

To: JAR Editors
From: Scott Dyreng, Rahul Vashishtha, Joseph Weber
Date: February 8, 2017
RE: Data Description Sheet

Item #1: A description of which author(s) handled the data and conducted the analyses.

The data was hand collected from SEC filings by several undergrad and grad students at Brigham Young University and Duke University. Supplementary data collection exercises were undertaken during the review process by the authors and by other RAs. The process was overseen by Scott Dyreng. Scott Dyreng conducted most of the analyses of the data, with Rahul Vashishtha performing some secondary roles in the analyses.

Item #2: A detailed description of how the raw data were obtained or generated, including data sources, the date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated source of the raw data.

The data on earnings used in performance covenants (PERF COV EARNINGS) was hand collected from 10-K, 10-Q, and 8-K SEC filings by several undergrad and grad students at Brigham Young University and Duke University. The process took place over several years, beginning in late 2012. The research assistants were overseen by Scott Dyreng. We saved links to the raw SEC filings from which the primary data were collected, and each of the three authors have spent time validating the accuracy of the hand collection. The contractual earnings data were supplemented by stock price from CRSP (most recently accessed on April 22, 2016) and financial statement data from COMPUSTAT (most recently accessed on April 22, 2016). In some supplementary analyses, data on analyst forecasts from IBES is used (most recently accessed on April 22, 2016).

Item #3: If the data are obtained from an organization on a proprietary basis, the authors should privately provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to the editors about the data sharing agreement with the organization (e.g., non-disclosure agreement, any restrictions imposed by the organization on the authors with respect to publishing certain results).

None of the data were obtained from an organization on a proprietary basis.

Item #4: A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental papers, we require information about subject eligibility and/or selection, as well as any exclusion criteria.

See Section 4 in the study. In addition, we have attached the programs used to generate the datasets used in the analyses.

Item #5: Prior to final acceptance of the paper, the computer program used to convert the raw data into the dataset used in the analysis plus a brief description that enables other researchers to use this program. Instead of the program, researchers can provide a detailed step-by-step description that enables other researchers to arrive at the same dataset used in the analysis. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the sample was formed, including the treatment of outliers, Winsorization, truncation, etc. This programming is in most circumstances not proprietary. However, we recognize that some parts of the data generation process may indeed be proprietary or otherwise cannot be made publicly available. In such cases, the authors should inform the editors upon submission, so that the editors can consider an exemption from this requirement.

The computer programs used to generate the datasets are attached. Comments in the program explain the purpose and steps in each program. Note that the programs refer to several hand-collected datasets which we have not made publicly available.

Item #6: Data and programs should be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.

Data and programs will be maintained by at least one author for 6 years.