

**Managers' Strategic Use of Concurrent Disclosure:  
Evidence from 8-K Filings and Press Releases**

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**Abstract:** This study examines managers' strategic use of concurrent disclosures around the announcement of negative material events. Prior research assumes that press releases issued concurrently with 8-K disclosures relate to the same underlying event that triggered the 8-K filing. However, consistent with managers attempting to increase investor information processing costs for unfavorable information, we find that when managers disclose negative non-earnings 8-K information, they are more likely to issue a concurrent press release about an unrelated event than a press release providing additional context and detail regarding the 8-K event. This effect is stronger for managers with greater incentives to reduce the reaction to negative news. The use of these unrelated press releases appears to successfully reduce the magnitude and speed of the investor reaction to the disclosure of negative 8-K news, as well as the frequency of 8-K downloads. Our findings shed light on a previously unexplored tool managers use to exploit investors' processing capacity constraints to attenuate the reaction to negative news – the issuance of concurrent disclosures about unrelated events.

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## 1. Introduction

Firms are required to disclose the occurrence of a material event through a Form 8-K filing, and they regularly issue a press release concurrently with the 8-K. The financial media, analysts, and investors closely follow these press releases, and managers have greater flexibility when preparing press releases compared to SEC filings such as 8-Ks (Davis and Tama-Sweet 2012; Baginski et al. 2014). Prior research assumes concurrent press releases relate to the same underlying event that triggered the 8-K filing. For example, Segal and Segal (2016) state, “we assume that, if the company issued a press release in the 3 days centered on the 8-K filing date, then the release reports the information in the 8-K” (p.1236).<sup>1</sup> In this study, we assess the validity of this assumption and show that concurrent press releases often discuss distinct events unrelated to the 8-K triggering event. We examine whether the issuance of unrelated press releases appears to be strategically motivated and whether such strategic behavior can mitigate the investor reaction to material negative news disclosed in 8-Ks.

A firm may issue a concurrent press release to better explain the 8-K event within the context of a broader corporate narrative and strategy. For example, the firm may use a concurrent press release to “include quotes from [the] management team... and articulate the context of the change, how this affects [the] business, and what the next steps [the company] may take” (McDonald 2014). The complementary nature of such related press releases alongside the 8-K has the ability to reduce investors’ processing costs by helping them better synthesize and interpret the information disclosed in the 8-K, thereby enhancing market efficiency (Blankespoor et al. 2020).

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<sup>1</sup> Additionally, Campbell et al. (2020a) note that “when the firm issues a press release shortly prior to the 8-K filing, it is likely that the firm first publicly announced the Reg FD information in the press release, rather than the 8-K filing.” For other examples, see Ma (2013) and Niessner (2015).

Alternatively, the firm may issue a concurrent press release about an unrelated event. Prior theoretical work on rational investor inattention suggests that processing capacity is a limited resource, and when faced with multiple disclosures, investors must allocate their processing capacity across the multiple disclosures (Sims 2003; Sims 2010; Veldkamp 2011). As a result, “if an investor processes a disclosure, she foregoes the benefit of processing another disclosure” (Blankespoor et al. 2020, p.16). Managers may be particularly likely to issue a concurrent press release unrelated to the 8-K event when the 8-K discloses negative information, in an attempt to distract investors and moderate their reaction to the news disclosed in the 8-K. These unrelated press releases may pull investor attention away from the negative news disclosed in the 8-K, increase information processing costs, and ultimately impair market efficiency with respect to negative news 8-Ks.

Prior research provides evidence consistent with managers seeking to increase investor information processing costs for unfavorable 8-K information. For example, Niessner (2015) finds that firms are more likely to disclose negative news 8-Ks on Fridays, while Segal and Segal (2016) find similar evidence with respect to 8-Ks released after trading hours (both considered to be times of low investor attention). We investigate a previously unidentified strategy managers may utilize to increase processing costs of unfavorable disclosure of information that is not related to the timing of negative news disclosures – the issuance of concurrent unrelated disclosures.

As an illustration of how related and unrelated press releases are used in practice, consider the following two 8-K filings from our sample. On August 9, 2011, NETGEAR Inc. filed an 8-K with the SEC indicating it had selected a new board member. The same day, NETGEAR issued a press release that provided further detail concerning the appointment and the candidate’s qualifications for the position. In contrast, 3M Company filed an 8-K on April 8, 2014, disclosing

an unambiguously negative event – the receipt of an imminent danger order. 3M also issued a press release that day, but this release was about the implementation of its new energy efficient supercomputer, stating nothing about the safety violation. In the case of NETGEAR, the press release elaborates on the event disclosed in the 8-K filing and provides investors with further relevant detail. We classify this concurrent press release as related to the 8-K event, and it appears intended to help investors better synthesize and interpret the information disclosed in the 8-K. In contrast, we classify the 3M press release as unrelated, and the presumption is that it was issued more with the intent to distract investors from the negative information disclosed in the 8-K filing.<sup>2</sup>

To study potential strategic disclosure behavior related to the concurrent issuance of 8-K filings and press releases, we identify a sample of 49,652 non-earnings related 8-Ks for public firms filed between 2005 and 2018 where the firm issued a press release on the same day as the 8-K.<sup>3</sup> We then use textual analysis to identify whether the press release pertains to the same event or a different event as the 8-K.<sup>4</sup> We find that for 33 percent of 8-K filings, the concurrent press release relates to a different event than the underlying 8-K. This finding suggests that the assumption that concurrent press releases relate to the same triggering event as the 8-K is frequently invalid.

We examine three hypotheses. First, we predict that firms are more likely to issue a concurrent unrelated press release relative to a concurrent related press release when the 8-K

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<sup>2</sup> These 8-K and press release examples can be found in full at the following locations: <https://www.sec.gov/Archives/edgar/data/1122904/000119312511216637/d8k.htm>; [https://s22.q4cdn.com/334267776/files/doc\\_news/archive/598096.pdf](https://s22.q4cdn.com/334267776/files/doc_news/archive/598096.pdf); [https://www.sec.gov/Archives/edgar/data/66740/000110465914026449/a14-10204\\_18k.htm](https://www.sec.gov/Archives/edgar/data/66740/000110465914026449/a14-10204_18k.htm); <https://www.businesswire.com/news/home/20140408005072/en/3M-SGI-Intel-Showcase-Advanced-Cooling-Technology>.

<sup>3</sup> We focus on non-earnings related 8-Ks because earnings are high attention events that are typically pre-scheduled (deHaan et al. 2015; Chapman 2018), likely reducing the effectiveness of a strategy of issuing concurrent unrelated disclosures to distract investors and increase their processing costs, while non-earnings 8-Ks are largely unanticipated by market participants (Segal and Segal 2016). In addition, earnings have been studied extensively in prior work. We thus respond to the call by Blankespoor et al. (2020) for research into how investor processing costs influence managers' disclosure choices outside of the earnings setting.

<sup>4</sup> Refer to Section 3.2 and Appendix B for detailed discussions of how we classify press releases and the validity of our classification scheme, and Section 5.3 for sensitivity analyses related to these classifications.

contains negative news. Consistent with this hypothesis, we find that when the 8-K discloses negative information, the firm is about 7 percent more likely to concurrently issue an unrelated press release relative to a related release. This result becomes stronger when we exclude 8-K filings managers may have more discretion over (i.e., items 7.01 and 8.01) – the magnitude of the effect increases to about 9 percent. These findings are consistent with managers strategically issuing concurrent unrelated press releases to distract investors when they are required to disclose negative material events via 8-Ks.

For our second hypothesis, we predict that firms are relatively more likely to issue concurrent unrelated press releases compared to concurrent related press releases when managers have stronger incentives to mitigate the investor reaction to negative 8-K news. We test this hypothesis in two ways. First, we assume that the existence of impending sales by top company insiders incentivizes managers to mitigate the investor reaction to negative 8-K information prior to the sales' execution. Second, as managers can reduce the likelihood and costs of litigation by mitigating stock price declines following the revelation of a corrective disclosure (Bliss et al. 2018), we assume that when managers face higher securities litigation risk, their incentives to mitigate such price declines are stronger. Therefore, if managers strategically issue concurrent unrelated press releases to distract investors and moderate the market's reaction to negative information disclosed in 8-Ks, we predict these associations will be stronger when managers have upcoming insider stock sales or face high litigation risk. Consistent with expectations, we find managers with upcoming insider stock sales and managers facing high litigation risk are significantly more likely to issue a concurrent unrelated press release when an 8-K discloses negative information. These results suggest that managers are more likely to strategically utilize

concurrent unrelated disclosure to distract investors and moderate the market's reaction to negative news disclosed in 8-Ks when they have stronger incentives to do so.

Our third hypothesis examines whether the use of concurrent unrelated press releases successfully draws investor attention away from the disclosure of negative 8-K news, thus mitigating the observed market reaction to it. To test this hypothesis, we rely on multiple measures of price responsiveness, which encompasses both the strength (i.e., magnitude) as well as the speed of price changes to the 8-K filing (Blankespoor et al. 2020). Specifically, we examine the strength of the reaction to the 8-K filing using unsigned abnormal returns and abnormal volume as well as the speed of the change in price using short-window intraperiod timeliness (IPT) and ratio of returns measures. Importantly, the IPT and ratio of returns measures hold the magnitude of the price response and information content constant, thereby reducing endogeneity concerns. In addition, we focus on the *differential* market effects of issuing a concurrent unrelated press release when the 8-K contains negative news, rather than the overall market outcomes associated with issuing an unrelated press release. Nevertheless, because the decision to issue a concurrent unrelated press release is an endogenous firm choice, we estimate our market tests using both a firm and 8-K item fixed effect specification as well as an entropy balanced sample.

As predicted, we find that the strength of the market reaction to negative news 8-Ks is significantly lower when the firm issues a concurrent unrelated press release relative to a concurrent related press release. In terms of economic magnitude, an unrelated press release reduces the abnormal return (volume) reaction to a negative news 8-K by about 8 (19) percent. Similarly, we find that the speed of price discovery following negative news 8-K filings is also significantly slower when the firm issues a concurrent unrelated press release. Taken together, our findings suggest that there is a significant reduction in the price responsiveness to negative news

8-K disclosures when accompanied by an unrelated press release rather than a related press release, and the use of these disclosures appears to be strategic in nature.

We corroborate our primary findings with two additional analyses. First, we use EDGAR download activity to provide more direct evidence that unrelated press releases reduce investor attention to negative 8-K filings (Drake et al. 2015; Ryans 2017). Specifically, we test whether the issuance of a concurrent unrelated press release reduces the number of times a negative news 8-K is downloaded from EDGAR in the days immediately following its filing. We find that while negative news 8-Ks are, on average, downloaded more than positive news 8-Ks, the concurrent issuance of an unrelated press release significantly reduces the download frequency of negative news 8-Ks. This finding suggests that concurrent unrelated press releases reduce the number of investors who access (and are therefore able to process) negative 8-K news.

Second, we show that concurrent unrelated press releases are significantly more positive in tone than concurrent related press releases, particularly in the case of negative news 8-Ks. This evidence is consistent with managers not only strategically using concurrent unrelated press releases to pull investor attention away from the required disclosure of material negative information, but also injecting more optimistic language into these unrelated disclosures.<sup>5</sup>

Our study makes several contributions to the literature. First, our findings shed light on a previously unexplored tool managers use to exploit investors' processing capacity constraints with respect to negative news disclosures. Prior research has studied investor processing constraints arising from contemporaneous information events primarily based on variation in the number of

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<sup>5</sup> One potential alternative explanation for our absolute return result discussed earlier is that investors are appropriately responding to the negative 8-K and the more positive unrelated press release, which may have offsetting effects on price. However, our finding of decreased EDGAR download activity suggests investors are actually paying less attention to negative news 8-Ks when the firm issues a concurrent unrelated press release. Similarly, our finding of lower trading volume indicates that it is reduced investor attention, rather than offsetting pricing effects (which would not lead to lower trading volume), driving our results.

other firms announcing earnings on the same day (Hirshleifer et al. 2009; deHaan et al. 2015). In contrast, we provide novel evidence that managers seek to distract investors and increase their processing costs by issuing concurrent disclosures about unrelated events, a tool managers have more direct control over. This evidence responds to the call by Blankespoor et al. (2020) for research into how investor processing costs influence managers' disclosure choices outside of the earnings announcement setting.

In addition, our results provide an understanding of how two of the most commonly utilized disclosure channels are used in conjunction with each other. Despite the prevalence with which firms issue press releases concurrently with 8-Ks, there is little research on how these press releases vary cross-sectionally, as it has been assumed they relate to the same event that triggered the 8-K disclosure. Ours is the first study to examine this assumption, and we find that a large portion of press releases issued concurrently with 8-Ks relate to distinct events. Moreover, our findings suggest that researchers should consider the context in which firms utilize these alternative disclosure venues. Prior research often treats press releases and 8-Ks as similar disclosure channels used by managers to communicate with investors (Guay et al. 2016; Chapman et al. 2019). Our findings suggest that this relationship is more nuanced and context specific. Future research should consider the specific role for which a firm may be issuing a press release or an 8-K, and how this motivation may ultimately influence the market outcomes associated with these disclosures.

## **2. Background and Hypotheses Development**

### *2.1. Form 8-K Filings and Press Releases*

The SEC created Form 8-K in 1936 for firms to disclose on a current basis the occurrence of material corporate events in order to provide investors with timely information to make



informed decisions (SEC 2002). In 2004, the SEC expanded the requirements of Form 8-K by adding ten new items and modifying the disclosure of two existing items (SEC 2004). Recent research finds that Form 8-K filings provide value-relevant information and can have substantial market effects. For example, Lerman and Livnat (2010) document that 8-K filings are associated with abnormal volume and return volatility, while Watkins (2020) documents that 8-K filings are associated with reductions in information asymmetry. Noh et al. (2019) demonstrate that 8-K filings disclose a wide array of information, and that after the 2004 regulatory change, firms are more reliant on 8-Ks to convey information. Finally, McMullin et al. (2019) find that an increased use of 8-Ks following the 2004 regulatory change is associated with more efficient price discovery.

When a firm files an 8-K with the SEC, it is common practice to concurrently issue a press release (Niessner 2015; Segal and Segal 2016). Because press releases receive significant market attention, and firms have substantial discretion when preparing press releases (Davis and Tama-Sweet 2012; Baginski et al. 2014), they provide managers with the opportunity to explain the 8-K triggering event within the context of a broader corporate narrative and strategy and frame the event in terms of implications for future operations (Baginski et al. 2014; McDonald 2014). Thus, prior research assumes that concurrently issued press releases discuss the same underlying event that triggered the 8-K filing (e.g., Ma 2013; Niessner 2015; Segal and Segal 2016; Campbell et al. 2020a). In this study, we assess the validity of this assumption, investigate when and why firms may issue a concurrent press release about an event unrelated to that disclosed in the 8-K, and test the market implications of doing so.

## *2.2. Investor Inattention*

All investors have processing capacity constraints. Given these capacity constraints, there are opportunity costs associated with processing a disclosure as it “consumes resources that could

otherwise be allocated to other activities or to processing other disclosures” (Blankespoor et al. 2020, p.12). Models of “rational inattention” are based on the assumption that investors’ processing capacity is a limited resource that investors must allocate across disclosures (Sims 2003; Sims 2010; Veldkamp 2011). Moreover, theoretical work on disclosure processing costs suggests higher processing costs reduce the strength and speed with which prices reflect the information contained in a disclosure (i.e., “price responsiveness”) (Grossman and Stiglitz 1980; Verrecchia 1982; Sims 2003, 2010). Prior empirical studies build on these theoretical models to examine how disclosure processing costs influence price responsiveness and whether managers strategically exploit such costs to mitigate the investor reaction to unfavorable information.

These empirical studies typically exploit one of two sources of variation in investor processing costs – 1) contemporaneous information events or 2) investors’ preferences for work versus leisure (Blankespoor et al. 2020). With respect to contemporaneous information events, research provides consistent evidence that while total disclosure processing increases on days when many firms announce earnings (i.e., “busy” earnings announcement days), as measured by total market volume, the processing of each individual earnings announcement, as measured by firm trading volume, declines due to capacity constraints (Hirshleifer et al. 2009; deHaan et al. 2015; Blankespoor et al. 2020). This finding is robust to numerous measures of both non-sophisticated and sophisticated investors, as well as other market participants’ processing of individual earnings announcements. Relatedly, Hirshleifer et al. (2009) document lower price responsiveness for firms that announce earnings on busy earnings announcement days, as evidenced by lower earnings response coefficients and higher post earnings announcement drift. Overall, these results suggest that contemporaneous information events compete for investor attention, increase processing costs, and ultimately reduce price responsiveness.

With respect to the second commonly studied source of variation in investor processing costs – investors’ preferences for work versus leisure – results are more mixed. Some research suggests that information disclosed on Fridays (DellaVigna and Pollett 2009; Louis and Sun 2010; Niessner 2015) or after market hours (deHaan et al. 2015) is associated with higher processing costs and reduced market reactions, while other studies do not find evidence of heightened processing constraints on Fridays (deHaan et al. 2015; Segal and Segal 2016) or after market hours (Segal and Segal 2016). Using an annual, rather than weekly or daily shocks to investor attention, Drake et al. (2016) provide evidence of muted responses to earnings disclosed during the NCAA basketball tournament (March Madness) due to attention effects.

When it comes to managers’ efforts to strategically exploit investors’ processing costs to mitigate the reaction to unfavorable information, prior research provides consistent evidence that managers opportunistically adjust their disclosure choices and disclose negative news during periods of low investor attention. For example, several studies document that firms are more likely to disclose bad earnings news on “busy” earnings announcement days, after market hours, and Fridays (Hirshleifer et al. 2009; deHaan et al. 2015). In addition, prior work finds that firms systematically disclose negative news 8-Ks on Fridays and after market hours (Niessner 2015; Segal and Segal 2016). In general, these findings suggest that managers are aware of investor processing constraints and seek to take advantage of these constraints when disclosing negative news.

Prior work has primarily studied high processing costs arising from contemporaneous information events within the context of “busy” earnings announcement days (i.e., disclosures made by other firms). However, managers may also seek to increase processing costs by providing multiple disclosures relating to distinct events on the same day, thus distracting investors and

hindering the processing of each individual disclosure.<sup>6</sup> We examine whether concurrently issued unrelated disclosure is another tool managers use to “hide” negative news, in addition to the methods previously studied of disclosing information during periods of low attention external to the firm (e.g., “busy” earnings announcement days, Fridays, or after-market hours).

### *2.3 Hypotheses*

Managers seek to maximize the firm’s post-announcement value. Thus, when managers are required to disclose negative news, they have incentives to mitigate the investor reaction to the news by increasing the processing costs of the unfavorable information (Blankespoor et al. 2020). We posit that one strategy managers may use to increase processing costs and reduce the attention paid to their negative news disclosures is issuing concurrent unrelated disclosures, as opposed to related disclosures that can help investors better synthesize and interpret the information disclosed in the 8-K. We state this prediction as our first hypothesis in the alternative form as follows:

**H1:** Managers are more likely to issue an unrelated press release relative to a related press release concurrently with a Form 8-K filing when the 8-K discloses negative news.

While managers generally speaking have incentives to mitigate the investor reaction to unfavorable information, the strength of these incentives varies across firms. For our second hypothesis, we consider two specific settings where we expect these incentives to be stronger. First, we predict that managers with upcoming insider sales have stronger incentives to mitigate the investor reaction to negative 8-K news. Specifically, we follow prior research (Niessner 2015) and assume that the majority of equity sales by top company insiders are pre-scheduled using Rule 10b5-1 trading plans.<sup>7</sup> We further assume that the existence of these impending sales provides

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<sup>6</sup> Chapman et al. (2019) provide evidence that managers may, in certain situations, “smooth” their disclosures over time in order to reduce processing costs.

<sup>7</sup> This assumption is based on the findings of Jagolinzer (2009) and Cohen et al. (2012). “Since the adoption of Rule 10b5-1 in 2000, the use of Trading Plans by corporate insiders has become ‘ubiquitous’ and accounts for billions of dollars of trading each year” (Anderson, 2015, 354).

incentives for managers to mitigate the investor reaction to negative 8-K information prior to the sales' planned execution. Thus, we predict that when top corporate insiders have an upcoming sale scheduled, they have stronger incentives to issue an unrelated press release concurrently with a negative news 8-K.

In addition to incentives related to managers' private wealth, managers also have incentives to avoid potential securities litigation. In securities class action lawsuits, identifying a "corrective disclosure" (i.e., a release of information that reveals information that was previously concealed by the firm) and showing the stock price dropped soon after the corrective disclosure are key in determining the viability of the lawsuit. Thus, one way that managers can reduce the likelihood and costs of litigation is by mitigating stock price declines following the revelation of a corrective disclosure (Bliss et al. 2018). Further, when managers face higher risk of securities litigation, they have stronger incentives to mitigate such stock price declines. Accordingly, we posit that when managers face higher risk of securities litigation, they have stronger incentives to issue an unrelated press release concurrently with a negative news 8-K (one type of corrective disclosure).

Therefore, we expect that any potential positive association between negative news 8-K disclosures and the issuance of concurrent unrelated press releases will be stronger when a top manager has an upcoming insider sale following the filing of the negative news 8-K as well as when the firm faces high litigation risk. We state these predictions as formal hypotheses in the alternative form as follows:

**H2a:** Managers with upcoming insider sales are more likely to issue an unrelated press release relative to a related press release concurrently with a Form 8-K filing when the 8-K discloses negative news.

**H2b:** Managers facing high litigation risk are more likely to issue an unrelated press release relative to a related press release concurrently with a Form 8-K filing when the 8-K discloses negative news.

For our third hypothesis, we consider whether the issuance of a concurrent unrelated press release successfully pulls investor attention away from the disclosure of negative 8-K news, thus mitigating the observed market reaction to it. Stock prices reflect only information that investors have incurred the costs to acquire and process, which can lead to prices that are informationally incomplete (Grossman and Stiglitz 1980; Bloomfield 2002). If concurrent unrelated press releases decrease investor attention to the information disclosed in the 8-K, investors may fail to fully acquire and process the information in the 8-K. Thus, we predict that the issuance of a concurrent unrelated press release will reduce the price responsiveness (encompassing both the strength and speed of price changes) to negative news 8-K disclosures compared to the issuance of a concurrent related press release. We state this hypothesis in the alternative form as follows:

**H3:** Issuing an unrelated press release concurrently with a negative news Form 8-K reduces equity price responsiveness relative to concurrently issuing a related press release.

### **3. Research Design**

#### *3.1 Data and Sample*

Our sample selection process is detailed in Table 1. We use the WRDS SEC Analytics and Dow Jones databases to identify all 8-K disclosures filed by public companies between 2005 and 2018 that are associated with a concurrent press release.<sup>8</sup> We begin our sample in 2005 because of the substantial changes made to 8-K reporting rules in August 2004 (SEC 2004). Because we are interested in non-earnings disclosures, we remove all Item 2.02 8-K filings, as well as any filings issued within one week of the firm's earnings announcement. We focus on non-earnings related 8-Ks because earnings are high attention events that are typically pre-scheduled (deHaan et al

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<sup>8</sup> We restrict our sample to firms included in the Compustat, CRSP, IBES, and Dow Jones databases and we obtain 8-K item text from the SeekEdgar database. In untabulated analysis we find that 33% of all 8-Ks are associated with a concurrent press release, and the average firm in our sample issues 17 (97) 8-Ks (press releases) a year.

2015; Chapman 2018), which likely reduces the effectiveness of a strategy of issuing concurrent unrelated disclosures to distract investors and increase their processing costs. In contrast, non-earnings 8-Ks are largely unanticipated by market participants (Segal and Segal 2016). We also eliminate filings for which we are unable to obtain necessary data to calculate the variables used in our models. Finally, we remove observations where the firm issues both a related and an unrelated press release on the same day.<sup>9</sup> We also note that multiple items disclosed within an 8-K filing typically relate to the same underlying event, and we thus treat these as one 8-K disclosure event.

We utilize a unique sample of press releases called the Dow Jones Press Release North America Package, which represents all firm-issued press releases issued across all major US presswire services, including Business Wire, Globe Newswire, MarketWired, and PR Newswire. The primary advantage of using this data obtained from Dow Jones over other sources of press releases, such as RavenPack, is that we are able to obtain the complete text for each press release as opposed to just key identifying information. Our final sample consists of 49,652 8-K filings with a concurrently issued press release. Next, we discuss our strategy for classifying these press releases as related to the event disclosed in the 8-K or pertaining to an unrelated event.

### *3.2 Identification of Related vs Unrelated Press Releases*

In order to address our research questions, it is necessary to classify concurrent press releases as either referring to the same underlying event that triggered the 8-K disclosure or referring to an unrelated event. To do this, we utilize two methods that each offer distinct

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<sup>9</sup> If a firm issues multiple 8-Ks (press releases) on a given day, we consolidate these to the “8-K day” (“press release day”) level. For our sample, 98 (92) percent of observations have only one 8-K (press release) on a given day and 90 percent have only one 8-K and only one press release. Inferences are unaffected if we exclude observations with multiple 8-Ks or press releases issued on the same day or include observations where the firm issued both a related and an unrelated press release on the same day and classify these observations as “unrelated.”

advantages to compare the text of the press release to the text of the 8-K. First, following prior textual analysis research (e.g., Brown and Tucker 2011; Lang and Stice-Lawrence 2015; Hoberg and Phillips 2016), we examine the cosine similarity between the two disclosures and classify the press release as being related if the cosine similarity is greater than 0.3. Second, we look at the percent of unique words in the 8-K that also appear in the press release and classify the press release as related if at least 30 percent of these words also appear in the press release. We classify a press release as being unrelated if neither of these two thresholds is met.<sup>10</sup> We provide more details on our classification scheme in Appendix B.

To assess the validity of this identification strategy, we randomly select 250 8-K and press release pairs from our sample. We read each disclosure to determine whether the press release is about the same event as the 8-K or whether it relates to a different event. We then compare this hand-checked classification to the results of our classification scheme using cosine similarity and the percentage of overlapping words. Using our primary threshold of 0.3, we find that the classification scheme correctly identified 92 percent of press releases as related or unrelated. Next, we assess the sensitivity of the accuracy of our classification scheme to variations in the threshold. Specifically, we compare the accuracy of our 0.3 threshold to four alternative thresholds ranging from 0.2 to 0.4.

We present the results in Figure 1. As shown, the 0.3 threshold results in the greatest percentage of press releases being classified correctly, at 92 percent. As we decrease the threshold, the percentage of press releases that are incorrectly identified as related when they are actually

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<sup>10</sup> We use the two thresholds in tandem due to the nature of measurement error in each method. For example, short 8-Ks (e.g., 8-Ks that disclose dividend announcements) will mechanically have low cosine similarity with press releases about the same event because of the difference in length. Similarly, long 8-Ks (e.g., 8-Ks discussing revised employment contracts or merger agreements) will be less likely to have substantial overlap in unique words with press releases about the same event. Requiring that only one of the two thresholds be met to identify related events thus substantially reduces overall measurement error in classification.



unrelated increases. Conversely, as we increase the threshold, the percentage of press releases that are incorrectly identified as unrelated that are actually related increases. Overall, a threshold of 0.3 thus appears to yield the most accurate classification of press releases. However, we examine the sensitivity of our results to variations in these thresholds in Section 5.4.

Out of our final sample of 49,652 8-K filings with a concurrently issued press release, we find that 33,425, or 67 percent, are accompanied by a concurrent *related* press release. In other words, 33 percent of the time, the press release issued on the same day as the 8-K relates to a *distinct event* from that which is disclosed in the 8-K. This indicates that the assumption in prior research that press releases issued concurrently with 8-Ks relate to the same triggering event as the 8-K is frequently invalid.

### 3.3 Empirical Models

Our first hypothesis predicts that managers are more likely to issue concurrent unrelated press releases relative to concurrent related press releases when the 8-K contains negative news. We test this hypothesis using the following linear probability model:

$$\text{Unrelated PR} = \alpha + \beta_1 \text{Negative 8K} + \text{Controls} + \text{Fixed Effects} + \varepsilon \quad (1)$$

where *Unrelated PR* is an indicator variable set equal to one if the firm issues an unrelated press release on the same day as the 8-K and zero if the firm issues a related press release that day.<sup>11</sup> *Negative 8K* is an indicator variable set equal to one if the tone of the 8-K is negative and zero if the tone is neutral or positive. Similar to Campbell et al. (2020b), we compute tone as the number of positive minus negative words scaled by the total words in the 8-K.<sup>12</sup> A positive and significant

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<sup>11</sup> We focus on press releases issued the same day as the 8-K to maximize the likelihood the disclosures relate to the same event and reduce noise in our analyses. However, it is also possible that firms may issue a related press release in the days prior to, or immediately following, the 8-K. Accordingly, in untabulated analysis, we expand the press release identification window to (-1,+1), (-3,+3), or (-5,+5) days around the 8-K filing date and we find that while this increases the percentage of press releases classified as unrelated, it does not affect our inferences from this model.

<sup>12</sup> We follow prior research in using the 2018 Loughran and McDonald wordlists to identify positive and negative words. Accessed from: [sraf.nd.edu/textual-analysis/resources/](http://sraf.nd.edu/textual-analysis/resources/). We use disclosure tone to measure negative news

$\beta_I$  would be consistent with our prediction of a positive association between negative news 8-K disclosures and the issuance of concurrent unrelated press releases. In addition to testing H1, this model forms the basis of our entropy balanced sample used in later tests.

In Equation (1) we control for a number of characteristics of the firm and its information environment that may be associated with its strategic disclosure behavior. We first include controls for potential strategic disclosure behavior by controlling for whether the 8-K was issued on a Friday (*Friday*) or after trading hours (*After Hours*), as well as the number of firms announcing earnings that day (*Num Earn*). We control for the firm's general prior disclosure behavior using the number of 8-Ks and press releases issued in the prior week and year (*8K Week*, *8K Year*, *PR Week*, *PR Year*). We also control for the firm's information environment with institutional ownership (*Inst Own*), analyst following (*Follow*), and prior week and year signed, market-adjusted stock returns (*Ret Week*, *Ret Year*). Finally, we control for general firm characteristics including firm size, defined as the market value of equity (*Size*), the book to market ratio (*BTM*), and firm age (*Age*). All variables are formally defined in Appendix A. We include 8-K item, year, and industry (Fama-French 48) or firm fixed effects, and we cluster standard errors by firm.<sup>13</sup> The inclusion of item fixed effects controls for any differences in disclosure behavior across 8-K items, while firm fixed effects control for any time-invariant characteristics within the firm.

Our second hypothesis relates to cross-sectional variation in managers' incentives to issue unrelated press releases in order to increase investors' processing costs of negative news 8-Ks. Specifically, we consider how two different incentives – upcoming insider sales by top executives

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rather than stock returns, as it provides us with an ex-ante measure of news that is not confounded by the firm's choice of concurrent disclosures.

<sup>13</sup> Results are robust to estimating Model (1) using firm-quarter fixed effects instead of firm and year fixed effects separately. While this results in significant sample attrition due to singletons (i.e., firms with only one 8-K during the quarter) it suggests that firm economics, at least in terms of quarterly performance, are unlikely to explain our results. Results are also robust to using 2-digit SIC codes instead of Fama-French 48 for the industry fixed effects.

and high litigation risk – interact with managers’ decision to issue unrelated press releases concurrently with negative news 8-Ks. We predict when top corporate insiders have an upcoming sale scheduled and when firms face higher risk of securities litigation, managers have stronger incentives to issue an unrelated press release concurrently with a negative news 8-K.

To examine these cross-sectional differences in the use of concurrently issued unrelated press releases, we estimate two variations of Model (1). First, we modify Equation (1) by including an indicator variable (*Top Sale*) equal to one if there is an open market stock sale by one of the top five executives in the week following the 8-K filing date and zero if not. We then interact this variable with *Negative 8K*. If managers are more likely to issue unrelated press releases concurrently with negative news 8-Ks when they have upcoming sales, we expect the coefficient on *Negative 8K x Top Sale* to be positive and significant. Second, we modify Equation (1) by including an indicator variable (*High Lit Risk*) equal to one if the firm’s level of litigation risk measured using the proxy developed by Kim and Skinner (2012) is above the sample median and zero otherwise.<sup>14</sup> We then interact *High Lit Risk* with *Negative 8K*, and expect a positive and significant coefficient on this interaction term if managers issue unrelated press releases concurrently with negative news 8-Ks more frequently when they face higher litigation risk.

Our third hypothesis relates to the investor reaction to negative news 8-K disclosures. Specifically, we predict that the use of unrelated press releases mitigates the reaction to the disclosure of a negative news 8-K. We test this hypothesis using both the strength and the speed of the investor reaction to the 8-K filing. We first rely on the following OLS model to examine the strength of the price and volume reactions to the 8-K filing:

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<sup>14</sup> We use the measure of probability of litigation risk using model 2 in Table 7 of Kim and Skinner (2012).

$$\begin{aligned}
Abs\ Abn\ Ret\ [0,1]\ \text{or}\ Abn\ Vol\ [0,1] &= \alpha + \beta_1 Unrelated\ PR + \beta_2 Negative\ 8K \\
&+ \beta_3 Unrelated\ PR \times Negative\ 8K + Controls + Fixed\ Effects + \varepsilon
\end{aligned} \tag{2}$$

where *Abs Abn Ret [0,1]* is the absolute two-day market-adjusted return, starting on the 8-K filing date, and *Abn Vol [0,1]* is abnormal trading volume over the same two-day period, where abnormal volume is measured as in Lerman and Livnat (2010). All other variables are as defined previously. The coefficient of interest in Equation (2) is on the interaction term of *Unrelated PR* and *Negative 8K*, or  $\beta_3$ , where a negative and significant coefficient would be consistent with our prediction that the issuance of an unrelated press release reduces the strength of the investor reaction to negative news 8-K disclosures.

We again include 8-K item and year fixed effects and cluster standard errors by firm, and we estimate Equation (2) using either a firm fixed effect specification, or industry fixed effects with an entropy-balanced sample (McMullin et al. 2019; McMullin and Schonberger 2020). Entropy balancing is an approach similar to matching that ensures the distributions of control variables are nearly identical (in other words, covariate balance is nearly perfect). In our setting, the use of entropy balancing reduces concerns regarding fundamental differences between those 8-Ks associated with unrelated press releases, and those associated with related press releases.<sup>15</sup>

We test the speed of the investor reaction to the 8-K filing using the following model:

$$\begin{aligned}
IPT\ [0,5]\ \text{or}\ Ret\ Ratio\ [1/5] &= \alpha + \beta_1 Unrelated\ PR + \beta_2 Negative\ 8K \\
&+ \beta_3 Unrelated\ PR \times Negative\ 8K + Controls + Fixed\ Effects + \varepsilon
\end{aligned} \tag{3}$$

where *IPT [0,5]* is an area under the curve, short-window intraperiod timeliness measure intended to capture the speed of the price formation process (Twedt 2016; Drake et al. 2017; Badertscher et al. 2020). IPT is measured as the daily proportion of returns realized up to and including a given

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<sup>15</sup> We entropy balance the subsample for which *Unrelated PR* is equal to 0 with the subsample for which *Unrelated PR* is equal to 1 on our control variables included in Equation (1).

day, starting on the 8-K filing date. By definition, the proportion of realized returns will be equal to one at the end of the event window. Thus, IPT holds the magnitude of the price response and information content constant and tests how quickly that information gets impounded into price. A larger value of IPT indicates a greater area under the curve, and thus, faster incorporation of information into price. *Ret Ratio [1/5]* is an alternative measure of the speed of price discovery calculated as simply the ratio of the abnormal immediate signed return to the 8-K filing over days [0,1] to the full window return over days [0,5] (Lee and Zhu 2019). The intuition behind this measure is similar to IPT, in that a larger initial reaction, holding the full window reaction constant, results in a larger ratio.<sup>16</sup> All other variables are as defined previously.

As before, the coefficient of interest in Equation (3) is on the interaction term of *Unrelated PR* and *Negative News 8K*, or  $\beta_3$ , where a negative and significant coefficient would be consistent with our prediction that the issuance of a concurrent unrelated press release reduces the *speed* with which investors react to negative news 8-K disclosures. Because IPT is known for being susceptible to outliers, we estimate Equation (3) in one of two ways (Drake et al. 2017). First, we decile rank IPT and estimate the model using ordinal logistic regressions with either firm fixed effects or an entropy balanced model. Second, we use the continuous measure of IPT, but estimate the model using robust regression with either firm or industry fixed effects.<sup>17</sup>

### 3.4 Descriptive Statistics

In Table 2 we provide descriptive statistics for the variables used in our primary analyses. Panel A provides descriptives for our full sample of 8-K observations. We see that just over 40

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<sup>16</sup> In calculating the ratio of returns measure, we require that the absolute cumulative abnormal return over the [0,5] day window be greater than 1 percent so as to prevent small denominators from resulting in abnormally high measures of the ratio of returns. Results for IPT are unaffected by imposing the same restriction. We also find consistent results using the adjusted IPT measure developed by Blankespoor et al. (2018).

<sup>17</sup> We are unable to simultaneously employ both entropy-balancing and robust regression due to robust regression already balancing and adjusting the standard errors for outlier observations.

percent of our sample of 8-Ks contain negative news. 14.8 percent (52.0 percent) of 8-Ks are issued on a Friday (after hours). The average firm in our sample issued 17.2 8-Ks (97.3 press releases) during the prior year, has a market value of \$10.6 billion, and is followed by 9.6 analysts. We also see that absolute abnormal returns and abnormal volume are positive, suggesting that 8-Ks contain value-relevant information.

In Panel B of Table 2, we provide comparisons of means for 8-Ks issued with an unrelated press release compared to those with a related press release. Notably, the mean of *Negative 8K* is significantly higher for the unrelated press release subsample. This difference also appears economically large, as 53.2 percent of 8-Ks accompanied by an unrelated press releases are classified as negative news, compared to only 35.9 percent of those accompanied by a related press release. This provides preliminary evidence consistent with our first hypothesis, that managers are more likely to use concurrent unrelated disclosures when the 8-K contains negative news.

With respect to control variables, a number exhibit significant differences across the two subsamples. For example, larger and older firms, firms that issue more press releases over the prior year, firms that have more institutional ownership, and firms with higher analyst following are all more likely to issue unrelated disclosures. Moreover, 8-Ks filed concurrently with an unrelated press release are more likely to be filed during periods of low investor attention (i.e., after hours and on days with more earnings announcements) when compared to 8-Ks filed concurrently with a related press release. These differences are all removed after entropy balancing (untabulated).

In Panel C of Table 2, we examine the industry composition of our sample. The greatest number of 8-Ks come from the finance and the business equipment industries. Telecom and business equipment have the highest percentage of 8-Ks with unrelated press releases, at 51 percent and 44 percent, respectively, while energy and retail have the lowest, at 26 percent and 27 percent,

respectively. Lastly, Figure 2 presents the sample distribution by year in Panel A, and by day of week in Panel B. In Panel A, we see that the number of 8-Ks is generally increasing over time, but the percentage of 8-Ks with an unrelated press release is relatively constant during our sample period. In Panel B of Figure 2, we observe a similar number of 8-Ks Monday through Thursday, with a sharp decline on Friday. Similarly, the percentage of 8-Ks with an unrelated press release is fairly constant Monday through Thursday but drops substantially on Friday.

## 4. Primary Results

### 4.1 Tests of H1 – Managers’ Use of Concurrent Unrelated Press Releases

Table 3 presents the results for the estimation of Equation (1). Panel A presents results for our full sample of 8-K filings, while Panel B provides results for the restricted sample of filings that are more likely to be mandatory (i.e., removing item 7.01 and 8.01 filings – Lerman and Livnat (2010); He and Plumlee (2020)). In both panels, the first column includes item, year, and industry fixed effects, while the second column replaces industry fixed effects with firm fixed effects. Across both columns of Panel A, we find a positive and significant coefficient at the one percent level on *Negative 8K*. This evidence supports our first hypothesis that managers are more likely to issue concurrent unrelated press releases relative to concurrent related press releases when the 8-K contains negative news. This effect also appears economically meaningful, as the coefficient in Column (2) using firm fixed effects suggests that managers are 6.4 percent more likely to issue a concurrent unrelated press release when the 8-K discloses negative news. We find similar results for the restricted sample in Panel B. In fact, the economic magnitude of the result becomes stronger in Panel B, increasing to 8.8 percent.

In looking at the coefficients on the control variables, we find that managers are more likely to issue concurrent unrelated press releases when they file the 8-K after trading hours or on a busy earnings announcement day. This suggests that these methods of increasing investor processing costs function more as complements, rather than substitutes. The positive and significant coefficient on *PR Week* suggests that firms are not delaying press releases in order to issue them concurrently with their 8-Ks, but rather that these are new disclosures. We also find that larger firms, and firms that issue more press releases generally, are more likely to issue unrelated press releases compared to related press releases concurrently with 8-Ks. We are careful to control for these characteristics in our market tests, and we use entropy balancing (or firm fixed effects) to ensure that 8-K observations with unrelated and related press releases are essentially identical with respect to these dimensions. Overall, the evidence in Table 3 is consistent with managers strategically using concurrent unrelated press releases in order to distract investors and increase their processing costs of unfavorable material event disclosures.

#### *4.1 Tests of H2 – Cross-Sectional Tests on Managers’ Incentives to Issue Concurrent Unrelated Press Releases*

Table 4 presents results for the tests of H2a and H2b. The first and third columns include item, year, and industry fixed effects, while the second and fourth columns replace industry fixed effects with firm fixed effects. In the first two columns we find a positive and significant coefficient on *Negative 8K x Top Sale*. Similarly, in the third and fourth columns we find a positive and significant coefficient on *Negative 8K x High Lit Risk*. These effects also appear economically meaningful, as the coefficient in Column (2) (Column (4)) suggests that managers are 4.8 (1.9) percent more likely to issue a concurrent unrelated press release when the 8-K discloses negative news and there is an upcoming insider sale by one of the top five executives (the firm faces high litigation risk). This evidence suggests that managers are more likely to strategically issue



concurrent unrelated press releases in order to distract investors and increase processing costs of unfavorable 8-K information when they have stronger incentives to do so.

#### 4.3 Tests of H3 – Market Effects of Concurrent Unrelated Press Releases

The evidence in Tables 3 and 4 is consistent with managers using concurrent unrelated press releases as a tool to distract investors and increase processing costs of the disclosure of negative material events through 8-Ks, particularly when they have strong incentives to do so. Our tests of our third hypothesis examine whether these efforts are successful. Table 5 presents the results for the estimation of Equation (2), where we examine the strength of the reaction to 8-K filings using absolute abnormal returns (abnormal volume) in the first two (last two) columns. Columns (1) and (3) are estimated using a firm fixed effect specification, while columns (2) and (4) are estimated on the entropy-balanced sample. Across all four columns, we find a significant and positive coefficient on *Negative 8K*, indicating that investors react more strongly to negative news 8-Ks than positive news 8-Ks, on average. More importantly, the coefficient on *Unrelated PR x Negative 8K* is negative and significant. Economically, a concurrent unrelated press release reduces the abnormal return reaction to a negative news 8-K by approximately 20 basis points, which is nearly 8 percent of the average abnormal return reaction to an 8-K filing in our sample. Moreover, an unrelated press release reduces the abnormal volume reaction to a negative news 8-K by about 19 percent of the sample mean.<sup>18</sup> This evidence is consistent with our second hypothesis, as it suggests that the strength of the market's reaction to negative news 8-Ks is

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<sup>18</sup> For abnormal returns,  $-7.5\% = -0.204/2.704$  and  $-8.8\% = -0.238/2.704$ , where  $-0.204$  ( $-0.238$ ) is the coefficient estimate on *Unrelated PR x Negative 8K* in column (1) (column (2)) of Table 4 and  $2.704$  is the sample mean of *Abs Abn Ret [0,1]* presented in Table 2. Similarly, for abnormal volume,  $-19.7\% = -0.072/0.365$  and  $-17.8\% = -0.065/0.365$ , where  $-0.072$  ( $-0.065$ ) is the coefficient estimate on *Unrelated PR x Negative 8K* in column (3) (column (4)) of Table 4 and  $0.365$  is the sample mean of *Abn Vol [0,1]* presented in Table 2.

significantly reduced when the firm issues a concurrent unrelated press release compared to a concurrent related press release.

In Table 6 we present results for the estimation of Equation (3), which examines whether the speed of the investor reaction to negative news 8-Ks varies depending on the type of press release issued concurrently with it. Panel A provides results using *IPT* [0,5] as the dependent variable, while Panel B presents results using *Ret Ratio* [1/5]. We present results using the decile ranked dependent variable in the first two columns of each panel, using the firm fixed effect specification in Column (1) and the entropy balanced sample in column (2). Columns (3) and (4) present results using the continuous dependent variable and robust regression, using firm fixed effects in Column (3) and industry fixed effects in Column (4).

Across all four columns of Table 5 Panel A, we again find a significantly positive coefficient on *Negative 8K*, suggesting that investors react not only stronger, but also faster to negative news 8-Ks compared to positive news 8-Ks, on average. With respect to our test of H3, we again observe a negative and significant coefficient on the interaction term *Unrelated PR x Negative 8K*. This indicates that the speed, as well as the strength, of the investor reaction to negative news 8-Ks is significantly reduced when the firm issues a concurrent unrelated press release compared to a concurrent related press release. We observe similar evidence in Panel B of Table 6 using the ratio of returns measure of the speed of price discovery. Overall, the results in Tables 5 and 6 provide consistent evidence that suggests managers' use of concurrent unrelated press releases increases investors' processing costs, thereby distracting investors and mitigating the reaction to the disclosure of negative 8-K news.

## 5. Additional Analyses

### 5.1 EDGAR Download Activity

The tests in the prior section rely on market-based measures of investor attention to the 8-K. Therefore, we also examine EDGAR download activity (Drake et al. 2015; Ryans 2017) to provide more direct evidence linking concurrent unrelated press releases to reduced investor attention to the 8-K itself. Specifically, we test whether the concurrent issuance of an unrelated press release reduces the number of times a negative news 8-K is downloaded from EDGAR.

To examine the effect of concurrent unrelated press releases on 8-K EDGAR downloads, we estimate a model similar to Model (2), but where the dependent variable is the log of one plus the number of EDGAR downloads of the 8-K over the two days or one week window following its filing (*Downloads [0,+1]* or *Downloads [0,+7]*). We measure downloads following Ryans (2017) to filter out automated download activity (i.e., “robot” downloads) based on the number of filings a user accesses in a minute or day.<sup>19</sup> Due to data availability from the SEC, our sample in these tests is limited to 8-Ks filed before June 2017.

We present the results of these analyses in Table 7. Consistent with our market-based analyses in Tables 5 and 6, we find that while negative news 8-Ks, on average, are downloaded more times than positive news 8-Ks (as evidenced by a positive and significant coefficient on *Negative 8K*), the concurrent issuance of an unrelated press release significantly reduces the number of times a negative news 8-K is downloaded (as evidenced by a negative and significant coefficient on *Unrelated PR x Negative 8K*). These findings thus provide direct evidence that the concurrent issuance of an unrelated press release actually reduces the number of investors who access (and are therefore able to process and presumably trade on) the 8-K information. These

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<sup>19</sup> We thank Professor Ryans for making the data available on his website (<http://www.jamesryans.com/>).

findings also support the theory that unrelated press releases increase investors' processing costs, causing them to pay less attention to negative news 8-Ks, as opposed to the alternative possibility that investors are appropriately responding to the negative 8-K and a more positive unrelated press release that may have offsetting effects on price, reducing the absolute return reaction to the 8-K.<sup>20</sup>

## 5.2 Press Release Tone

In our primary analyses, we find that managers are more likely to issue concurrent unrelated press releases when the news contained in 8-K disclosures is negative. In this section, we examine whether managers are also likely to use more positive language in concurrent unrelated press releases. A concurrent disclosure can distract investors, and thereby increase information processing costs, regardless of its tone. However, if managers use concurrent unrelated press releases to *strategically* pull investor attention away from the information disclosed in negative news 8-Ks, we would expect these disclosures to generally be more positive, on average, relative to concurrent related press releases intended to provide additional information and context relevant to the 8-K triggering event.

We test this prediction by estimating a variation of Model (2), with *PR Tone* as the dependent variable. Similar to how we measure 8-K tone, *PR Tone* is calculated as the number of positive minus negative words scaled by the total words in the concurrent press release. The results are presented in Table 8. The first two columns include firm fixed effects, while the third and fourth columns utilize the entropy balanced sample. In the first and third columns, we omit the interaction term of *Unrelated PR x Negative 8K* and see that unrelated press releases are associated with significantly more positive tone than related press releases. Not surprisingly, we also see that

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<sup>20</sup> Additionally, while this alternative explanation could potentially explain the effect of reduced return reaction to negative news 8-Ks associated with unrelated press releases that we document, it would not explain the reduction in trading volume we find.

negative news 8-Ks are associated with more negatively toned press releases than positive news or neutral 8-Ks. In the second and fourth columns we include the interaction term and observe a positive and significant effect. This suggests that unrelated press releases are incrementally more positive than related press releases when the news in the 8-K is negative and is consistent with managers strategically using optimistic language in unrelated press releases when disclosing negative material events through 8-Ks.

### *5.3 Varying Press Release Classification Scheme Thresholds*

In Section 3.2 and Appendix B we discuss the validity of our identification strategy for classifying concurrent press releases as either related or unrelated. While the results in Figure 1 demonstrate that our selected threshold of 0.3 for cosine similarity and overlapping words yields the highest rate of accurately classified press releases, we also assess the sensitivity of our primary analyses to using two alternative thresholds for our classification scheme — one above and one below our current threshold (i.e., 0.25 and 0.35). We present these results in Table 9.<sup>21</sup>

Consistent with our tests presented in Tables 3 through 6, we find that using these alternative thresholds to identify unrelated or related press releases yields generally similar, albeit somewhat weaker, results. This weakening of results is to be expected, due to the reduction in our classification accuracy, and therefore increase in the noise of the analyses, when using these alternative thresholds. Overall, our results are generally robust to using these alternative thresholds, suggesting that our findings are not sensitive to a particular threshold used to identify concurrent press releases as unrelated or related.

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<sup>21</sup> The sample sizes vary slightly when we change the threshold due to a different number of observations with both an unrelated and related press release on the same day being excluded from the sample.

## 6. Conclusion

We provide evidence that the common assumption in prior research that press releases issued concurrently with 8-K filings relate to the same triggering event as the 8-K is frequently invalid. Indeed, these press releases relate to distinct events roughly one-third of the time. We find that managers are more likely to issue concurrent unrelated press releases when the 8-K contains negative news, consistent with managers' attempting to pull investor attention away from the negative news disclosed in the 8-K and increase information processing costs. We further find that this effect is stronger for managers with greater incentives to reduce the reaction to negative news – those with upcoming insider sales and those facing high litigation risk. These efforts appear to be successful in mitigating the investor reaction to the disclosure of negative 8-K news, as we find that these unrelated disclosures reduce both the strength, as proxied by absolute abnormal return and volume reactions, and the speed, as proxied by short-window IPT and ratio of returns measures, of the market reaction to negative news 8-Ks. In additional analyses, we provide more direct evidence linking concurrent unrelated press releases to reduced investor attention to negative news 8-K filings, finding their use reduces the frequency of negative news 8-K EDGAR downloads.

Our evidence is consistent with managers acting strategically in their use of concurrent press release disclosures to exploit investor processing costs and mitigate the reaction to the disclosure of negative material events via 8-Ks. While prior research has studied processing constraints arising from contemporaneous information events primarily based on variation in the number of other firms announcing earnings on the same day, our results shed light on a previously unexplored tool managers exploit to increase investor processing costs: issuing their own concurrent unrelated disclosures, a tool managers have more direct control over. This evidence

responds to the call by Blankespoor et al. (2020) for research into how investor processing costs influence managers' disclosure choices outside of the earnings announcement setting.

Our results also improve our understanding of how two of the most commonly utilized disclosure channels are used in conjunction with each other. Our evidence suggests that future research should consider the motivation managers may have when issuing an 8-K, a press release, or both concurrently, and how these incentives may influence the market outcomes associated with these disclosures. Overall, we provide new evidence on how firms use voluntary disclosures such as press releases alongside required regulatory disclosures—as a distraction to mitigate the investor reaction to the release of negative material event news.

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## APPENDIX A. Variable Definitions

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### *Variables of Interest*

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<i>Unrelated PR</i>	=	Indicator variable equal to one if neither the cosine similarity between the 8-K and press release is greater than 0.3 nor at least 30% of unique works in the 8-K appear in the press release.
<i>Negative 8K</i>	=	Indicator variable equal to one if 8-K tone is negative.
<i>Top Sale</i>	=	Indicator variable equal to one if there is an open market stock sale by a top five executive in the week following the 8-K. Top five executives are defined as the CEO, CFO, COO, president, and chairman of the board (Rogers 2008).
<i>High Lit Risk</i>	=	Indicator variable equal to one if the firm's level of litigation risk is above the median. Litigation risk is measured following Kim and Skinner (2012), Table 7 Model 2.
<i>Abs Abn Ret [0,1]</i>	=	100 times the absolute value of market adjusted returns for days [0,1] relative to the 8-K file day.
<i>Abn Vol [0,1]</i>	=	Abnormal volume for days [0,1] relative to the 8-K file day computed as the average trading volume in shares over the two-day period scaled by the average volume over the [-63,-8] days relative to the 8-K triggering event date minus 1.
<i>IPT [0,5]</i>	=	IPT over days [0,5] relative to the 8-K file day. IPT is calculated as $\frac{1}{2} \sum_{t=0}^5 (Mkt. Adj. Return_{t-1} + Mkt. Adj. Return_t) / Mkt. Adj. Return_5 = \sum_{t=0}^4 (Mkt. Adj. Return_t) / Mkt. Adj. Return_5 + 0.5$ , where <i>Mkt. Adj. Return<sub>t</sub></i> is the buy-and-hold market-adjusted return over days [0,+t].
<i>Decile IPT [0,5]</i>	=	Decile rank of <i>IPT [0,5]</i> .
<i>Ret Ratio [1/5]</i>	=	Return accumulation measure derived from Lee and Zhu (2019) equal to the CAR from [0,1] divided by CAR [0,5] relative to the 8-K file day if the absolute value of CAR [0,5] is greater than 1%.
<i>Decile Ret Ratio [1/5]</i>	=	Decile rank of <i>Ret Ratio [1/5]</i>
<i>PR Tone</i>	=	The number of positive minus negative works scaled by the total words in the concurrent press release. Positive and negative words are obtained from the 2018 Loughran and McDonald (2011) word list. Accessed from sraf.nd.edu.
<i>Downloads [0,1]</i>	=	The natural log of one plus the number of human 8-K downloads from EDGAR for days [0,1] per Ryans (2017). Accessed from www.jamesryans.com.
<i>Downloads [0,7]</i>	=	The natural log of one plus the number of human 8-K downloads from EDGAR for days [0,7] per Ryans (2017). Accessed from www.jamesryans.com.

### ***Control Variables***

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<i>Friday</i>	=	Indicator variable equal to one if 8-K is filed on a Friday.
<i>After Hours</i>	=	Indicator variable equal to one if 8-K is filed after 4PM.
<i>Num Earn</i>	=	Decile rank (by calendar year) of the number of earnings announcements from Compustat on filing day.
<i>8K Week</i>	=	The natural log of one plus number of 8-Ks filed in prior week.
<i>8K Year</i>	=	The natural log of one plus number of 8-Ks filed in prior year.
<i>PR Week</i>	=	The natural log of one plus number of press releases filed in prior week.
<i>PR Year</i>	=	The natural log of one plus number of press releases filed in prior year.
<i>Inst Own</i>	=	Institutional ownership from the Thomson Reuters Form 13F database as of the fiscal year-end prior to the 8-K file day.
<i>Follow</i>	=	The natural log of one plus the number of unique analysts issuing annual earnings forecasts for fiscal year-end prior to the 8-K file day.
<i>Ret Week</i>	=	Market adjusted buy and hold return for the firm for days [-5, -1] relative to the 8-K file day.
<i>Ret Year</i>	=	Market adjusted buy and hold return for the firm for months [-12, -1] relative to the 8-K file day.
<i>Size</i>	=	The natural log of one plus the total market value at prior year-end from CRSP.
<i>BTM</i>	=	Book value from Compustat divided by total market value from CRSP at the prior year-end.
<i>Age</i>	=	The number of years the firm has been public, based upon the number of years the firm appears in Compustat.

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## APPENDIX B. Press Release Classification Details

We collect 8-K text from SeekEdgar. We consider only the text of 8-K items and exclude any header information, 8-K item names, and attachments. We obtain press release text from the Dow Jones Press Release North America Package and treat identical press releases appearing on multiple newswires as one press release. We exclude press releases that cover more than three firms. For both 8-Ks and press releases, we exclude numbers, standard “stop words” (e.g., “the”), as well as common company words<sup>22</sup> and newswire names (e.g., “PR News Wire”) that are not referenced consistently between documents and do not add any additional information about the content of the document.

Our first measure of 8-K and press release similarity is the cosine similarity between the two texts. Cosine similarity compares the relative frequency of words in two texts ranging from a cosine of 0 (no common words) to a cosine of 1 (all words used in identical relative frequency). Extensive research in accounting and finance has used cosine similarity to measure textual similarity (e.g., Brown and Tucker 2011; Lang and Stice-Lawrence 2015; Hoberg and Phillips 2016) and the process is regarded in computational linguistics as a reliable method for identifying similar documents (e.g., Kilgarriff 2001; Subhashini and Kumar 2010; Fothergill et al. 2016).<sup>23</sup>

To aid with the creation of our classification scheme, we manually read 250 random 8-K and press release pairs in our sample and classified each press release as being related or unrelated to the underlying 8-K event. Using our classification scheme, we begin by classifying press releases as being related if they have a cosine similarity greater than or equal to 0.3. This classifies 54% of press releases in our random sample of 250 8-K/press release pairs as being related to the 8-K and has an accuracy rate of 79% (with 20% false negatives and 1% false positives) when compared to our manual classification. We have two options to address the high rate of false negatives. We can either reduce the threshold for a press release’s being related to the 8-K or augment our classification system with an additional method of classification.

Reducing the cosine similarity threshold increases the rate of false positives while simultaneously decreasing the rate of false negatives. Specifically, if we reduce the threshold to 0.2 (0.15), we achieve an accuracy rate of 88 percent (88 percent), with a 6 percent (9 percent) false positive rate and a 6 percent (3 percent) false negative rate. While this does yield a higher accuracy rate as a whole, our classification scheme can be better improved by exploiting the reason that cosine similarity provides false negative matches. Specifically, cosine similarity does not

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<sup>22</sup> Specifically, we drop all instances of: company, corporation, corp, incorporated, inc, co, llc, and firm.

<sup>23</sup> We do not utilize topic modeling for at least two reasons. First, due to the lack of regulatory oversight in press releases, the range of topics found in press releases is much broader than the range of topics found in 8-Ks, creating inconsistencies in training topic models. Second, research in computational linguistics has often found that topic modelling approaches to measuring similarity add unnecessary complexity while not being incrementally better than a cosine similarity approach (e.g., Alodadi and Janeja 2015; Fothergill et al. 2016).

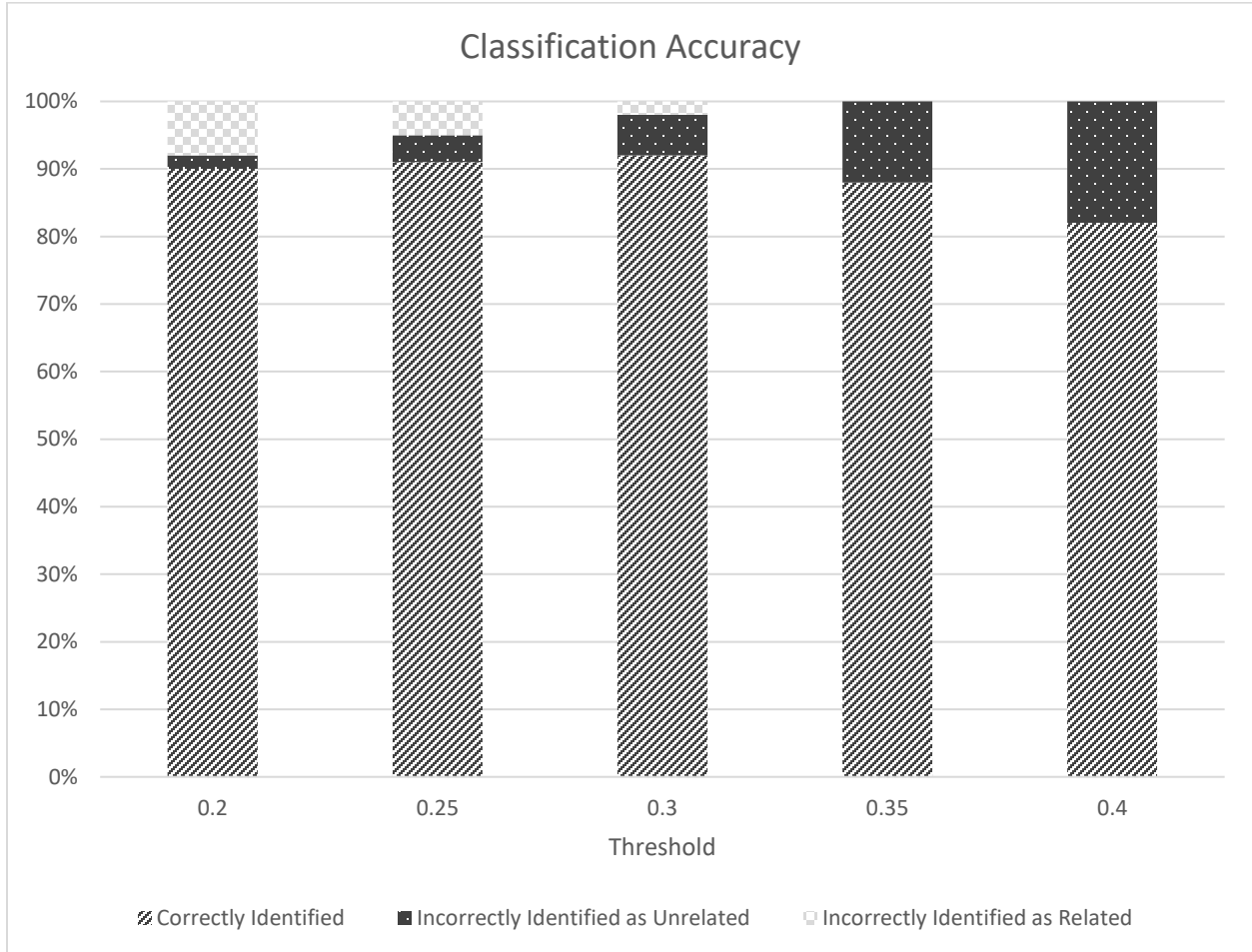
perform well in identifying similar text when the length of one text is significantly shorter than the other text (e.g., De Boom et al. 2015). This is because the relative frequency of words is dependent on the length of the text. Since some 8-Ks are only a few sentences long, augmenting our classification system with an additional classification measure that performs well when the 8-K is significantly shorter than the press release could significantly increase the accuracy of our classification scheme.

Accordingly, we utilize a second measure of similarity, which is the percent of unique words in the 8-K that also appear in the press release. This identifies whether the content of the 8-K is subsumed in the press release while allowing for the press release to both be much longer and also discuss other events (e.g., putting the 8-K event in context regarding other firm events).

We combine these complementary approaches and classify a press release as being related to the 8-K if either the cosine similarity is greater than 0.3 *or* at least 30 percent of the unique words in the 8-K appear in the press release. We classify a press release as being unrelated if neither of these thresholds is met. This final classification scheme results in a 92 percent accuracy rate with 6 percent false negatives and 2 percent false positives when compared to our manual classification. Alternatively, varying the unique word overlap threshold down to 20 percent (up to 40 percent) while holding the cosine similarity threshold constant at 0.3 results in a 91 percent (89 percent) accuracy rate with a higher rate of false positives (negatives).

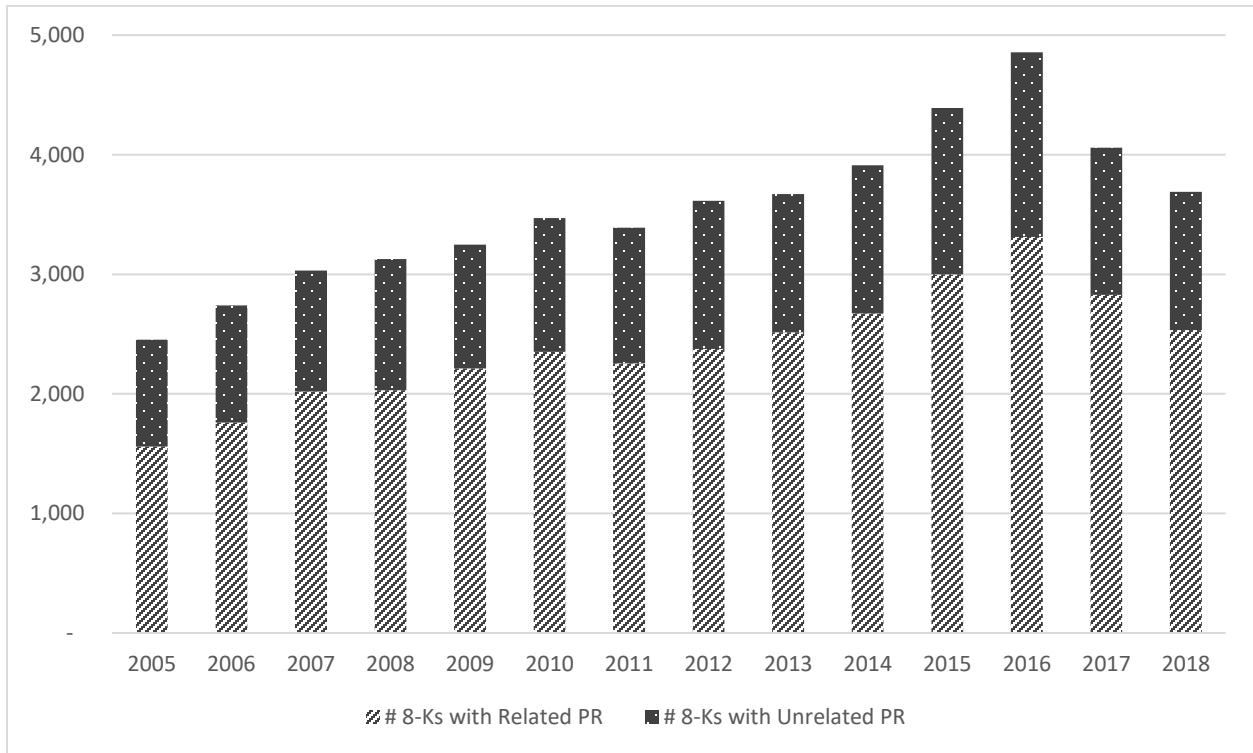
Figure 1 provides results for changes in accuracy when we change both thresholds simultaneously. Decreasing (increasing) both thresholds in tandem allows for the classification scheme as a whole to classify more (less) press releases as related to the 8-K. We also present results for our main tests from two of these alternative thresholds, one above and one below our current threshold, in Table 9.

**FIGURE 1. Press Release Classification Scheme Accuracy**

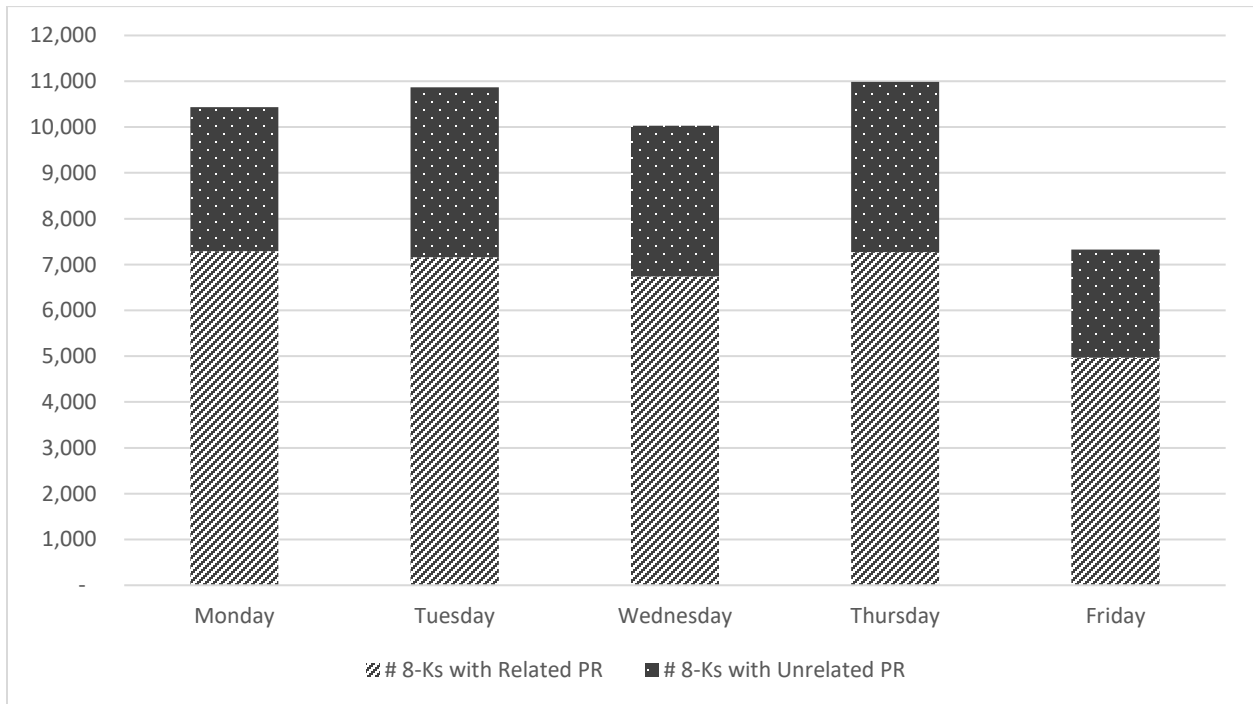


This figure portrays the accuracy of classifying press releases as related or unrelated using various thresholds for cosine similarity and the percentage of words in the 8-K that also appear in the press release. If the cosine similarity or the percentage of overlapping words is above the threshold, we classify the press release as “related.” If the cosine similarity and the percentage of overlapping words are below the threshold, we classify the press release as “unrelated.” We randomly select 250 8-K/press release pairs and read them to determine if they are in fact about the same event (different events) and should therefore be classified as related (unrelated). We then use the thresholds shown above to determine how the press release would be classified based on cosine similarity and overlapping words. The figure portrays the percentage of pairs in which the press release is correctly identified as either related or unrelated, the percentage of pairs in which the press release is incorrectly identified as unrelated when the press release is in fact about the same event as the 8-K, and the percentage of pairs in which the press release is incorrectly identified as related when the press release is in fact about a different event from the 8-K.

**FIGURE 2. Distribution of Press Releases**  
**Panel A: Frequency of 8-Ks and press releases by year**



**Panel B: Frequency of 8-Ks and press releases by day of the week**



Panel A graphs the number of 8-Ks with related and unrelated press releases by year. Panel B graphs the number of 8-Ks with related and unrelated press releases by day of the week.



**TABLE 1. Sample Selection**

This table reports our sample selection process.

	<b>8-K Filings</b>	<b>8Ks with Unrelated PRs</b>	<b>8Ks with Related PRs</b>
All 8Ks with a concurrent PR filed by public firms from 2005 to 2018	73,229		
8-Ks with Item 2.02 or within one week of an earnings release	(13,613)		
8-Ks without variable information from Compustat, CRSP, & IBES	(5,276)		
8-Ks with both an unrelated and related press release on the filing date	(4,688)		
<b>Primary sample for analysis</b>	<b>49,652</b>	<b>16,227</b>	<b>33,425</b>
Item 7.01 and 8.01 8-Ks	(26,140)		
<b>Mandatory 8-K sample</b>	<b>23,512</b>	<b>9,797</b>	<b>13,715</b>

**TABLE 2. Descriptive Statistics**

Panel A presents descriptive statistics for our full 8-K sample. All variables definitions are in Appendix A and all continuous variables are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. Panel B presents descriptive statistics for our sample split by whether there is a related or unrelated press release on the 8-K file date. P-Values represent a difference in means test between the two groups.

<b>PANEL A: Full 8-K Sample</b>						
	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>P25</b>	<b>Median</b>	<b>P75</b>
<b>Dependent Variables</b>						
<i>Unrelated PR</i>	49,652	0.327	0.469	0.000	0.000	1.000
<i>Abs Abn Ret [0,1]</i>	49,652	2.704	3.571	0.659	1.534	3.196
<i>Abn Vol [0,1]</i>	49,652	0.365	1.383	-0.270	-0.014	0.415
<i>IPT [0,5]</i>	49,652	3.819	10.429	2.010	3.776	5.575
<i>Ret Ratio [1/5]</i>	38,467	0.433	0.811	0.035	0.406	0.820
<i>PR Tone</i>	49,652	0.863	2.421	-0.426	0.641	2.309
<i>Downloads [0,1]</i>	41,218	2.300	0.917	1.792	2.303	2.890
<i>Downloads [0,7]</i>	41,218	2.791	0.887	2.197	2.833	3.367
<b>Independent Variables of Interest</b>						
<i>Negative 8K</i>	49,652	0.415	0.493	0.000	0.000	1.000
<i>Top Sale</i>	49,652	0.039	0.195	0.000	0.000	0.000
<i>High Lit Risk</i>	49,652	0.500	0.500	0.000	0.500	1.000
<b>Control Variables</b>						
<i>Friday</i>	49,652	0.148	0.355	0.000	0.000	0.000
<i>After Hours</i>	49,652	0.520	0.500	0.000	1.000	1.000
<i>Num Earn</i>	49,652	5.251	2.819	3.000	5.000	8.000
<i>8K Week</i>	49,652	0.194	0.354	0.000	0.000	0.000
<i>8K Year</i>	49,652	2.792	0.451	2.485	2.773	3.091
<i>PR Week</i>	49,652	1.142	0.682	0.693	1.099	1.609
<i>PR Year</i>	49,652	4.007	1.059	3.497	3.951	4.554
<i>Inst Own</i>	49,652	0.715	0.251	0.565	0.764	0.903
<i>Follow</i>	49,652	2.088	0.776	1.386	2.079	2.708
<i>Ret Week</i>	49,652	0.000	0.049	-0.022	-0.001	0.021
<i>Ret Year</i>	49,652	0.032	0.405	-0.199	-0.011	0.186
<i>Size</i>	49,652	7.561	1.875	6.234	7.467	8.866
<i>BTM</i>	49,652	0.546	0.464	0.249	0.458	0.763
<i>Age</i>	49,652	22.641	19.645	8.586	17.164	31.081

**PANEL B: Sample Split on Unrelated vs. Related PR**

	8-Ks with Unrelated PR		8-Ks with Related PR		Unrelated – Related	
	N	Mean	N	Mean	Difference	p-Value
<b>Dependent Variables</b>						
<i>Abs Abn Ret [0,1]</i>	16,227	2.279	33,425	2.910	-0.631	0.000
<i>Abn Vol [0,1]</i>	16,227	0.211	33,425	0.439	-0.228	0.000
<i>IPT [0,5]</i>	16,227	3.712	33,425	3.872	-0.160	0.109
<i>Ret Ratio [1/5]</i>	12,193	0.387	26,274	0.454	-0.067	0.000
<i>PR Tone</i>	16,227	1.176	33,425	0.711	0.465	0.000
<i>Downloads [0,1]</i>	13,549	2.426	27,669	2.238	0.188	0.000
<i>Downloads [0,7]</i>	13,549	2.937	27,669	2.720	0.217	0.000
<b>Independent Variables of Interest</b>						
<i>Negative 8K</i>	16,227	0.532	33,425	0.359	0.173	0.000
<i>Top Sale</i>	16,227	0.045	33,425	0.037	0.008	0.000
<i>High Lit Risk</i>	16,227	0.583	33,425	0.460	0.124	0.000
<b>Control Variables</b>						
<i>Friday</i>	16,227	0.146	33,425	0.148	-0.003	0.399
<i>After Hours</i>	16,227	0.581	33,425	0.491	0.091	0.000
<i>Num Earn</i>	16,227	5.419	33,425	5.170	0.248	0.000
<i>8K Week</i>	16,227	0.189	33,425	0.196	-0.007	0.047
<i>8K Year</i>	16,227	2.781	33,425	2.798	-0.017	0.000
<i>PR Week</i>	16,227	1.340	33,425	1.047	0.293	0.000
<i>PR Year</i>	16,227	4.345	33,425	3.843	0.502	0.000
<i>Inst Own</i>	16,227	0.738	33,425	0.704	0.035	0.000
<i>Follow</i>	16,227	2.296	33,425	1.987	0.310	0.000
<i>Ret Week</i>	16,227	0.001	33,425	0.000	0.001	0.032
<i>Ret Year</i>	16,227	0.033	33,425	0.031	0.003	0.460
<i>Size</i>	16,227	8.174	33,425	7.263	0.911	0.000
<i>BTM</i>	16,227	0.511	33,425	0.563	-0.052	0.000
<i>Age</i>	16,227	26.121	33,425	20.951	5.170	0.000

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**PANEL C: Unrelated by Industry**

<b>Fama-French 12 Industry</b>	<b>N</b>	<b>% Unrelated</b>
<i>Finance</i>	12,752	29%
<i>Business Equipment</i>	6,448	44%
<i>Other</i>	5,802	36%
<i>Healthcare</i>	5,747	28%
<i>Retail</i>	5,456	27%
<i>Manufacturing</i>	4,250	31%
<i>Energy</i>	2,074	26%
<i>Utilities</i>	1,874	40%
<i>Consumer Nondurables</i>	1,772	34%
<i>Consumer Durables</i>	1,312	32%
<i>Chemicals</i>	1,189	31%
<i>Telecom</i>	976	51%

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**TABLE 3. Tests of H1 – Negative Material Events and Likelihood of Unrelated Disclosure**

This table reports the results from Equation (1). The dependent variable is equal to one when there is an unrelated press release. *Negative 8K* equals one when the tone of the 8-K is less than zero. Panel A reports the results for the full sample while Panel B provides results for the reduced sample of mandatory 8-Ks. Variable definitions are in Appendix A. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. *t*-statistics are reported in parentheses and standard errors are clustered by firm.

<i>PANEL A: All 8-Ks</i>	<i>Unrelated PR</i>	
	(1)	(2)
<b>Dependent Variable:</b>		
<i>Negative 8K</i>	<b>0.074***</b> <b>(8.820)</b>	<b>0.064***</b> <b>(10.168)</b>
<i>Friday</i>	-0.006 (-0.919)	-0.009 (-1.587)
<i>After Hours</i>	0.049*** (7.206)	0.043*** (9.312)
<i>Num Earn</i>	0.003*** (3.623)	0.003*** (4.467)
<i>8K Week</i>	-0.033*** (-4.488)	-0.016*** (-2.726)
<i>8K Year</i>	-0.006 (-0.377)	0.023*** (2.715)
<i>PR Week</i>	0.061*** (10.385)	0.048*** (9.019)
<i>PR Year</i>	0.024*** (4.500)	0.001 (0.122)
<i>Inst Own</i>	-0.019 (-0.966)	0.033 (1.480)
<i>Follow</i>	0.010 (1.268)	-0.006 (-0.742)
<i>Ret Week</i>	0.059 (1.514)	0.042 (1.110)
<i>Ret Year</i>	-0.003 (-0.466)	0.006 (1.101)
<i>Size</i>	0.026*** (6.338)	0.020*** (3.165)
<i>BTM</i>	-0.012 (-1.358)	0.003 (0.306)
<i>Age</i>	0.001*** (2.796)	0.001 (0.253)
<i>Item &amp; Year FE</i>	Yes	Yes
<i>Industry FE</i>	Yes	No
<i>Firm FE</i>	No	Yes
<i>R-Squared</i>	21.1%	12.0%
<i>Observations</i>	49,652	49,652

<b>PANEL B: Mandatory 8-Ks</b>		
<b>Dependent Variable:</b>	<b>Unrelated PR</b>	
	(1)	(2)
<i>Negative 8K</i>	<b>0.093***</b> <b>(12.175)</b>	<b>0.088***</b> <b>(11.205)</b>
<i>Friday</i>	-0.005 (-0.559)	-0.005 (-0.543)
<i>After Hours</i>	0.067*** (10.440)	0.067*** (10.045)
<i>Num Earn</i>	0.004*** (3.509)	0.004*** (3.323)
<i>8K Week</i>	-0.033*** (-3.365)	-0.027*** (-2.697)
<i>8K Year</i>	0.028*** (2.896)	0.035*** (3.085)
<i>PR Week</i>	0.052*** (7.689)	0.055*** (7.688)
<i>PR Year</i>	0.025*** (5.011)	0.007 (1.237)
<i>Inst Own</i>	0.005 (0.297)	0.089*** (2.767)
<i>Follow</i>	0.022*** (2.898)	-0.010 (-0.910)
<i>Ret Week</i>	0.035 (0.597)	0.033 (0.533)
<i>Ret Year</i>	0.005 (0.653)	0.009 (1.153)
<i>Size</i>	0.023*** (5.922)	0.020** (2.259)
<i>BTM</i>	-0.011 (-1.225)	0.001 (0.104)
<i>Age</i>	0.000 (0.763)	0.004 (0.825)
<i>Item &amp; Year FE</i>	Yes	Yes
<i>Industry FE</i>	Yes	No
<i>Firm FE</i>	No	Yes
<i>R-Squared</i>	22.6%	14.6%
<i>Observations</i>	23,512	23,512

**TABLE 4. Tests of H2 – Cross-Sectional Variation in Managerial Incentives**

This table reports the results from a modified Equation (1). The dependent variable is equal to one when there is an unrelated press release. *Negative 8K* is an indicator variable equal to one when the tone of the 8-K is less than zero. *Top Sale* is an indicator variable equal to one when a top-five executive sells stock in the week following the 8-K. *High Lit Risk* is an indicator variable equal to one when the firm has above median litigation risk. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. *t*-statistics are reported in parentheses and standard errors are clustered by firm. Variable definitions are in Appendix A.

Dependent Variable:	<i>Unrelated PR</i>			
	Industry FE (1)	Firm FE (2)	Industry FE (3)	Firm FE (4)
<i>Negative 8K</i>	<b>0.072***</b> (8.464)	<b>0.062***</b> (9.818)	<b>0.058***</b> (5.811)	<b>0.054***</b> (9.142)
<i>Top Sale</i>	-0.025* (-1.818)	-0.019 (-1.460)		
<i>Top Sale * Negative 8K</i>	<b>0.062***</b> (2.856)	<b>0.048**</b> (2.264)		
<i>High Lit Risk</i>			0.004 (0.414)	-0.006 (-1.017)
<i>High Lit Risk * Negative 8K</i>			<b>0.031***</b> (2.615)	<b>0.019**</b> (2.487)
<i>Friday</i>	-0.006 (-0.930)	-0.009 (-1.597)	-0.006 (-0.939)	-0.009* (-1.740)
<i>After Hours</i>	0.049*** (7.202)	0.043*** (9.321)	0.050*** (7.228)	0.043*** (11.009)
<i>Num Earn</i>	0.003*** (3.612)	0.003*** (4.457)	0.003*** (3.610)	0.003*** (4.987)
<i>8K Week</i>	-0.033*** (-4.493)	-0.016*** (-2.728)	-0.033*** (-4.494)	-0.016*** (-2.891)
<i>8K Year</i>	-0.006 (-0.379)	0.023*** (2.696)	-0.008 (-0.481)	0.023*** (3.192)
<i>PR Week</i>	0.061*** (10.389)	0.048*** (9.025)	0.061*** (10.369)	0.048*** (11.201)
<i>PR Year</i>	0.024*** (4.498)	0.001 (0.135)	0.023*** (4.345)	0.001 (0.134)
<i>Inst Own</i>	-0.019 (-0.964)	0.033 (1.479)	-0.019 (-0.931)	0.033* (1.672)
<i>Follow</i>	0.010 (1.264)	-0.006 (-0.736)	0.009 (1.057)	-0.006 (-0.866)
<i>Ret Week</i>	0.058 (1.491)	0.041 (1.096)	0.058 (1.499)	0.042 (1.106)
<i>Ret Year</i>	-0.003 (-0.483)	0.006 (1.091)	-0.001 (-0.163)	0.006 (1.221)
<i>Size</i>	0.026*** (6.332)	0.019*** (3.127)	0.024*** (6.037)	0.020*** (4.103)
<i>BTM</i>	-0.012 (-1.341)	0.003 (0.300)	-0.016* (-1.701)	0.003 (0.340)
<i>Age</i>	0.001*** (2.800)	0.001 (0.253)	0.001*** (2.836)	0.001 (0.362)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	Yes	No	Yes	No
<i>Firm FE</i>	No	Yes	No	Yes
<i>R-Squared</i>	21.1%	12.0%	21.1%	12.0%
<i>Observations</i>	49,652	49,652	49,652	49,652

**TABLE 5. Tests of H3 – Strength of Investor Reaction**

This table reports the results from Equation (2). *Abs Abn Ret [0,1]* and *Abn Vol [0,1]* capture abnormal returns and volumes over the [0,1] day window. *Negative 8K* equals one when the tone of the 8-K is less than zero and *Unrelated PR* equals to one when there is an unrelated press release. Variable definitions are in Appendix A. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. *t*-statistics are reported in parentheses and standard errors are clustered by firm.

Dependent Variable:	<i>Abs Abn Ret [0,1]</i>		<i>Abn Vol [0,1]</i>	
	Firm FE (1)	Entropy Bal. (2)	Firm FE (3)	Entropy Bal. (4)
<i>Unrelated PR</i>	-0.180*** (-3.958)	-0.082* (-1.666)	-0.097*** (-5.332)	-0.089*** (-4.918)
<i>Negative 8K</i>	0.232*** (4.819)	0.312*** (5.343)	0.085*** (3.758)	0.098*** (3.628)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.204*** (-3.152)</b>	<b>-0.238*** (-3.106)</b>	<b>-0.072** (-2.525)</b>	<b>-0.065** (-2.026)</b>
<i>Friday</i>	-0.065 (-1.556)	-0.054 (-1.064)	0.044** (2.462)	0.047** (2.271)
<i>After Hours</i>	-0.012 (-0.338)	0.028 (0.730)	-0.011 (-0.785)	-0.014 (-0.875)
<i>Num Earn</i>	-0.024*** (-4.373)	-0.029*** (-4.794)	-0.010*** (-4.083)	-0.010*** (-4.068)
<i>8K Week</i>	-0.231*** (-5.445)	-0.150*** (-2.704)	0.135*** (6.126)	0.136*** (6.157)
<i>8K Year</i>	-0.209*** (-2.905)	0.096 (1.324)	-0.150*** (-5.482)	-0.090*** (-3.911)
<i>PR Week</i>	0.162*** (4.431)	0.170*** (3.949)	0.193*** (12.271)	0.141*** (8.820)
<i>PR Year</i>	-0.099*** (-3.047)	0.107*** (3.497)	-0.085*** (-6.210)	-0.060*** (-4.745)
<i>Inst Own</i>	-0.276 (-1.233)	-0.371*** (-2.703)	-0.210*** (-2.637)	-0.150*** (-3.510)
<i>Follow</i>	0.002 (0.034)	0.088* (1.651)	-0.046* (-1.819)	0.004 (0.217)
<i>Ret Week</i>	-1.846*** (-3.694)	-2.088*** (-3.591)	-0.236 (-1.155)	-0.178 (-0.668)
<i>Ret Year</i>	-0.459*** (-8.002)	-0.528*** (-7.774)	-0.027 (-1.253)	-0.034* (-1.746)
<i>Size</i>	-0.423*** (-6.746)	-0.398*** (-13.901)	-0.084*** (-4.103)	-0.058*** (-6.875)
<i>BTM</i>	0.290*** (2.886)	0.049 (0.576)	-0.082*** (-2.676)	-0.041** (-1.966)
<i>Age</i>	0.077 (1.550)	-0.008*** (-5.616)	0.017 (1.270)	-0.001** (-2.398)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	No	Yes	No	Yes
<i>Firm FE</i>	Yes	No	Yes	No
<i>R-Squared</i>	6.3%	14.8%	4.3%	6.4%
<i>Observations</i>	49,652	49,652	49,652	49,652



**TABLE 6. Tests of H3 – Speed of Investor Reaction**

This table reports the results from Equation (3). *Negative 8K* equals one when the tone of the 8-K is less than zero and *Unrelated PR* equals to one when there is an unrelated press release. Panel A examines IPT where *IPT [0,5]* is the intraperiod timeliness measure over the [0,5] day window and Panel B examines the speed of price discovery where *Ret Ratio[1/5]* is the fraction of the return from [0,5] that is realized in the [0,1] day window. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. Variable definitions are in Appendix A. *t*-statistics are reported in parentheses and standard errors are clustered by firm for the ordinal logit models.

<b>PANEL A: IPT</b>				
<b>Dependent Variable:</b> Regression Model:	<b>Decile IPT [0,5]</b>		<b>IPT [0,5]</b>	
	Ordinal Logit		Robust Regression	
	Firm FE	Entropy Bal.	Firm FE	Industry FE
	(1)	(2)	(3)	(4)
<i>Unrelated PR</i>	-0.036 (-1.308)	-0.014 (-0.467)	-0.051 (-1.098)	-0.027 (-0.669)
<i>Negative 8K</i>	0.067*** (2.799)	0.148*** (3.796)	0.100** (2.522)	0.144*** (4.079)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.078** (-2.029)</b>	<b>-0.157*** (-3.003)</b>	<b>-0.133** (-2.106)</b>	<b>-0.179*** (-3.088)</b>
<i>Friday</i>	-0.042* (-1.771)	-0.057* (-1.681)	-0.044 (-1.110)	-0.059 (-1.574)
<i>After Hours</i>	-0.066*** (-3.581)	-0.014 (-0.507)	-0.088*** (-2.941)	-0.102*** (-3.812)
<i>Num Earn</i>	-0.009*** (-2.849)	-0.010** (-2.116)	-0.013*** (-2.599)	-0.016*** (-3.439)
<i>8K Week</i>	-0.005 (-0.211)	0.026 (0.564)	-0.005 (-0.107)	-0.002 (-0.039)
<i>8K Year</i>	-0.092*** (-2.792)	-0.093*** (-2.664)	-0.137** (-2.526)	-0.138*** (-4.112)
<i>PR Week</i>	0.020 (1.005)	0.049** (1.964)	0.028 (0.869)	0.040 (1.375)
<i>PR Year</i>	0.017 (0.955)	-0.001 (-0.066)	0.034 (1.160)	0.023 (1.117)
<i>Inst Own</i>	-0.078 (-0.882)	-0.007 (-0.129)	-0.228 (-1.535)	-0.011 (-0.174)
<i>Follow</i>	-0.012 (-0.380)	-0.027 (-1.100)	-0.031 (-0.602)	0.015 (0.513)
<i>Ret Week</i>	-0.052 (-0.290)	-0.392 (-1.563)	-0.127 (-0.439)	-0.154 (-0.572)
<i>Ret Year</i>	-0.022 (-1.021)	-0.042 (-1.308)	-0.079** (-2.085)	-0.085** (-2.554)
<i>Size</i>	0.030 (1.482)	0.000 (-0.027)	0.028 (0.752)	-0.026* (-1.922)
<i>BTM</i>	0.005 (0.165)	0.022 (0.552)	-0.040 (-0.694)	-0.007 (-0.211)
<i>Age</i>	-0.005 (-0.655)	-0.001 (-0.882)	0.003 (0.135)	-0.002* (-1.845)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	No	Yes	No	Yes
<i>Firm FE</i>	Yes	No	Yes	No
<i>R-Squared</i>	1.5%	0.2%	13.7%	0.7%
<i>Observations</i>	49,652	49,652	49,652	49,652

**PANEL B: Return Accumulation**

Dependent Variable: Regression Model:	<i>Decile Ret Ratio [1/5]</i>		<i>Ret Ratio [1/5]</i>	
	Ordinal Logit		Robust Regression	
	Firm FE (1)	Entropy Bal. (2)	Firm FE (3)	Industry FE (4)
<i>Unrelated PR</i>	-0.079** (-2.381)	-0.060* (-1.831)	-0.021* (-1.859)	-0.016 (-1.518)
<i>Negative 8K</i>	0.076*** (2.674)	0.095** (2.323)	0.026*** (2.714)	0.033*** (3.841)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.103** (-2.234)</b>	<b>-0.136** (-2.464)</b>	<b>-0.037** (-2.372)</b>	<b>-0.045*** (-3.123)</b>
<i>Friday</i>	-0.075*** (-2.690)	-0.073** (-2.016)	-0.027*** (-2.760)	-0.024** (-2.530)
<i>After Hours</i>	-0.031 (-1.425)	-0.013 (-0.500)	-0.014* (-1.922)	-0.010 (-1.441)
<i>Num Earn</i>	-0.007* (-1.953)	-0.015*** (-2.729)	-0.002* (-1.804)	-0.004*** (-3.415)
<i>8K Week</i>	-0.040 (-1.372)	-0.046 (-1.080)	-0.012 (-1.173)	-0.012 (-1.225)
<i>8K Year</i>	-0.112*** (-2.982)	-0.087*** (-2.656)	-0.040*** (-2.983)	-0.035*** (-4.221)
<i>PR Week</i>	0.075*** (3.262)	0.085*** (2.928)	0.027*** (3.416)	0.031*** (4.255)
<i>PR Year</i>	-0.044** (-2.207)	-0.032 (-1.598)	-0.011 (-1.523)	-0.012** (-2.399)
<i>Inst Own</i>	-0.117 (-1.072)	-0.002 (-0.023)	-0.038 (-1.065)	0.007 (0.502)
<i>Follow</i>	-0.013 (-0.353)	-0.030 (-1.038)	-0.005 (-0.372)	0.011 (1.555)
<i>Ret Week</i>	-0.051 (-0.240)	-0.397 (-1.551)	-0.033 (-0.495)	-0.081 (-1.285)
<i>Ret Year</i>	-0.030 (-1.182)	-0.042 (-1.370)	-0.014 (-1.636)	-0.017** (-2.133)
<i>Size</i>	0.021 (0.798)	-0.003 (-0.235)	0.002 (0.245)	-0.007** (-2.217)
<i>BTM</i>	0.044 (1.105)	0.050 (1.245)	0.002 (0.150)	-0.007 (-0.824)
<i>Age</i>	0.012 (1.059)	0.000 (0.073)	0.004 (0.734)	0.000 (-0.576)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	No	Yes	No	Yes
<i>Firm FE</i>	Yes	No	Yes	No
<i>R-Squared</i>	2.2%	0.3%	11.7%	1.3%
<i>Observations</i>	38,467	38,467	38,467	38,467

**TABLE 7. Unrelated Disclosure and Information Acquisition**

This table reports the results from a modified Equation (2) where the dependent variable is equal to the natural log of the number of EDGAR downloads in the [0,1] or [0,7] day window. *Negative 8K* equals one when the tone of the 8-K is less than zero and *Unrelated PR* equals to one when there is an unrelated press release issued on the same day. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. *t*-statistics are reported in parentheses and standard errors are clustered by firm. Variable definitions are in Appendix A.

Dependent Variable:	<i>Downloads [0,1]</i>		<i>Downloads [0,7]</i>	
	Firm FE (1)	Entropy Bal. (2)	Firm FE (3)	Entropy Bal. (4)
<i>Unrelated PR</i>	-0.013 (-1.165)	0.029* (1.737)	-0.016 (-1.465)	0.035** (2.022)
<i>Negative 8K</i>	0.146*** (14.749)	0.208*** (11.420)	0.151*** (16.066)	0.218*** (11.342)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.033** (-2.120)</b>	<b>-0.069*** (-2.941)</b>	<b>-0.048*** (-3.163)</b>	<b>-0.091*** (-3.905)</b>
<i>Friday</i>	-0.482*** (-51.216)	-0.495*** (-34.037)	0.005 (0.653)	0.008 (0.632)
<i>After Hours</i>	-0.208*** (-26.197)	-0.181*** (-13.688)	-0.102*** (-13.858)	-0.076*** (-5.865)
<i>Num Earn</i>	-0.027*** (-23.320)	-0.028*** (-14.576)	-0.020*** (-17.594)	-0.020*** (-10.884)
<i>8K Week</i>	0.014 (1.440)	0.033* (1.958)	0.036*** (3.907)	0.055*** (3.377)
<i>8K Year</i>	0.035* (1.872)	0.074*** (3.039)	0.065*** (3.534)	0.098*** (3.676)
<i>PR Week</i>	0.062*** (7.740)	0.067*** (4.293)	0.065*** (8.585)	0.074*** (5.161)
<i>PR Year</i>	0.009 (1.130)	0.092*** (8.257)	0.007 (0.908)	0.100*** (9.015)
<i>Inst Own</i>	-0.087 (-1.591)	-0.105** (-2.262)	-0.089 (-1.612)	-0.151*** (-3.066)
<i>Follow</i>	-0.006 (-0.330)	-0.009 (-0.399)	-0.010 (-0.571)	-0.007 (-0.309)
<i>Ret Week</i>	-0.057 (-0.855)	-0.017 (-0.175)	-0.156** (-2.554)	-0.119 (-1.168)
<i>Ret Year</i>	-0.051*** (-4.341)	-0.079*** (-4.846)	-0.056*** (-4.831)	-0.082*** (-5.235)
<i>Size</i>	0.025 (1.617)	0.156*** (14.617)	0.034** (2.170)	0.174*** (16.143)
<i>BTM</i>	0.045** (2.240)	0.066** (2.480)	0.053*** (2.658)	0.078*** (2.977)
<i>Age</i>	0.028*** (5.719)	-0.001 (-0.911)	0.030*** (5.238)	-0.001 (-0.835)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	No	Yes	No	Yes
<i>Firm FE</i>	Yes	No	Yes	No
<i>R-Squared</i>	43.0%	51.8%	41.9%	53.4%
<i>Observations</i>	41,218	41,218	41,218	41,218

**TABLE 8. Press Release Tone**

This table reports the results from a modified Equation (2) where the dependent variable is *PR Tone*. *Negative 8K* equals one when the tone of the 8-K is less than zero and *Unrelated PR* equals to one when there is an unrelated press release issued on the same day. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. *t*-statistics are reported in parentheses and standard errors are clustered by firm. Variable definitions are in Appendix A.

Dependent Variable:	<i>PR Tone</i>			
	Firm FE		Entropy Bal.	
	(1)	(2)	(3)	(4)
<i>Unrelated PR</i>	0.222*** (5.510)	-0.164*** (-3.189)	0.296*** (5.767)	-0.112 (-1.520)
<i>Negative 8K</i>	-0.610*** (-17.959)	-0.890*** (-23.255)	-0.456*** (-8.908)	-0.886*** (-11.843)
<b><i>Unrelated PR * Negative 8K</i></b>		<b>0.822*** (13.973)</b>		<b>0.837*** (9.675)</b>
<i>Friday</i>	-0.283*** (-8.050)	-0.282*** (-8.092)	-0.407*** (-7.693)	-0.401*** (-7.606)
<i>After Hours</i>	-0.150*** (-6.338)	-0.154*** (-6.547)	-0.253*** (-5.529)	-0.257*** (-5.777)
<i>Num Earn</i>	0.006 (1.512)	0.006 (1.515)	0.002 (0.379)	0.002 (0.328)
<i>8K Week</i>	-0.091*** (-2.862)	-0.090*** (-2.800)	-0.095 (-1.592)	-0.099* (-1.698)
<i>8K Year</i>	-0.141*** (-2.921)	-0.147*** (-3.042)	-0.133 (-1.354)	-0.142 (-1.528)
<i>PR Week</i>	-0.179*** (-6.369)	-0.175*** (-6.212)	-0.211*** (-5.592)	-0.204*** (-5.414)
<i>PR Year</i>	0.052** (1.962)	0.052** (1.967)	0.198*** (5.895)	0.199*** (6.007)
<i>Inst Own</i>	-0.177 (-1.456)	-0.180 (-1.475)	-0.129 (-1.015)	-0.136 (-1.096)
<i>Follow</i>	-0.027 (-0.626)	-0.027 (-0.611)	-0.073 (-1.470)	-0.070 (-1.411)
<i>Ret Week</i>	0.550** (2.577)	0.536** (2.519)	0.878*** (2.770)	0.839*** (2.646)
<i>Ret Year</i>	0.098*** (3.326)	0.097*** (3.262)	0.145*** (3.389)	0.141*** (3.318)
<i>Size</i>	0.024 (0.725)	0.020 (0.613)	0.063*** (2.640)	0.057** (2.415)
<i>BTM</i>	-0.001 (-0.028)	0.001 (0.025)	-0.069 (-1.166)	-0.071 (-1.221)
<i>Age</i>	0.053 (1.491)	0.054 (1.600)	0.000 (-0.165)	0.000 (-0.050)
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	No	No	Yes	Yes
<i>Firm FE</i>	Yes	Yes	No	No
<i>R-Squared</i>	12.0%	12.7%	12.5%	13.2%
<i>Observations</i>	49,652	49,652	49,652	49,652

**TABLE 9. Unrelated Press Release Threshold Robustness**

This table reports our primary results when changing the threshold for *Unrelated PR* to 0.25 or 0.35. Panel A presents results from Table 3, Panel B presents results from Table 4, and Panel C presents results from Table 5. Control variables are suppressed for brevity. Significance levels of 10%, 5%, and 1%, are represented by \*, \*\*, and \*\*\* respectively. Variable definitions are in Appendix A. *t*-statistics are reported in parentheses and standard errors are clustered by firm in all models except the robust regressions.

<b>PANEL A: Determinants of Unrelated PR</b>				
<b>Dependent Variable:</b>	<b>Unrelated PR</b>		<b>Unrelated PR</b>	
Unrelated PR Threshold	0.25	0.25	0.35	0.35
	(1)	(2)	(3)	(4)
<b>Negative 8K</b>	<b>0.067***</b> <b>(8.734)</b>	<b>0.059***</b> <b>(9.844)</b>	<b>0.085***</b> <b>(9.763)</b>	<b>0.070***</b> <b>(11.265)</b>
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Industry FE</i>	Yes	No	Yes	No
<i>Firm FE</i>	No	Yes	No	Yes
<i>R-Squared</i>	20.7%	12.3%	19.4%	11.0%
<i>Observations</i>	50,308	50,308	50,287	50,287

<b>PANEL B: Determinants of Unrelated PR – Cross-Sectional Analysis</b>				
<b>Dependent Variable:</b>	<b>Unrelated PR</b>		<b>Unrelated PR</b>	
Unrelated PR Threshold	0.25	0.35	0.25	0.35
	(1)	(2)	(3)	(4)
<b>Negative 8K</b>	<b>0.058***</b> <b>(9.643)</b>	<b>0.069***</b> <b>(10.924)</b>	<b>0.047***</b> <b>(8.415)</b>	<b>0.061***</b> <b>(9.937)</b>
<i>Top Sale</i>	-0.008 (-0.644)	-0.013 (-0.996)		
<b>Top Sale * Negative 8K</b>	<b>0.023</b> <b>(1.119)</b>	<b>0.037*</b> <b>(1.757)</b>		
<i>High Lit Risk</i>			-0.006 (-0.962)	-0.006 (-0.974)
<b>High Lit Risk * Negative 8K</b>			<b>0.024***</b> <b>(3.345)</b>	<b>0.018**</b> <b>(2.257)</b>
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Firm FE</i>	Yes	Yes	Yes	Yes
<i>R-Squared</i>	12.3%	11.1%	12.3%	11.1%
<i>Observations</i>	50,308	50,287	50,308	50,287

<b>PANEL C: Strength of Response to Unrelated Disclosure</b>				
<b>Dependent Variable:</b>	<b>Abs Abn Ret [0,1]</b>		<b>Abn Vol [0,1]</b>	
Unrelated PR Threshold	0.25	0.35	0.25	0.35
	(1)	(2)	(3)	(4)
<i>Unrelated PR</i>	-0.258*** (-5.457)	-0.147*** (-3.406)	-0.130*** (-6.988)	-0.075*** (-4.041)
<i>Negative 8K</i>	0.221*** (4.858)	0.210*** (4.201)	0.079*** (3.676)	0.083*** (3.171)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.158** (-2.398)</b>	<b>-0.114* (-1.732)</b>	<b>-0.051* (-1.784)</b>	<b>-0.049 (-1.585)</b>
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Firm FE</i>	Yes	Yes	Yes	Yes
<i>R-Squared</i>	6.3%	6.2%	4.3%	4.2%
<i>Observations</i>	50,308	50,287	50,308	50,287

<b>PANEL D: Speed of Response to Unrelated Disclosure - IPT</b>				
<b>Dependent Variable:</b>	<b>Decile IPT [0,5]</b>		<b>IPT [0,5]</b>	
	(Ordinal Logit)		(Robust Regression)	
Unrelated PR Threshold	0.25	0.35	0.25	0.35
	(1)	(2)	(3)	(4)
<i>Unrelated PR</i>	-0.054* (-1.883)	-0.031 (-1.170)	-0.087* (-1.763)	-0.033 (-0.764)
<i>Negative 8K</i>	0.065*** (2.897)	0.052** (2.060)	0.089** (2.355)	0.084** (2.046)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.082** (-2.077)</b>	<b>-0.025 (-0.660)</b>	<b>-0.125* (-1.888)</b>	<b>-0.064 (-1.068)</b>
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Firm FE</i>	Yes	Yes	Yes	Yes
<i>R-Squared</i>	1.5%	1.5%	12.8%	13.5%
<i>Observations</i>	50,308	50,287	50,308	50,287

<b>PANEL E: Speed of Response to Unrelated Disclosure - Return Accumulation</b>				
<b>Dependent Variable:</b>	<b>Decile Ret Ratio [1/5]</b>		<b>Ret Ratio [1/5]</b>	
	(Ordinal Logit)		(Robust Regression)	
Unrelated PR Threshold	0.25	0.35	0.25	0.35
	(1)	(2)	(3)	(4)
<i>Unrelated PR</i>	-0.089** (-2.568)	-0.057* (-1.858)	-0.023* (-1.899)	-0.010 (-0.925)
<i>Negative 8K</i>	0.073*** (2.696)	0.063** (2.122)	0.025*** (2.746)	0.022** (2.236)
<b><i>Unrelated PR * Negative 8K</i></b>	<b>-0.105** (-2.262)</b>	<b>-0.054 (-1.231)</b>	<b>-0.039** (-2.374)</b>	<b>-0.026* (-1.751)</b>
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Item &amp; Year FE</i>	Yes	Yes	Yes	Yes
<i>Firm FE</i>	Yes	Yes	Yes	Yes
<i>R-Squared</i>	2.2%	2.1%	11.6%	11.4%
<i>Observations</i>	39,010	38,968	39,010	38,968