Ind. AllSentP $_t^i$					-31.094 (33.275)			
Ind. AllSentQA $_t^i$						-45.723 (37.209)		
Gross Margin $_t^i$	0.822*** (0.050)	0.822*** (0.050)	0.822*** (0.050)	0.822*** (0.050)	0.822*** (0.050)	0.822*** (0.050)	0.827*** (0.059)	0.827*** (0.058)
No Regulat Dummy $_t^i$	-0.042 (0.413)	-0.319 (0.419)	-0.045 (0.412)	-0.310 (0.418)	-0.774 (0.839)	-0.710 (0.675)	0.114 (0.351)	-0.251 (0.356)
No Regulat Dummy $_{t-4}^i$							-0.170 (0.239)	-0.352 (0.262)
Never Regulat Dummy $_t^i$	-0.339 (0.476)	-0.616 (0.489)	-0.351 (0.478)	-0.620 (0.485)	-1.084 (0.887)	-1.018 (0.734)	-0.141 (0.586)	-0.688 (0.591)
AllSentP $_t^i$ *Size $_t^i$			1.050 (3.522)					
AllSentQA $_t^i$ *Size $_t^i$				3.204 (3.470)				
Ind. Adj. AllSentP $_t^i$ *Size $_t^i$					6.169 (7.025)			
Ind. Adj. AllSentQA $_t^i$ *Size $_t^i$						7.102** (3.079)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,394	60,302	60,394	60,302	60,394	60,302	46,765	46,651
R <sup>2</sup>	0.814	0.813	0.814	0.813	0.814	0.813	0.818	0.818
Adjusted R <sup>2</sup>	0.813	0.813	0.813	0.813	0.813	0.813	0.817	0.817

Note:

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

Table A22: This table shows the results of regressing four-quarter-ahead gross margin change on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on gross margin change

	Gross Margin Growth <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sup>i</sup> <sub>t</sub>	-5.445*** (1.170)		-8.603*** (2.824)				-6.649*** (2.417)	
NetRegQA <sup>i</sup> <sub>t</sub>		-1.725 (2.540)		-7.595 (6.177)				-2.092 (3.240)
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub>					-4.877*** (1.105)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub>						-4.141 (4.510)		
NetRegP <sup>i</sup> <sub>t-4</sub>							-3.969 (2.803)	
NetRegQA <sup>i</sup> <sub>t-4</sub>								-1.484 (2.386)
Size <sup>i</sup> <sub>t</sub>	-0.479* (0.276)	-0.448* (0.261)	-0.474* (0.269)	-0.437* (0.249)	-0.479* (0.275)	-0.448* (0.260)	-0.400 (0.256)	-0.350 (0.229)
Ind. NetRegP <sup>i</sup> <sub>t</sub>					-13.986** (6.237)			
Ind. NetRegQA <sup>i</sup> <sub>t</sub>						-4.652 (4.046)		
Gross Margin Growth <sup>i</sup> <sub>t</sub>	-0.171*** (0.024)	-0.174*** (0.015)	-0.171*** (0.027)	-0.174*** (0.015)	-0.171*** (0.026)	-0.174*** (0.015)	-0.180*** (0.032)	-0.183*** (0.031)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.194 (0.361)	-0.404 (0.452)	-0.205 (0.364)	-0.400 (0.445)	-0.180 (0.345)	-0.389 (0.447)	-0.125 (0.276)	-0.294 (0.340)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							-0.235 (0.210)	-0.382 (0.331)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.817 (0.602)	-1.010 (0.698)	-0.822 (0.599)	-0.995 (0.679)	-0.808 (0.588)	-0.996 (0.692)	-0.837 (0.617)	-1.097 (0.807)
NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>			2.422 (1.542)					
NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>				4.360 (3.023)				
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>					0.507 (0.514)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>						2.247 (1.846)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,002	50,619	55,002	50,619	55,002	50,619	39,187	35,198
R <sup>2</sup>	0.058	0.057	0.058	0.058	0.058	0.057	0.056	0.054
Adjusted R <sup>2</sup>	0.057	0.056	0.057	0.057	0.057	0.056	0.055	0.052

Note:

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

Table A23: This table shows the results of regressing four-quarter-ahead gross margin change on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on gross margin change

	Gross Margin Growth <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sup>i</sup> <sub>t</sub>	-5.445*** (1.170)		-8.603*** (2.824)				-6.649*** (2.417)	
NetRegQA <sup>i</sup> <sub>t</sub>		-1.725 (2.540)		-7.595 (6.177)				-2.092 (3.240)
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub>					-4.877*** (1.105)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub>						-4.141 (4.510)		
NetRegP <sup>i</sup> <sub>t-4</sub>							-3.969 (2.803)	
NetRegQA <sup>i</sup> <sub>t-4</sub>								-1.484 (2.386)
Size <sup>i</sup> <sub>t</sub>	-0.479* (0.276)	-0.448* (0.261)	-0.474* (0.269)	-0.437* (0.249)	-0.479* (0.275)	-0.448* (0.260)	-0.400 (0.256)	-0.350 (0.229)
Ind. NetRegP <sup>i</sup> <sub>t</sub>					-13.986** (6.237)			
Ind. NetRegQA <sup>i</sup> <sub>t</sub>						-4.652 (4.046)		
Gross Margin Growth <sup>i</sup> <sub>t</sub>	-0.171*** (0.024)	-0.174*** (0.015)	-0.171*** (0.027)	-0.174*** (0.015)	-0.171*** (0.026)	-0.174*** (0.015)	-0.180*** (0.032)	-0.183*** (0.031)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.194 (0.361)	-0.404 (0.452)	-0.205 (0.364)	-0.400 (0.445)	-0.180 (0.345)	-0.389 (0.447)	-0.125 (0.276)	-0.294 (0.340)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							-0.235 (0.210)	-0.382 (0.331)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.817 (0.602)	-1.010 (0.698)	-0.822 (0.599)	-0.995 (0.679)	-0.808 (0.588)	-0.996 (0.692)	-0.837 (0.617)	-1.097 (0.807)
NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>			2.422 (1.542)					
NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>				4.360 (3.023)				
Ind. Adj. NetRegP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>					0.507 (0.514)			
Ind. Adj. NetRegQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>						2.247 (1.846)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,002	50,619	55,002	50,619	55,002	50,619	39,187	35,198
R <sup>2</sup>	0.058	0.057	0.058	0.058	0.058	0.057	0.056	0.054
Adjusted R <sup>2</sup>	0.057	0.056	0.057	0.057	0.057	0.056	0.055	0.052

Note:

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

Table A24: This table shows the results of regressing four-quarter-ahead gross margin change on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on gross margin change

	Gross Margin Growth <sup>i</sup> <sub>t+4</sub>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP <sup>i</sup> <sub>t</sub>	-3.885 (5.995)		6.108 (6.903)				6.802 (5.404)	
AllSentQA <sup>i</sup> <sub>t</sub>		-10.275 (14.422)		-10.513 (14.287)				-7.393 (12.706)
Ind. Adj. AllSentP <sup>i</sup> <sub>t</sub>					-10.750 (10.115)			
Ind. Adj. AllSentQA <sup>i</sup> <sub>t</sub>						-16.089 (19.476)		
AllSentP <sup>i</sup> <sub>t-4</sub>							-15.756*** (3.868)	
AllSentQA <sup>i</sup> <sub>t-4</sub>								-21.193* (11.879)
Size <sup>i</sup> <sub>t</sub>	-0.463* (0.274)	-0.465* (0.273)	-0.415* (0.226)	-0.466* (0.273)	-0.464* (0.275)	-0.465* (0.273)	-0.369 (0.243)	-0.367 (0.239)
Ind. AllSentP <sup>i</sup> <sub>t</sub>					-30.114 (38.378)			
Ind. AllSentQA <sup>i</sup> <sub>t</sub>						-45.281 (43.358)		
Gross Margin Growth <sup>i</sup> <sub>t</sub>	-0.168*** (0.021)	-0.167*** (0.022)	-0.168*** (0.021)	-0.167*** (0.022)	-0.167*** (0.021)	-0.167*** (0.024)	-0.177*** (0.031)	-0.177*** (0.031)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.238 (0.422)	-0.277 (0.471)	-0.214 (0.404)	-0.277 (0.472)	-0.690 (0.970)	-0.643 (0.749)	0.047 (0.295)	-0.162 (0.363)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>							-0.471* (0.242)	-0.391 (0.298)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.845 (0.651)	-0.887 (0.714)	-0.768 (0.583)	-0.888 (0.713)	-1.304 (1.151)	-1.264 (0.965)	-0.869 (0.646)	-1.003 (0.799)
AllSentP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>			-6.708 (6.344)					
AllSentQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>				0.256 (1.364)				
Ind. Adj. AllSentP <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>					7.524 (5.643)			
Ind. Adj. AllSentQA <sup>i</sup> <sub>t</sub> *Size <sup>i</sup> <sub>t</sub>						11.055 (9.309)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,176	60,084	60,176	60,084	60,176	60,084	46,661	46,547
R <sup>2</sup>	0.056	0.056	0.056	0.056	0.056	0.056	0.053	0.053
Adjusted R <sup>2</sup>	0.055	0.055	0.055	0.055	0.055	0.055	0.051	0.052

Note:

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

Table A25: This table shows the results of regressing four-quarter-ahead operating margin change on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on operating margin change

	Operating Margin Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP $_t^i$	-6.709** (2.823)		-12.692** (5.781)				-4.830 (3.315)	
NetRegQA $_t^i$		-4.253 (3.654)		-13.265 (8.869)				-2.031 (4.595)
Ind. Adj. NetRegP $_t^i$					-6.521* (3.602)			
Ind. Adj. NetRegQA $_t^i$						-8.040 (6.276)		
NetRegP $_{t-4}^i$							-10.150 (6.516)	
NetRegQA $_{t-4}^i$								-1.208 (4.240)
Size $_t^i$	-1.193** (0.495)	-1.108** (0.474)	-1.182** (0.484)	-1.091** (0.457)	-1.192** (0.499)	-1.107** (0.473)	-0.986** (0.462)	-0.807** (0.388)
Ind. NetRegP $_t^i$					-21.520** (9.248)			
Ind. NetRegQA $_t^i$						-7.502 (5.446)		
Operating Margin Growth $_t^i$	-0.134*** (0.022)	-0.135*** (0.021)	-0.134*** (0.022)	-0.135*** (0.021)	-0.134*** (0.022)	-0.135*** (0.021)	-0.141*** (0.022)	-0.136*** (0.025)
No Regulat Dummy $_t^i$	-0.176 (0.483)	-0.354 (0.625)	-0.197 (0.486)	-0.347 (0.615)	-0.154 (0.463)	-0.337 (0.620)	-0.015 (0.313)	-0.104 (0.396)
No Regulat Dummy $_{t-4}^i$							-0.303 (0.404)	-0.284 (0.481)
Never Regulat Dummy $_t^i$	-1.496 (0.955)	-1.580 (1.087)	-1.506 (0.948)	-1.555 (1.059)	-1.482 (0.935)	-1.563 (1.081)	-1.354 (1.016)	-1.215 (1.156)
NetRegP $_t^i$ *Size $_t^i$			4.590* (2.601)					
NetRegQA $_t^i$ *Size $_t^i$				6.691 (4.369)				
Ind. Adj. NetRegP $_t^i$ *Size $_t^i$					1.529 (1.180)			
Ind. Adj. NetRegQA $_t^i$ *Size $_t^i$						3.353 (2.410)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,915	50,533	54,915	50,533	54,915	50,533	39,153	35,169
R <sup>2</sup>	0.057	0.054	0.058	0.054	0.058	0.054	0.053	0.044
Adjusted R <sup>2</sup>	0.056	0.052	0.057	0.053	0.056	0.053	0.052	0.042

Note:

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

Table A26: This table shows the results of regressing four-quarter-ahead operating margin change on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on operating margin change

	Operating Margin Growth $_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP $_t^i$	4.267 (3.325)		12.529 (7.618)				2.515 (3.025)	
RegSentQA $_t^i$		5.910 (4.042)		13.775* (7.881)				7.791 (4.963)
Ind. Adj. RegSentP $_t^i$					6.062 (4.703)			
Ind. Adj. RegSentQA $_t^i$						9.160 (7.347)		
RegSentP $_{t-4}^i$							6.935* (4.131)	
RegSentQA $_{t-4}^i$								7.042* (4.179)
Size $_t^i$	-1.187** (0.492)	-1.103** (0.464)	-1.183** (0.482)	-1.110** (0.464)	-1.186** (0.491)	-1.103** (0.463)	-0.971** (0.458)	-0.780** (0.363)
Ind. RegSentP $_t^i$					15.144 (9.605)			
Ind. RegSentQA $_t^i$						14.319* (8.033)		
Operating Margin Growth $_t^i$	-0.134*** (0.022)	-0.134*** (0.022)	-0.134*** (0.022)	-0.134*** (0.022)	-0.134*** (0.022)	-0.134*** (0.022)	-0.140*** (0.022)	-0.134*** (0.029)
No Regulat Dummy $_t^i$	-0.209 (0.496)	-0.465 (0.681)	-0.166 (0.469)	-0.439 (0.660)	-0.221 (0.484)	-0.515 (0.671)	0.021 (0.310)	-0.097 (0.437)
No Regulat Dummy $_{t-4}^i$							-0.296 (0.450)	-0.399 (0.501)
Never Regulat Dummy $_t^i$	-1.515 (0.970)	-1.682 (1.138)	-1.467 (0.932)	-1.665 (1.119)	-1.530 (0.964)	-1.731 (1.131)	-1.291 (1.049)	-1.293 (1.194)
RegSentP $_t^i$ *Size $_t^i$			-6.546* (3.749)					
RegSentQA $_t^i$ *Size $_t^i$				-5.920* (3.511)				
Ind. Adj. RegSentP $_t^i$ *Size $_t^i$					-2.821 (1.811)			
Ind. Adj. RegSentQA $_t^i$ *Size $_t^i$						-3.894 (3.320)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,326	49,568	54,326	49,568	54,326	49,568	38,467	33,973
R <sup>2</sup>	0.057	0.053	0.058	0.054	0.057	0.054	0.053	0.043
Adjusted R <sup>2</sup>	0.056	0.052	0.057	0.053	0.056	0.052	0.051	0.041

Note:

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

Table A27: This table shows the results of regressing four-quarter-ahead operating margin change on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on operating margin change

	Operating Margin Growth $h_{t+4}^i$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP $_t^i$	-10.342 (14.022)		-10.279 (9.130)				9.817 (10.842)	
AllSentQA $_t^i$		-4.905 (23.546)		-11.152 (26.205)				9.913 (18.219)
Ind. Adj. AllSentP $_t^i$					-53.317** (24.707)			
Ind. Adj. AllSentQA $_t^i$						-29.953 (34.905)		
AllSentP $_{t-4}^i$							-28.796*** (5.885)	
AllSentQA $_{t-4}^i$								-32.944** (14.964)
Size $_t^i$	-1.155** (0.494)	-1.158** (0.495)	-1.155** (0.449)	-1.186** (0.507)	-1.157** (0.498)	-1.160** (0.496)	-0.920** (0.435)	-0.919** (0.432)
Ind. AllSentP $_t^i$					17.574 (65.941)			
Ind. AllSentQA $_t^i$						26.384 (67.689)		
Operating Margin Growth $h_t^i$	-0.130*** (0.022)	-0.130*** (0.022)	-0.130*** (0.022)	-0.130*** (0.022)	-0.130*** (0.022)	-0.130*** (0.022)	-0.137*** (0.031)	-0.137*** (0.025)
No Regulat Dummy $_t^i$	-0.326 (0.700)	-0.182 (0.680)	-0.326 (0.675)	-0.162 (0.668)	0.299 (1.554)	0.183 (1.119)	0.214 (0.452)	0.148 (0.434)
No Regulat Dummy $_{t-4}^i$							-0.702 (0.449)	-0.513 (0.503)
Never Regulat Dummy $_t^i$	-1.604 (1.148)	-1.460 (1.151)	-1.604 (1.070)	-1.470 (1.147)	-0.972 (1.889)	-1.087 (1.503)	-1.459 (1.157)	-1.333 (1.227)
AllSentP $_t^i$ *Size $_t^i$			-0.043 (7.731)					
AllSentQA $_t^i$ *Size $_t^i$				6.718 (5.145)				
Ind. Adj. AllSentP $_t^i$ *Size $_t^i$					33.069** (13.721)			
Ind. Adj. AllSentQA $_t^i$ *Size $_t^i$						26.815 (18.452)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	60,079	59,987	60,079	59,987	60,079	59,987	46,619	46,505
R <sup>2</sup>	0.055	0.055	0.055	0.055	0.057	0.055	0.047	0.047
Adjusted R <sup>2</sup>	0.054	0.054	0.054	0.054	0.055	0.054	0.046	0.046

Note:

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

Table A28: This table shows the results of regressing four-quarter-ahead SG&A Expenses on our net regulatory measures, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of net regulatory measures into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *NetReg* on SG&A Expenses

	SGA <sub>t+4</sub> <sup>i</sup>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sub>t</sub> <sup>i</sup>	0.878 (1.123)		1.433 (2.348)				-0.255 (1.381)	
NetRegQA <sub>t</sub> <sup>i</sup>		-1.249 (1.056)		-2.359 (1.844)				-2.373 (1.447)
Ind. Adj. NetRegP <sub>t</sub> <sup>i</sup>					2.000 (2.668)			
Ind. Adj. NetRegQA <sub>t</sub> <sup>i</sup>						-2.076 (2.121)		
NetRegP <sub>t-4</sub> <sup>i</sup>							0.986 (1.453)	
NetRegQA <sub>t-4</sub> <sup>i</sup>								-1.568 (1.480)
Size <sub>t</sub> <sup>i</sup>	-0.091** (0.041)	-0.113** (0.051)	-0.091** (0.041)	-0.112** (0.051)	-0.091** (0.041)	-0.113** (0.051)	-0.142*** (0.039)	-0.179*** (0.053)
Ind. NetRegP <sub>t</sub> <sup>i</sup>					-3.194 (3.427)			
Ind. NetRegQA <sub>t</sub> <sup>i</sup>						-3.621 (3.724)		
SGA <sub>t</sub> <sup>i</sup>	0.908*** (0.015)	0.908*** (0.016)	0.908*** (0.015)	0.908*** (0.016)	0.907*** (0.015)	0.908*** (0.016)	0.913*** (0.013)	0.914*** (0.015)
No Regulat Dummy <sub>t</sub> <sup>i</sup>	-0.155 (0.206)	-0.220 (0.234)	-0.153 (0.208)	-0.220 (0.234)	-0.147 (0.199)	-0.208 (0.236)	-0.111 (0.174)	-0.110 (0.201)
No Regulat Dummy <sub>t-4</sub> <sup>i</sup>							-0.132 (0.103)	-0.270 (0.232)
Never Regulat Dummy <sub>t</sub> <sup>i</sup>	0.530** (0.242)	0.421* (0.245)	0.532** (0.243)	0.422* (0.243)	0.536** (0.238)	0.432* (0.247)	0.326 (0.217)	0.135 (0.362)
NetRegP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>			-0.424 (1.032)					
NetRegQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>				0.833 (0.683)				
Ind. Adj. NetRegP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>					-0.442 (1.069)			
Ind. Adj. NetRegQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>						0.992 (0.733)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	50,926	47,000	50,926	47,000	50,926	47,000	36,445	32,900
R <sup>2</sup>	0.910	0.910	0.910	0.910	0.910	0.910	0.916	0.913
Adjusted R <sup>2</sup>	0.910	0.910	0.910	0.910	0.910	0.910	0.916	0.913

Note:

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

Table A29: This table shows the results of regressing four-quarter-ahead SG&A Expenses on our regulatory sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of regulatory sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *RegSent* on SG&A Expenses

	SGA <sub>t+4</sub> <sup>i</sup>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RegSentP <sub>t</sub> <sup>i</sup>	1.366 (0.882)		1.906 (1.512)				0.951 (0.695)	
RegSentQA <sub>t</sub> <sup>i</sup>		0.549 (0.899)		0.998 (1.384)				0.526 (1.059)
Ind. Adj. RegSentP <sub>t</sub> <sup>i</sup>					1.922 (1.359)			
Ind. Adj. RegSentQA <sub>t</sub> <sup>i</sup>						2.547 (1.784)		
RegSentP <sub>t-4</sub> <sup>i</sup>							0.647 (0.826)	
RegSentQA <sub>t-4</sub> <sup>i</sup>								-0.998 (1.017)
Size <sub>t</sub> <sup>i</sup>	-0.093** (0.042)	-0.109** (0.052)	-0.093** (0.043)	-0.109** (0.052)	-0.093** (0.043)	-0.109** (0.052)	-0.141*** (0.044)	-0.177*** (0.055)
Ind. RegSentP <sub>t</sub> <sup>i</sup>					0.142 (3.404)			
Ind. RegSentQA <sub>t</sub> <sup>i</sup>						-4.044 (2.928)		
SGA <sub>t</sub> <sup>i</sup>	0.908*** (0.015)	0.908*** (0.016)	0.907*** (0.015)	0.908*** (0.016)	0.908*** (0.015)	0.908*** (0.016)	0.914*** (0.015)	0.914*** (0.016)
No Regulat Dummy <sub>t</sub> <sup>i</sup>	-0.187 (0.210)	-0.252 (0.255)	-0.185 (0.209)	-0.250 (0.255)	-0.184 (0.215)	-0.220 (0.265)	-0.141 (0.184)	-0.183 (0.226)
No Regulat Dummy <sub>t-4</sub> <sup>i</sup>							-0.143 (0.101)	-0.226 (0.237)
Never Regulat Dummy <sub>t</sub> <sup>i</sup>	0.495** (0.246)	0.394 (0.259)	0.497** (0.245)	0.395 (0.259)	0.498** (0.250)	0.425 (0.268)	0.282 (0.218)	0.110 (0.384)
RegSentP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>			-0.429 (0.642)					
RegSentQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>				-0.338 (0.522)				
Ind. Adj. RegSentP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>					-0.310 (0.606)			
Ind. Adj. RegSentQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>						-0.837 (0.689)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	50,376	46,160	50,376	46,160	50,376	46,160	35,800	31,834
R <sup>2</sup>	0.910	0.909	0.910	0.909	0.910	0.909	0.916	0.913
Adjusted R <sup>2</sup>	0.910	0.909	0.910	0.909	0.910	0.909	0.916	0.913

Note:

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

Table A30: This table shows the results of regressing four-quarter-ahead SG&A Expenses on our earnings call sentiment, as well as other control variables. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention, a decomposition of earnings call sentiment into a company-specific and industry-specific (2-digit SIC code) component, as well as lags and interactions of the above variables. Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

### Effects of *AllSent* on SG&A Expenses

	SGA <sub>t+4</sub> <sup>i</sup>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AllSentP <sub>t</sub> <sup>i</sup>	13.671*** (4.461)		24.534*** (5.313)				4.529 (4.699)	
AllSentQA <sub>t</sub> <sup>i</sup>		-15.555** (7.595)		-15.444 (9.679)				-25.227*** (9.182)
Ind. Adj. AllSentP <sub>t</sub> <sup>i</sup>					35.132*** (6.508)			
Ind. Adj. AllSentQA <sub>t</sub> <sup>i</sup>						-12.842 (9.139)		
AllSentP <sub>t-4</sub> <sup>i</sup>							18.785*** (4.169)	
AllSentQA <sub>t-4</sub> <sup>i</sup>								9.736 (9.379)
Size <sub>t</sub> <sup>i</sup>	-0.105** (0.041)	-0.097** (0.042)	-0.054 (0.046)	-0.096** (0.044)	-0.102** (0.040)	-0.098** (0.041)	-0.166*** (0.040)	-0.152*** (0.041)
Ind. AllSentP <sub>t</sub> <sup>i</sup>					-34.609* (20.384)			
Ind. AllSentQA <sub>t</sub> <sup>i</sup>						-68.821** (32.582)		
SGA <sub>t</sub> <sup>i</sup>	0.908*** (0.015)	0.908*** (0.015)	0.908*** (0.015)	0.908*** (0.015)	0.908*** (0.015)	0.908*** (0.016)	0.915*** (0.013)	0.915*** (0.014)
No Regulat Dummy <sub>t</sub> <sup>i</sup>	0.154 (0.208)	-0.264 (0.236)	0.177 (0.205)	-0.265 (0.233)	-0.782** (0.391)	-0.843** (0.399)	0.039 (0.177)	-0.325 (0.215)
No Regulat Dummy <sub>t-4</sub> <sup>i</sup>							0.198 (0.157)	-0.032 (0.183)
Never Regulat Dummy <sub>t</sub> <sup>i</sup>	0.822*** (0.247)	0.405 (0.267)	0.900*** (0.238)	0.405 (0.268)	-0.125 (0.457)	-0.189 (0.454)	0.785*** (0.268)	0.191 (0.357)
AllSentP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>			-7.362*** (2.499)					
AllSentQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>				-0.124 (3.344)				
Ind. Adj. AllSentP <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>					-14.231*** (3.024)			
Ind. Adj. AllSentQA <sub>t</sub> <sup>i</sup> *Size <sub>t</sub> <sup>i</sup>						3.364 (4.120)		
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,668	55,581	55,668	55,581	55,668	55,581	43,322	43,215
R <sup>2</sup>	0.910	0.910	0.910	0.910	0.910	0.910	0.916	0.916
Adjusted R <sup>2</sup>	0.910	0.910	0.910	0.910	0.910	0.910	0.916	0.916

Note:

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

Table A31: This table shows the results of regressing four-quarter-ahead *NetReg* on our firm-level operating fundamentals, as well as on lagged *NetReg*. Other control variables include lagged risk-adjusted returns and company size (log sales). Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

**Dependence of *NetReg* on lagged *NetReg* and other drivers**

	NetRegP <sub>t</sub> <sup>i</sup>				NetRegQA <sub>t</sub> <sup>i</sup>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NetRegP <sub>t-4</sub> <sup>i</sup>	0.207*** (0.024)	0.206*** (0.023)	0.207*** (0.023)	0.207*** (0.023)				
NetRegQA <sub>t-4</sub> <sup>i</sup>					0.030*** (0.011)	0.031*** (0.011)	0.030** (0.012)	0.029** (0.012)
Lag Month FF6 Ret	0.00004 (0.0001)	0.00005 (0.0001)	0.00005 (0.0001)	0.00005 (0.0001)	0.00001 (0.0001)	-0.00000 (0.0001)	0.00000 (0.0001)	0.00001 (0.0001)
Size <sub>t</sub> <sup>i</sup>	-0.001** (0.0003)	-0.001** (0.0003)	-0.001** (0.0003)	-0.001** (0.0003)	0.0002 (0.001)	0.0002 (0.001)	0.0003 (0.001)	0.0002 (0.001)
Sales Growth <sub>t-4;t</sub> <sup>i</sup>	0.00001 (0.00001)			0.00001 (0.00002)	-0.00003 (0.00003)			-0.00005 (0.00004)
Sales Growth <sub>t-8;t-4</sub> <sup>i</sup>	0.00000 (0.00001)			0.00000 (0.00002)	0.00002 (0.00001)			0.00001 (0.00003)
Asset Growth <sub>t-4;t</sub> <sup>i</sup>		0.00002* (0.00001)		0.00002 (0.00002)		-0.00001 (0.00003)		0.00001 (0.00002)
Asset Growth <sub>t-8;t-4</sub> <sup>i</sup>		-0.00001 (0.00001)		-0.00001 (0.00001)		0.00000 (0.00002)		0.00001 (0.00002)
Op. Margin Growth <sub>t-4;t</sub> <sup>i</sup>			-0.00001** (0.00000)	-0.00002 (0.00002)			-0.00001 (0.00002)	0.00002 (0.00002)
Op. Margin Growth <sub>t-8;t-4</sub> <sup>i</sup>			0.00000 (0.00001)	0.00000 (0.00001)			0.00001* (0.00001)	0.00001 (0.00002)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,034	9,134	8,989	8,989	4,560	4,616	4,543	4,543
R <sup>2</sup>	0.097	0.097	0.097	0.097	0.038	0.038	0.038	0.038
Adjusted R <sup>2</sup>	0.091	0.091	0.090	0.090	0.025	0.025	0.025	0.025

Note:

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

Table A32: This table shows the results of regressing four-quarter-ahead *RegSent* on our firm-level operating fundamentals, as well as on lagged *RegSent*. Other control variables include lagged risk-adjusted returns and company size (log sales). Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

**Dependence of *RegSent* on lagged *RegSent* and other drivers**

	regSentP <sub>t</sub> <sup>i</sup>				regSentQA <sub>t</sub> <sup>i</sup>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
regSentP <sub>t-4</sub> <sup>i</sup>	0.323*** (0.026)	0.320*** (0.028)	0.323*** (0.026)	0.323*** (0.026)				
regSentQA <sub>t-4</sub> <sup>i</sup>					0.030 (0.024)	0.031 (0.024)	0.030 (0.024)	0.030 (0.024)
Lag Month FF6 Ret	0.00002 (0.0001)	0.00003 (0.0001)	0.00002 (0.0001)	0.00002 (0.0001)	-0.0001 (0.0001)	-0.0001 (0.0001)	-0.0001 (0.0001)	-0.0001 (0.0001)
Size <sub>t</sub> <sup>i</sup>	0.0002 (0.001)	0.0001 (0.001)	0.0002 (0.001)	0.0002 (0.001)	-0.0003 (0.001)	-0.0003 (0.001)	-0.0004 (0.001)	-0.0003 (0.001)
Sales Growth <sub>t-4;t</sub> <sup>i</sup>	0.00002 (0.00002)			0.00002 (0.00003)	0.00003 (0.00002)			0.0001** (0.00003)
Sales Growth <sub>t-8;t-4</sub> <sup>i</sup>	0.00000 (0.00002)			-0.00000 (0.00003)	-0.00002 (0.00002)			-0.00001 (0.00004)
Asset Growth <sub>t-4;t</sub> <sup>i</sup>		0.00001 (0.00002)		0.00001 (0.00002)		0.00000 (0.00003)		-0.00003 (0.00003)
Asset Growth <sub>t-8;t-4</sub> <sup>i</sup>		-0.00001 (0.00001)		-0.00001 (0.00001)		-0.00003 (0.00003)		-0.00003 (0.00003)
Op. Margin Growth <sub>t-4;t</sub> <sup>i</sup>			0.00001 (0.00001)	0.00001 (0.00002)			-0.00001 (0.00001)	-0.00004** (0.00002)
Op. Margin Growth <sub>t-8;t-4</sub> <sup>i</sup>			0.00000 (0.00001)	0.00000 (0.00001)			-0.00001 (0.00001)	-0.00001 (0.00002)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,566	8,665	8,523	8,523	4,025	4,076	4,011	4,011
R <sup>2</sup>	0.164	0.162	0.164	0.164	0.036	0.036	0.036	0.038
Adjusted R <sup>2</sup>	0.157	0.156	0.157	0.157	0.022	0.022	0.022	0.022

Note:

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

Table A33: This table shows the results of regressing four-quarter-ahead *AllSent* on our firm-level operating fundamentals, as well as on lagged *AllSent*. Other control variables include lagged risk-adjusted returns and company size (log sales). Standard errors, clustered by 2-digit SIC and quarter, are reported in parentheses.

**Dependence of *AllSent* on lagged *AllSent* and other drivers**

	allSentP <sub>t</sub> <sup>i</sup>				allSentQA <sub>t</sub> <sup>i</sup>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
allSentP <sub>t-4</sub> <sup>i</sup>	0.503*** (0.012)	0.500*** (0.012)	0.501*** (0.012)	0.504*** (0.012)				
allSentQA <sub>t-4</sub> <sup>i</sup>					0.296*** (0.010)	0.295*** (0.010)	0.296*** (0.010)	0.296*** (0.010)
Lag Month FF6 Ret	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)	0.0001*** (0.00001)
Size <sub>t</sub> <sup>i</sup>	0.001*** (0.0001)	0.001*** (0.0001)	0.001*** (0.0001)	0.001*** (0.0001)	0.0003*** (0.0001)	0.0003*** (0.0001)	0.0003*** (0.0001)	0.0003*** (0.0001)
Sales Growth <sub>t-4;t</sub> <sup>i</sup>	0.00004*** (0.00001)			0.00005*** (0.00001)	0.00001* (0.00001)			0.00002*** (0.00001)
Sales Growth <sub>t-8;t-4</sub> <sup>i</sup>	-0.00002*** (0.00000)			-0.00001*** (0.00000)	-0.00001*** (0.00000)			-0.00001*** (0.00000)
Asset Growth <sub>t-4;t</sub> <sup>i</sup>		0.00000 (0.00000)		-0.00002*** (0.00000)		-0.00000 (0.00000)		-0.00001*** (0.00000)
Asset Growth <sub>t-8;t-4</sub> <sup>i</sup>		-0.00001*** (0.00000)		-0.00001*** (0.00000)		-0.00001*** (0.00000)		-0.00000** (0.00000)
Op. Margin Growth <sub>t-4;t</sub> <sup>i</sup>			0.00002** (0.00001)	-0.00000 (0.00001)			0.00001 (0.00001)	-0.00000 (0.00000)
Op. Margin Growth <sub>t-8;t-4</sub> <sup>i</sup>			-0.00000 (0.00000)	0.00000 (0.00000)			-0.00000*** (0.00000)	0.00000 (0.00000)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	52,365	52,554	52,135	52,135	51,870	52,059	51,640	51,640
R <sup>2</sup>	0.319	0.312	0.314	0.321	0.136	0.135	0.135	0.137
Adjusted R <sup>2</sup>	0.318	0.312	0.313	0.320	0.135	0.134	0.134	0.136

Note:

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

Table A34: This table shows the results of regressing returns from the day of the conference call on *NetReg*, *RegSent*, and *AllSent* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, and log book-to-market ratio. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t - 1$  through day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t$  through  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of regulatory tone and sentiment on contemporaneous returns

Returns	Excess Ret $^i_{t-1,t,t,t+1}$			FF6 Ret $^i_{t-1,t,t,t+1}$		
	(1)	(2)	(3)	(4)	(5)	(6)
NetRegP $^i_{t;t+1}$	-1.457 (1.344)		-3.331* (1.721)	-1.099 (1.183)		-2.731* (1.606)
NetRegQA $^i_{t;t+1}$		-1.357 (1.249)	-1.907 (1.655)		-1.287 (1.215)	-1.965 (1.681)
No Regulat	0.233** (0.113)	0.159 (0.118)	0.350** (0.152)	0.211** (0.105)	0.112 (0.116)	0.273* (0.153)
Never Regulat	-0.353* (0.207)	-0.441** (0.204)	-0.246 (0.213)	-0.360* (0.194)	-0.475** (0.196)	-0.311 (0.207)
Observations	27,694	25,991	22,924	27,694	25,991	22,924
RegSentP $^i_{t;t+1}$	0.475 (1.195)		1.107 (1.945)	0.026 (1.193)		0.550 (1.941)
RegSentQA $^i_{t;t+1}$		1.871* (0.989)	3.821*** (1.132)		1.351 (1.002)	3.574*** (1.044)
No Regulat	0.221* (0.114)	0.147 (0.113)	0.334** (0.138)	0.194* (0.106)	0.111 (0.112)	0.260* (0.137)
Never Regulat	-0.368* (0.207)	-0.450** (0.196)	-0.254 (0.201)	-0.380** (0.194)	-0.472** (0.191)	-0.316 (0.196)
Observations	27,378	25,437	22,585	27,378	25,437	22,585
AllSentP $^i_{t;t+1}$	51.090*** (5.891)		34.643*** (5.248)	51.878*** (6.020)		35.522*** (5.054)
AllSentQA $^i_{t;t+1}$		67.370*** (12.791)	50.837*** (12.095)		67.315*** (12.807)	50.357*** (11.743)
No Regulat	1.119*** (0.144)	0.840*** (0.162)	1.327*** (0.192)	1.115*** (0.141)	0.821*** (0.162)	1.320*** (0.198)
Never Regulat	0.511** (0.214)	0.250 (0.227)	0.725*** (0.243)	0.522** (0.212)	0.246 (0.227)	0.732*** (0.249)
Observations	30,760	30,703	30,702	30,760	30,703	30,702

Note:

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

Table A35: This table shows the results of regressing returns on lagged *NetReg* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, log book-to-market ratio, and log share turnover. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *NetReg* on returns

	Excess Ret $^i_{t,t+22;t+1,t+23}$			FF6 Ret $^i_{t,t+22;t+1,t+23}$		
	(1)	(2)	(3)	(4)	(5)	(6)
FF6 Ret $^i_{t-1,t,t,t+1}$	0.027** (0.013)	0.026** (0.012)	0.028** (0.013)	0.007 (0.010)	0.004 (0.010)	0.008 (0.011)
FF6 Ret $^i_{t-22,t-1;t-21,t}$	-1.172 (1.475)	-1.086 (1.532)	-0.914 (1.561)	-1.852 (1.500)	-1.678 (1.548)	-1.691 (1.610)
FF6 Alpha	-1.742** (0.697)	-1.433** (0.617)	-1.784** (0.749)	-2.300*** (0.645)	-1.822*** (0.581)	-2.180*** (0.715)
NetRegP $^i_{t;t+1}$	0.705 (1.715)		2.145 (2.604)	-0.460 (1.198)		0.185 (2.085)
NetRegQA $^i_{t;t+1}$		4.209** (1.866)	3.455 (2.887)		2.907* (1.503)	1.967 (2.116)
log(ME)	-0.219*** (0.055)	-0.174*** (0.055)	-0.162*** (0.057)	-0.105*** (0.037)	-0.079** (0.031)	-0.063* (0.037)
SUE	0.064 (0.057)	0.099** (0.049)	0.095* (0.054)	0.175*** (0.047)	0.183*** (0.045)	0.195*** (0.047)
log(BM)	-0.101 (0.117)	-0.037 (0.119)	-0.013 (0.123)	-0.102 (0.096)	-0.024 (0.090)	-0.036 (0.099)
log(share turnover)	0.112 (0.081)	0.064 (0.073)	0.050 (0.077)	0.030 (0.078)	-0.003 (0.072)	-0.016 (0.081)
No Regulat	0.051 (0.152)	0.162 (0.144)	0.301 (0.191)	0.056 (0.125)	0.058 (0.121)	0.247 (0.160)
Never Regulat	0.445* (0.251)	0.591*** (0.227)	0.745*** (0.242)	0.363 (0.226)	0.385* (0.205)	0.592*** (0.222)
Constant	3.527*** (0.564)	3.003*** (0.528)	2.730*** (0.544)	1.431*** (0.548)	1.185*** (0.447)	0.836 (0.547)
Observations	27,652	25,955	22,894	27,652	25,955	22,894
R <sup>2</sup>	0.003	0.003	0.003	0.003	0.003	0.004
Adjusted R <sup>2</sup>	0.003	0.003	0.003	0.003	0.003	0.003

Note:

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

Table A36: This table shows the results of regressing returns on lagged *RegSent* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, log book-to-market ratio, and log share turnover. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *RegSent* on returns

	Excess Ret $^i_{t,t+22;t+1,t+23}$			FF6 Ret $^i_{t,t+22;t+1,t+23}$		
	(1)	(2)	(3)	(4)	(5)	(6)
FF6 Ret $^i_{t-1,t;t,t+1}$	0.026** (0.013)	0.027** (0.012)	0.028** (0.013)	0.007 (0.010)	0.005 (0.011)	0.008 (0.011)
FF6 Ret $^i_{t-22,t-1;t-21,t}$	-1.281 (1.493)	-1.064 (1.596)	-0.952 (1.580)	-1.876 (1.514)	-1.641 (1.613)	-1.672 (1.631)
FF6 Alpha	-1.797** (0.708)	-1.631*** (0.606)	-1.819** (0.738)	-2.336*** (0.660)	-2.073*** (0.569)	-2.288*** (0.721)
RegSent P $^i_{t;t+1}$	1.815 (1.531)		4.451* (2.362)	0.601 (1.275)		3.889** (1.696)
RegSent QA $^i_{t;t+1}$		5.374*** (1.690)	6.560*** (2.205)		3.632*** (1.375)	5.050*** (1.953)
log(ME)	-0.224*** (0.056)	-0.181*** (0.056)	-0.177*** (0.057)	-0.108*** (0.037)	-0.086*** (0.032)	-0.073** (0.037)
SUE	0.063 (0.057)	0.096* (0.051)	0.087 (0.056)	0.175*** (0.048)	0.186*** (0.046)	0.193*** (0.049)
log(BM)	-0.107 (0.118)	-0.030 (0.121)	-0.008 (0.122)	-0.099 (0.097)	-0.029 (0.092)	-0.034 (0.100)
log(share turnover)	0.115 (0.080)	0.071 (0.075)	0.070 (0.076)	0.029 (0.077)	-0.002 (0.073)	-0.011 (0.080)
No Regulat	0.049 (0.159)	0.132 (0.142)	0.301 (0.189)	0.052 (0.129)	0.034 (0.113)	0.259* (0.143)
Never Regulat	0.438* (0.252)	0.554** (0.224)	0.730*** (0.243)	0.355 (0.223)	0.353* (0.206)	0.593*** (0.210)
Constant	3.571*** (0.563)	3.122*** (0.540)	2.916*** (0.561)	1.462*** (0.535)	1.273*** (0.448)	0.920* (0.542)
Observations	27,336	25,403	22,555	27,336	25,403	22,555
R <sup>2</sup>	0.003	0.003	0.004	0.003	0.004	0.004
Adjusted R <sup>2</sup>	0.003	0.003	0.003	0.003	0.003	0.004

Note:

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

Table A37: This table shows the results of regressing returns on lagged *AllSent* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, log book-to-market ratio, and log share turnover. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *AllSent* on returns

	Excess Ret $^i_{t,t+22;t+1,t+23}$			FF6 Ret $^i_{t,t+22;t+1,t+23}$		
	(1)	(2)	(3)	(4)	(5)	(6)
FF6 Ret $^i_{t-1,t;t,t+1}$	0.024** (0.012)	0.024** (0.012)	0.024** (0.012)	0.002 (0.010)	0.003 (0.010)	0.002 (0.010)
FF6 Ret $^i_{t-22,t-1;t-21,t}$	-1.347 (1.465)	-1.396 (1.479)	-1.397 (1.478)	-1.893 (1.457)	-1.931 (1.461)	-1.939 (1.462)
FF6 Alpha	-1.489** (0.611)	-1.494** (0.600)	-1.498** (0.599)	-2.045*** (0.572)	-2.019*** (0.557)	-2.041*** (0.559)
AllSentP $^i_{t;t+1}$	13.802** (5.587)		2.083 (5.057)	18.922*** (4.577)		9.985*** (3.575)
AllSentQA $^i_{t;t+1}$		34.079*** (7.848)	33.076*** (7.875)		29.941*** (7.892)	25.178*** (7.610)
log(ME)	-0.226*** (0.054)	-0.221*** (0.051)	-0.222*** (0.051)	-0.117*** (0.032)	-0.110*** (0.031)	-0.114*** (0.031)
SUE	0.069 (0.052)	0.069 (0.052)	0.069 (0.051)	0.164*** (0.045)	0.165*** (0.045)	0.163*** (0.045)
log(BM)	-0.095 (0.111)	-0.077 (0.109)	-0.076 (0.108)	-0.065 (0.084)	-0.054 (0.087)	-0.049 (0.086)
log(share turnover)	0.114 (0.077)	0.121 (0.075)	0.121 (0.075)	0.033 (0.069)	0.037 (0.070)	0.037 (0.069)
No Regulat	0.296 (0.182)	0.388** (0.172)	0.417** (0.189)	0.355** (0.155)	0.307* (0.159)	0.448*** (0.173)
Never Regulat	0.679*** (0.241)	0.774*** (0.245)	0.803*** (0.243)	0.647*** (0.206)	0.605*** (0.222)	0.742*** (0.213)
Constant	3.357*** (0.521)	3.275*** (0.532)	3.252*** (0.523)	1.256*** (0.444)	1.280*** (0.453)	1.170*** (0.438)
Observations	30,712	30,655	30,654	30,712	30,655	30,654
R <sup>2</sup>	0.003	0.004	0.004	0.003	0.004	0.004
Adjusted R <sup>2</sup>	0.003	0.003	0.003	0.003	0.003	0.003

Note:

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

Table A38: This table shows the results of regressing returns on *NetReg* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, and log book-to-market ratio. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t - 1$  through day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t$  through  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *NetReg* on contemporaneous returns

	Excess Ret $_{t-1,t;t,t+1}^i$			FF6 Ret $_{t-1,t;t,t+1}^i$		
	(1)	(2)	(3)	(4)	(5)	(6)
FF6 Ret $_{t-22,t-1;t-21,t}^i$	-2.426*** (0.682)	-2.857*** (0.645)	-2.451*** (0.757)	-2.796*** (0.715)	-3.286*** (0.680)	-2.916*** (0.810)
FF6 Alpha	-2.296*** (0.619)	-2.241*** (0.562)	-2.476*** (0.624)	-2.275*** (0.616)	-2.222*** (0.565)	-2.474*** (0.636)
NetRegP $_{t;t+1}^i$	-1.508 (1.378)		-3.299* (1.725)	-1.151 (1.212)		-2.701* (1.610)
NetRegQA $_{t;t+1}^i$		-1.360 (1.249)	-1.936 (1.649)		-1.291 (1.214)	-1.996 (1.669)
log(ME)	-0.079*** (0.023)	-0.095*** (0.022)	-0.088*** (0.021)	-0.079*** (0.023)	-0.096*** (0.021)	-0.091*** (0.021)
SUE	0.401*** (0.032)	0.389*** (0.030)	0.396*** (0.032)	0.403*** (0.031)	0.390*** (0.030)	0.398*** (0.032)
log(BM)	0.090 (0.064)	0.090 (0.065)	0.078 (0.070)	0.072 (0.062)	0.085 (0.065)	0.065 (0.071)
No Regulat	0.234** (0.113)	0.161 (0.119)	0.357** (0.153)	0.212** (0.105)	0.114 (0.118)	0.280* (0.154)
Never Regulat	-0.358* (0.206)	-0.442** (0.205)	-0.242 (0.214)	-0.365* (0.194)	-0.477** (0.197)	-0.307 (0.208)
Constant	1.850*** (0.212)	2.020*** (0.219)	1.781*** (0.232)	1.791*** (0.192)	2.007*** (0.208)	1.799*** (0.228)
Observations	27,656	25,959	22,898	27,656	25,959	22,898
R <sup>2</sup>	0.015	0.014	0.015	0.015	0.015	0.015
Adjusted R <sup>2</sup>	0.014	0.014	0.014	0.015	0.015	0.015

Note:

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

Table A39: This table shows the results of regressing returns on *RegSent* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, and log book-to-market ratio. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t - 1$  through day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t$  through  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *RegSent* on contemporaneous returns

	Excess Ret $^i_{t-1,t,t,t+1}$			FF6 Ret $^i_{t-1,t,t,t+1}$		
	(1)	(2)	(3)	(4)	(5)	(6)
Adj. Ret $^i_{t-22,t-1;t-21,t}$	-2.410*** (0.676)	-2.776*** (0.669)	-2.431*** (0.782)	-2.762*** (0.710)	-3.219*** (0.704)	-2.908*** (0.838)
FF6 Alpha	-2.227*** (0.618)	-2.278*** (0.560)	-2.450*** (0.616)	-2.215*** (0.614)	-2.271*** (0.562)	-2.469*** (0.623)
RegSentP $^i_{t;t+1}$	0.450 (1.194)		1.085 (1.956)	0.001 (1.194)		0.528 (1.950)
RegSentQA $^i_{t;t+1}$		1.901* (0.996)	3.877*** (1.141)		1.383 (1.007)	3.632*** (1.044)
log(ME)	-0.081*** (0.023)	-0.092*** (0.021)	-0.081*** (0.021)	-0.082*** (0.023)	-0.093*** (0.020)	-0.084*** (0.020)
SUE	0.400*** (0.033)	0.386*** (0.031)	0.394*** (0.033)	0.402*** (0.031)	0.387*** (0.031)	0.397*** (0.033)
log(BM)	0.098 (0.066)	0.097 (0.065)	0.087 (0.073)	0.079 (0.064)	0.094 (0.066)	0.072 (0.075)
No Regulat	0.221* (0.115)	0.150 (0.115)	0.341** (0.139)	0.195* (0.107)	0.114 (0.114)	0.268* (0.139)
Never Regulat	-0.373* (0.207)	-0.450** (0.197)	-0.250 (0.202)	-0.385** (0.194)	-0.473** (0.192)	-0.312 (0.198)
Constant	1.883*** (0.207)	2.013*** (0.211)	1.744*** (0.218)	1.831*** (0.188)	1.984*** (0.204)	1.761*** (0.215)
Observations	27,340	25,407	22,559	27,340	25,407	22,559
R <sup>2</sup>	0.015	0.014	0.014	0.015	0.015	0.015
Adjusted R <sup>2</sup>	0.014	0.014	0.014	0.015	0.015	0.015

Note:

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

Table A40: This table shows the results of regressing returns on *AllSent* (for the presentation and the Q&A sections), as well as control variables, which include *SUE*, log market equity, and log book-to-market ratio. *SUE* measures the standardized unexpected earnings following the construct found in Bernard and Thomas (1989) and Tetlock, Saar-Tsechansky, Macskassy (2008). Returns are measured from the close of day  $t - 1$  through day  $t$  (i.e. the earnings reporting date) for calls occurring prior to 4PM New York time, and from the close of day  $t$  through  $t + 1$  (the next business day) for calls occurring after 4PM New York time. *Excess Ret* refers to the stock return in excess of the risk-free rate and *FF6 Ret* refers to abnormal excess returns relative to the Fama-French five factor model augmented with the momentum factor. Standard errors, clustered on conference call event dates and 2-digit SIC, are reported in parentheses.

### Effects of *AllSent* on contemporaneous returns

	Excess Ret $_{t-1,t;t,t+1}^i$			FF6 Ret $_{t-1,t;t,t+1}^i$		
	(1)	(2)	(3)	(4)	(5)	(6)
FF6 Ret $_{t-22,t-1;t-21,t}^i$	-2.917*** (0.614)	-3.082*** (0.612)	-3.108*** (0.613)	-3.264*** (0.632)	-3.427*** (0.625)	-3.453*** (0.628)
FF6 Alpha	-2.254*** (0.552)	-2.168*** (0.558)	-2.240*** (0.560)	-2.224*** (0.551)	-2.137*** (0.557)	-2.210*** (0.559)
AllSentP $_{t;t+1}^i$	51.257*** (5.884)		34.910*** (5.305)	52.046*** (6.016)		35.786*** (5.098)
AllSentQA $_{t;t+1}^i$		67.405*** (12.922)	50.717*** (12.274)		67.360*** (12.921)	50.247*** (11.894)
log(ME)	-0.102*** (0.024)	-0.081*** (0.026)	-0.094*** (0.027)	-0.103*** (0.023)	-0.081*** (0.024)	-0.094*** (0.025)
SUE	0.382*** (0.031)	0.392*** (0.031)	0.385*** (0.031)	0.383*** (0.030)	0.394*** (0.029)	0.386*** (0.030)
log(BM)	0.140** (0.061)	0.141** (0.061)	0.156** (0.063)	0.129** (0.059)	0.129** (0.058)	0.144** (0.060)
No Regulat	1.123*** (0.143)	0.843*** (0.163)	1.334*** (0.191)	1.120*** (0.140)	0.825*** (0.163)	1.328*** (0.196)
Never Regulat	0.510** (0.213)	0.250 (0.226)	0.728*** (0.240)	0.520** (0.211)	0.245 (0.226)	0.735*** (0.247)
Constant	1.154*** (0.192)	1.290*** (0.197)	0.900*** (0.197)	1.084*** (0.172)	1.232*** (0.176)	0.832*** (0.179)
Observations	30,716	30,659	30,658	30,716	30,659	30,658
R <sup>2</sup>	0.019	0.020	0.022	0.020	0.021	0.023
Adjusted R <sup>2</sup>	0.019	0.020	0.021	0.020	0.021	0.022

Note:

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

Table A41: This table shows that the decomposition of the effects of NetReg by topic on sales growth, asset growth, and leverage. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention. Standard errors, clustered by 2-digit SIC and quarter, are reported in the parentheses.

**Effects of *NetReg* by topic on firm growth and leverage (excluding utilities)**

	Sales Growth $_{t+4}^i$		Asset Growth $_{t+4}^i$		Leverage $_{t+4}^i$	
	(1)	(2)	(3)	(4)	(5)	(6)
Size $_t^i$	-3.352*** (0.864)	-3.197*** (0.759)	-1.265*** (0.347)	-1.340*** (0.318)	0.315*** (0.086)	0.315*** (0.114)
Sales Growth $_t^i$	0.078** (0.039)	0.080 (0.086)				
Asset Growth $_t^i$			0.128*** (0.045)	0.129*** (0.022)		
Leverage $_t^i$					0.901*** (0.029)	0.901*** (0.009)
No Regulat Dummy $_{t-4}^i$	-1.156 (1.042)	-2.726** (1.216)	-0.445 (1.305)	-2.629*** (0.688)	-0.115 (0.154)	-0.227 (0.169)
Never Regulat Dummy $_t^i$	-4.858*** (1.818)	-6.289*** (1.935)	-2.947 (2.083)	-5.292*** (1.057)	-0.672*** (0.251)	-0.789*** (0.281)
Legalese (Pres.) $_t^i$ *NetRegP $_t^i$	-56.605 (57.569)		-5.576 (50.663)		-24.015* (13.966)	
FDA (Pres.) $_t^i$ *NetRegP $_t^i$	-62.419** (29.343)		25.473 (19.581)		-17.488*** (3.693)	
Fins (Pres.) $_t^i$ *NetRegP $_t^i$	-18.041 (86.480)		-87.716 (100.049)		18.848 (19.996)	
Margins (Pres.) $_t^i$ *NetRegP $_t^i$	-16.393 (25.932)		31.619 (24.254)		-6.999 (4.317)	
Util (Pres.) $_t^i$ *NetRegP $_t^i$	-22.393 (41.667)		92.315*** (25.440)		20.323* (12.336)	
M&A (Pres.) $_t^i$ *NetRegP $_t^i$	-134.860*** (25.313)		-209.556*** (30.503)		-15.987*** (4.774)	
ProdMkt-Client (Pres.) $_t^i$ *NetRegP $_t^i$	-2.371 (6.356)		10.759 (8.243)		-4.218 (3.436)	
Euro-Legalese2 (Pres.) $_t^i$ *NetRegP $_t^i$	-53.750* (30.082)		-71.661** (36.100)		11.399 (7.566)	
FDA (QA) $_t^i$ *NetRegQA $_t^i$		-92.622*** (35.613)		0.582 (25.243)		9.425 (6.647)
M&A (QA) $_t^i$ *NetRegQA $_t^i$		-68.836*** (23.047)		-49.696** (23.927)		0.616 (4.644)
Fins (QA) $_t^i$ *NetRegQA $_t^i$		5.748 (65.118)		20.914 (73.623)		-33.975** (14.859)
Neg (QA) $_t^i$ *NetRegQA $_t^i$		-24.762 (48.568)		-79.820 (51.370)		-12.428 (12.320)
ProdMkt-Client-Euro (QA) $_t^i$ *NetRegQA $_t^i$		-1.608 (7.900)		-4.974 (15.539)		-0.012 (2.561)
CorpFin-Util-Margins (QA) $_t^i$ *NetRegQA $_t^i$		-7.211 (14.875)		-6.613 (12.332)		-8.681* (4.568)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes
Observations	52,603	48,578	52,773	48,720	50,541	46,691
R <sup>2</sup>	0.076	0.072	0.052	0.052	0.847	0.850
Adjusted R <sup>2</sup>	0.075	0.071	0.051	0.051	0.847	0.850

Note:

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

Table A42: This table shows that the decomposition of the effects of NetReg by topic on sales growth, asset growth, and leverage. Control variables include company size (log sales), a dummy variable to indicate whether the respective section of a given call had a regulatory mention. Standard errors, clustered by 2-digit SIC and quarter, are reported in the parentheses.

**Effects of *NetReg* by topic on firm growth and leverage (excluding pharmaceutical)**

	Sales Growth <sup>i</sup> <sub>t+4</sub>		Asset Growth <sup>i</sup> <sub>t+4</sub>		Leverage <sup>i</sup> <sub>t+4</sub>	
	(1)	(2)	(3)	(4)	(5)	(6)
Size <sup>i</sup> <sub>t</sub>	-3.155*** (0.710)	-2.966*** (0.585)	-1.179*** (0.269)	-1.258*** (0.256)	0.337*** (0.052)	0.326*** (0.078)
Sales Growth <sup>i</sup> <sub>t</sub>	0.077* (0.042)	0.078* (0.047)				
Asset Growth <sup>i</sup> <sub>t</sub>			0.128*** (0.022)	0.131*** (0.021)		
Leverage <sup>i</sup> <sub>t</sub>					0.903*** (0.008)	0.903*** (0.009)
No Regulat Dummy <sup>i</sup> <sub>t-4</sub>	-0.949 (1.130)	-2.217* (1.169)	-0.297 (0.777)	-2.421*** (0.828)	-0.095 (0.146)	-0.171 (0.345)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-4.549*** (1.705)	-5.657*** (1.655)	-2.781** (1.194)	-5.073*** (1.079)	-0.613** (0.241)	-0.710 (0.445)
Legalese (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-65.148 (62.126)		-21.183 (57.155)		-25.483* (13.416)	
FDA (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-65.049 (47.400)		-28.625 (22.114)		-14.114* (7.612)	
Fins (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-18.637 (79.785)		-83.718 (96.136)		17.300 (20.905)	
Margins (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-4.168 (17.684)		26.937 (24.443)		-9.377*** (3.416)	
Util (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-11.088 (16.059)		37.807* (21.070)		11.792** (5.612)	
M&A (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-134.179*** (24.778)		-210.004*** (28.351)		-16.579*** (4.500)	
ProdMkt-Client (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-3.173 (5.694)		8.856 (7.768)		-3.941 (3.593)	
Euro-Legalese2 (Pres.) <sup>i</sup> *NetRegP <sup>i</sup> <sub>t</sub>	-60.388* (32.611)		-74.469** (35.456)		10.381 (7.897)	
FDA (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-135.762* (70.753)		0.964 (27.448)		10.479 (9.287)
M&A (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-69.000*** (21.728)		-48.479** (22.820)		-0.091 (4.891)
Fins (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-0.366 (54.640)		54.673 (58.320)		-23.923** (11.150)
Neg (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-21.491 (48.207)		-72.538 (49.092)		-8.763 (11.395)
ProdMkt-Client-Euro (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-0.966 (7.722)		-9.485 (14.344)		-1.381 (2.313)
CorpFin-Util-Margins (QA) <sup>i</sup> *NetRegQA <sup>i</sup> <sub>t</sub>		-3.791 (11.066)		-3.109 (9.996)		-5.515 (3.836)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes
Observations	53,736	49,482	53,879	49,608	51,676	47,600
R <sup>2</sup>	0.070	0.064	0.050	0.051	0.855	0.857
Adjusted R <sup>2</sup>	0.069	0.063	0.049	0.049	0.855	0.857

Note:

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

Table A43: This table shows that the impacts of the effects of *NetReg* and *NetReg*<sup>2</sup> on sales growth, asset growth, leverage, and margins. Control variables are reported in the table. Standard errors, clustered by 2-digit SIC and quarter, are reported in the parentheses.

**Effects of *NetReg* and Squared *NetReg* on firm outcomes**

	Sales Growth <sub>t+4</sub> <sup>i</sup>		Asset Growth <sub>t+4</sub> <sup>i</sup>		Leverage <sub>t+4</sub> <sup>i</sup>		Operating Margin <sub>t+4</sub> <sup>i</sup>		Gross Margin <sub>t+4</sub> <sup>i</sup>		Operating Margin Growth <sub>t+4</sub> <sup>i</sup>		Gross Margin Growth <sub>t+4</sub> <sup>i</sup>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Net RegP <sub>t</sub> <sup>i</sup>	-29.576*** (6.264)		-23.611*** (5.487)		-3.618* (1.921)		-0.824 (1.971)		-6.841*** (2.008)		-7.484** (3.250)		-5.712*** (1.374)	
Sq. NetRegP <sub>t</sub> <sup>i</sup>	88.531* (47.136)		144.722*** (46.584)		5.296 (13.021)		-31.809*** (11.193)		-22.783** (11.071)		-40.867** (18.571)		-13.952 (9.187)	
Net RegQA <sub>t</sub> <sup>i</sup>		-16.722*** (3.250)		-10.824* (5.679)		-2.032 (1.593)		2.044 (2.319)		-1.314 (2.357)		-5.270 (3.997)		-2.614 (2.855)
Sq. NetRegQA <sub>t</sub> <sup>i</sup>		5.764 (22.462)		7.288 (16.241)		5.516 (8.131)		-4.219 (6.426)		-11.982 (7.315)		-16.680* (8.720)		-14.574** (7.228)
Size <sub>t</sub> <sup>i</sup>	-3.488*** (0.875)	-3.408*** (0.840)	-1.255*** (0.336)	-1.380*** (0.324)	0.310*** (0.060)	0.304*** (0.062)	0.908*** (0.232)	0.914*** (0.235)	-0.516*** (0.135)	-0.472*** (0.120)	-1.189** (0.497)	-1.107** (0.474)	-0.478* (0.275)	-0.448* (0.261)
Sales Growth <sub>t</sub> <sup>i</sup>	0.070** (0.031)	0.072** (0.032)												
Asset Growth <sub>t</sub> <sup>i</sup>			0.127*** (0.023)	0.129*** (0.022)										
Leverage <sub>t</sub> <sup>i</sup>					0.899*** (0.010)	0.900*** (0.010)								
Operating Margin <sub>t</sub> <sup>i</sup>							0.591*** (0.057)	0.590*** (0.063)						
Gross Margin <sub>t</sub> <sup>i</sup>									0.822*** (0.050)	0.825*** (0.053)				
Operating Margin Growth <sub>t</sub> <sup>i</sup>											-0.134*** (0.027)	-0.135*** (0.021)		
Gross Margin Growth <sub>t</sub> <sup>i</sup>													-0.171*** (0.031)	-0.174*** (0.015)
No Regulat Dummy <sub>t</sub> <sup>i</sup>	-1.088 (1.120)	-2.647* (1.395)	-0.437 (0.655)	-2.379*** (0.728)	-0.073 (0.162)	-0.109 (0.175)	0.388 (0.419)	0.346 (0.524)	-0.346 (0.387)	-0.410 (0.369)	-0.287 (0.522)	-0.399 (0.641)	-0.232 (0.378)	-0.444 (0.467)
Never Regulat Dummy <sub>t</sub> <sup>i</sup>	-5.082*** (1.949)	-6.586*** (2.178)	-3.022*** (1.150)	-5.185*** (1.042)	-0.639*** (0.246)	-0.686** (0.276)	-0.710 (0.503)	-0.772 (0.590)	-0.663 (0.472)	-0.714 (0.464)	-1.603 (0.997)	-1.626 (1.105)	-0.854 (0.620)	-1.051 (0.713)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,162	50,757	55,349	50,915	53,115	48,881	55,163	50,757	55,197	50,788	54,915	50,533	55,002	50,619
R <sup>2</sup>	0.078	0.075	0.048	0.052	0.847	0.850	0.545	0.539	0.814	0.814	0.057	0.054	0.058	0.057
Adjusted R <sup>2</sup>	0.077	0.074	0.047	0.051	0.846	0.850	0.544	0.539	0.813	0.814	0.056	0.052	0.057	0.056

Note:

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

Table A44: This table shows that the decomposition of the effects of *NetReg* into *IncReg* (i.e. discussion about increasing regulation) and *DecReg* (i.e. discussion about decreasing regulation) on sales growth, asset growth, leverage, and margins. Control variables are reported in the table. Standard errors, clustered by 2-digit SIC and quarter, are reported in the parentheses. The “Inc. Reg + Dec. Reg t-statistic” row tests the null hypothesis that the impacts of *IncReg* and *DecReg* are of the same magnitude but of opposite sign.

### Effects of *IncReg* and *DecReg* on firm outcomes

	Sales Growth <sup>i</sup> <sub>t+4</sub>		Asset Growth <sup>i</sup> <sub>t+4</sub>		Leverage <sup>i</sup> <sub>t+4</sub>		Operating Margin <sup>i</sup> <sub>t+4</sub>		Gross Margin <sup>i</sup> <sub>t+4</sub>		Operating Margin Growth <sup>i</sup> <sub>t+4</sub>		Gross Margin Growth <sup>i</sup> <sub>t+4</sub>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
IncRegP <sup>i</sup> <sub>t</sub>	-20.029*		-11.382		-5.694**		-5.261***		-11.643***		-10.284**		-6.557***	
	(11.605)		(7.488)		(2.721)		(1.527)		(3.894)		(4.935)		(2.026)	
DecRegP <sup>i</sup> <sub>t</sub>	40.615***		38.836***		2.093		-3.975		2.055		3.731		4.519***	
	(9.295)		(11.373)		(2.649)		(3.228)		(1.389)		(2.334)		(1.258)	
IncRegQA <sup>i</sup> <sub>t</sub>		-10.741**		-0.093		-3.033		2.785		-2.190		-9.225		-4.216
		(4.782)		(9.337)		(2.789)		(3.533)		(3.955)		(5.779)		(4.112)
DecRegQA <sup>i</sup> <sub>t</sub>		21.207***		18.557**		1.968		-1.987		-0.463		1.008		0.100
		(6.264)		(8.394)		(2.395)		(3.764)		(1.763)		(2.714)		(2.046)
Size <sup>i</sup> <sub>t</sub>	-3.489***	-3.408***	-1.255***	-1.381***	0.312***	0.304***	0.909***	0.914***	-0.513***	-0.472***	-1.190**	-1.107**	-0.478*	-0.448*
	(0.872)	(0.840)	(0.333)	(0.324)	(0.059)	(0.062)	(0.232)	(0.234)	(0.135)	(0.120)	(0.494)	(0.473)	(0.275)	(0.261)
Sales Growth <sup>i</sup> <sub>t</sub>	0.070**	0.072**												
	(0.031)	(0.032)												
Asset Growth <sup>i</sup> <sub>t</sub>			0.127***	0.129***										
			(0.023)	(0.022)										
Leverage <sup>i</sup> <sub>t</sub>					0.899***	0.900***								
					(0.010)	(0.010)								
Operating Margin <sup>i</sup> <sub>t</sub>							0.591***	0.590***						
							(0.057)	(0.063)						
Gross Margin <sup>i</sup> <sub>t</sub>									0.822***	0.825***				
									(0.050)	(0.053)				
Operating Margin Growth <sup>i</sup> <sub>t</sub>											-0.134***	-0.135***		
											(0.022)	(0.021)		
Gross Margin Growth <sup>i</sup> <sub>t</sub>													-0.171***	-0.174***
													(0.025)	(0.015)
No Regulat Dummy <sup>i</sup> <sub>t</sub>	-0.868	-2.480*	-0.217	-2.075***	-0.169	-0.143	0.268	0.372	-0.498	-0.424	-0.322	-0.498	-0.240	-0.477
	(1.272)	(1.419)	(0.801)	(0.680)	(0.161)	(0.178)	(0.412)	(0.571)	(0.455)	(0.400)	(0.546)	(0.680)	(0.385)	(0.495)
Never Regulat Dummy <sup>i</sup> <sub>t</sub>	-4.869**	-6.419***	-2.808**	-4.881***	-0.732***	-0.719**	-0.826*	-0.747	-0.810	-0.727	-1.637	-1.723	-0.861	-1.083
	(2.107)	(2.205)	(1.309)	(1.053)	(0.251)	(0.301)	(0.488)	(0.642)	(0.527)	(0.487)	(1.028)	(1.144)	(0.624)	(0.738)
2-digit SIC Ind. FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Inc. Reg + Dec. Reg t-statistic	1.225	1.17	1.745	1.452	-1.004	-0.235	-2.875	0.145	-2.246	-0.64	-1.352	-1.942	-0.885	-1.195
Observations	55,162	50,757	55,349	50,915	53,115	48,881	55,163	50,757	55,197	50,788	54,915	50,533	55,002	50,619
R <sup>2</sup>	0.078	0.075	0.048	0.052	0.847	0.850	0.545	0.539	0.814	0.814	0.057	0.054	0.058	0.057
Adjusted R <sup>2</sup>	0.077	0.074	0.047	0.051	0.846	0.850	0.544	0.539	0.813	0.814	0.056	0.052	0.057	0.056

Note:

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