

Online Appendix

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Table OA1. Logistic regressions of analysts who left the sell-side investment research industry including 2002 and 2003

D is an indicator variable that equals 1 in the post-reform period (January 2002 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the Institutional Investor All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.223*** (3.229)	0.277*** (3.412)	-0.059 (-0.433)	0.102 (0.848)
<i>STAR</i>	-0.671*** (-7.069)	-0.669*** (-6.350)	-0.569*** (-3.629)	-0.557*** (-3.492)
<i>D</i> × <i>STAR</i>	0.721*** (5.028)	0.762*** (4.565)	-0.186 (-1.350)	-0.196 (-1.467)
<i>TOPACCU</i>	-0.430*** (-7.218)	-0.459*** (-7.184)	-0.598*** (-4.671)	-0.604*** (-4.710)
<i>BOTACCU</i>	-0.378*** (-6.471)	-0.369*** (-5.518)	-0.207* (-1.928)	-0.212** (-1.963)
<i>RFOPT</i>	-0.033 (-0.961)	-0.054 (-1.387)	-0.135** (-2.165)	-0.139** (-2.205)
<i>EXPERIENCE</i>	-0.014*** (-3.630)	-0.016*** (-3.444)	-0.020*** (-2.749)	-0.021*** (-2.935)
<i>BROKERSIZE</i>	0.224*** (3.828)	0.184*** (3.014)	0.181** (2.072)	0.180** (2.042)
<i>NIND</i>	-0.150** (-2.254)	-0.139* (-1.841)	0.006 (0.050)	0.011 (0.088)
<i>NFIRM</i>	-1.077*** (-17.576)	-1.096*** (-16.537)	-1.038*** (-8.801)	-1.042*** (-8.860)
<i>SANCTIONED</i>	-0.335*** (-2.577)	-0.381*** (-2.789)		
<i>LOGFEE</i>		0.010 (0.558)		
<i>SENTIMENT</i>		0.116*** (2.751)		0.298** (2.399)
<i>Intercept</i>	0.200 (0.808)	0.312 (1.257)	0.605** (2.472)	0.412 (1.433)
<i>N</i>	26,053	19,772	6,132	6,132
<i>Pseudo-R</i> ² (%)	0.122	0.125	0.103	0.108
<i>Area under ROC curve</i>	0.751	0.752	0.729	0.734

Table OA2. Logistic regressions of analysts who left the sell-side investment research industry excluding 2006 and 2007

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2005) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the Institutional Investor All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.197*** (2.633)	0.271*** (2.946)	-0.011 (-0.078)	0.216* (1.791)
<i>STAR</i>	-0.639*** (-6.644)	-0.636*** (-5.937)	-0.592*** (-3.674)	-0.580*** (-3.527)
<i>D</i>×<i>STAR</i>	0.606*** (3.748)	0.687*** (3.523)	-0.190 (-0.762)	-0.196 (-0.835)
<i>TOPACCU</i>	-0.431*** (-5.974)	-0.465*** (-5.830)	-0.519*** (-3.617)	-0.525*** (-3.642)
<i>BOTACCU</i>	-0.400*** (-5.927)	-0.382*** (-4.866)	-0.166 (-1.455)	-0.166 (-1.430)
<i>RFOPT</i>	-0.006 (-0.180)	-0.021 (-0.541)	-0.170** (-2.400)	-0.172** (-2.398)
<i>EXPERIENCE</i>	-0.022*** (-4.506)	-0.021*** (-4.027)	-0.021*** (-2.623)	-0.023*** (-2.876)
<i>BROKERSIZE</i>	0.265*** (4.275)	0.226*** (3.572)	0.219** (2.164)	0.217** (2.111)
<i>NIND</i>	-0.176** (-2.103)	-0.169* (-1.813)	0.128 (0.943)	0.133 (0.974)
<i>NFIRM</i>	-1.108*** (-17.026)	-1.132*** (-16.528)	-1.072*** (-8.325)	-1.072*** (-8.342)
<i>SANCTIONED</i>	-0.373*** (-2.784)	-0.452*** (-3.395)		
<i>LOGFEE</i>		0.013 (0.680)		
<i>SENTIMENT</i>		0.111** (2.537)		0.328*** (2.620)
<i>Intercept</i>	0.220 (0.832)	0.315 (1.170)	0.404 (1.566)	0.184 (0.602)
<i>N</i>	21,758	16,345	4,922	4,922
<i>Pseudo-R</i> ² (%)	0.135	0.139	0.101	0.109
<i>Area under ROC curve</i>	0.762	0.763	0.726	0.734

Table OA3. Logistic regressions of analysts who left the sell-side investment research industry excluding 1995 to 1997

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1998 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the Institutional Investor All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.017 (0.233)	0.090 (0.986)	-0.266* (-1.810)	-0.086 (-0.665)
<i>STAR</i>	-0.565*** (-4.779)	-0.586*** (-4.612)	-0.194 (-1.014)	-0.191 (-1.048)
<i>D</i> × <i>STAR</i>	0.848*** (4.823)	0.907*** (4.304)	-0.593*** (-3.544)	-0.597*** (-3.735)
<i>TOPACCU</i>	-0.456*** (-6.980)	-0.448*** (-5.977)	-0.627*** (-4.235)	-0.626*** (-4.241)
<i>BOTACCU</i>	-0.289*** (-4.089)	-0.252*** (-3.182)	-0.260** (-2.090)	-0.268** (-2.139)
<i>RFOPT</i>	-0.047 (-1.101)	-0.070 (-1.372)	-0.181*** (-2.577)	-0.192*** (-2.740)
<i>EXPERIENCE</i>	-0.008* (-1.791)	-0.012** (-2.274)	-0.016* (-1.896)	-0.018** (-2.046)
<i>BROKERSIZE</i>	0.132** (2.266)	0.086 (1.276)	0.170** (2.050)	0.170** (2.004)
<i>NIND</i>	-0.110 (-1.406)	-0.092 (-1.039)	-0.074 (-0.512)	-0.060 (-0.398)
<i>NFIRM</i>	-1.103*** (-15.838)	-1.122*** (-14.715)	-1.043*** (-8.643)	-1.054*** (-8.648)
<i>SANCTIONED</i>	-0.301** (-2.222)	-0.331** (-2.185)		
<i>LOGFEE</i>		0.019 (0.877)		
<i>SENTIMENT</i>		0.111*** (2.606)		0.294** (2.126)
<i>Intercept</i>	0.606** (2.389)	0.670*** (2.669)	0.933*** (3.664)	0.735** (2.394)
<i>N</i>	17,153	13,438	4,361	4,361
<i>Pseudo-R</i> ² (%)	0.113	0.118	0.108	0.114
<i>Area under ROC curve</i>	0.741	0.745	0.732	0.738

Table OA4. Logistic regressions of analysts who left the sell-side investment research industry including 2002 and 2003 but excluding 2006 and 2007

D is an indicator variable that equals 1 in the post-reform period (January 2002 to December 2005) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the Institutional Investor All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.015 (0.177)	0.102 (0.852)	0.022 (0.144)	0.377** (2.375)
<i>STAR</i>	-0.568*** (-5.778)	-0.563*** (-4.985)	-0.611*** (-3.506)	-0.598*** (-3.362)
<i>D</i> × <i>STAR</i>	0.861*** (3.744)	0.980*** (3.634)	-0.277 (-1.498)	-0.294 (-1.629)
<i>TOPACCU</i>	-0.449*** (-5.847)	-0.433*** (-4.663)	-0.475*** (-2.927)	-0.471*** (-2.926)
<i>BOTACCU</i>	-0.359*** (-4.972)	-0.305*** (-3.585)	-0.231* (-1.784)	-0.235* (-1.789)
<i>RFOPT</i>	-0.003 (-0.077)	-0.034 (-0.691)	-0.242*** (-2.963)	-0.257*** (-3.069)
<i>EXPERIENCE</i>	-0.017*** (-3.286)	-0.017*** (-3.217)	-0.016* (-1.697)	-0.018* (-1.948)
<i>BROKERSIZE</i>	0.227*** (3.580)	0.177*** (2.702)	0.241** (2.133)	0.243** (2.058)
<i>NIND</i>	-0.193* (-1.916)	-0.184 (-1.617)	0.052 (0.360)	0.077 (0.521)
<i>NFIRM</i>	-1.150*** (-15.964)	-1.172*** (-14.908)	-1.085*** (-8.222)	-1.095*** (-8.297)
<i>SANCTIONED</i>	-0.439*** (-3.187)	-0.547*** (-4.039)		
<i>LOGFEE</i>		0.038 (1.640)		
<i>SENTIMENT</i>		0.096* (1.888)		0.403*** (2.882)
<i>Intercept</i>	0.443 (1.633)	0.466* (1.780)	0.447 (1.537)	0.158 (0.440)
<i>N</i>	17,539	13,109	4,080	4,080
<i>Pseudo-R</i> ² (%)	0.137	0.141	0.110	0.121
<i>Area under ROC curve</i>	0.765	0.766	0.736	0.746

Table OA5. Logistic regressions of analysts who left the sell-side investment research industry starting from October 2000

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (October 2000 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the Institutional Investor All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.180** (2.063)	0.887*** (6.123)	-0.338 (-1.446)	0.393** (2.321)
<i>STAR</i>	-0.732*** (-3.960)	-0.662*** (-3.488)	-1.241*** (-3.536)	-1.403*** (-3.620)
<i>D</i> × <i>STAR</i>	0.921*** (3.474)	0.878*** (2.860)	0.483 (1.524)	0.629* (1.834)
<i>TOPACCU</i>	-0.493*** (-5.524)	-0.477*** (-4.584)	-0.651*** (-3.733)	-0.635*** (-3.583)
<i>BOTACCU</i>	-0.240** (-2.530)	-0.185* (-1.740)	-0.225 (-1.509)	-0.236 (-1.524)
<i>RFOPT</i>	-0.052 (-0.974)	-0.070 (-1.117)	-0.171** (-1.970)	-0.189** (-2.214)
<i>EXPERIENCE</i>	-0.008 (-1.607)	-0.014** (-2.391)	-0.019** (-1.972)	-0.021** (-2.079)
<i>BROKERSIZE</i>	0.093 (1.428)	0.028 (0.366)	0.125 (1.454)	0.125 (1.397)
<i>NIND</i>	-0.078 (-0.859)	-0.010 (-0.093)	-0.216 (-1.301)	-0.215 (-1.254)
<i>NFIRM</i>	-1.004*** (-12.701)	-1.021*** (-11.646)	-0.933*** (-7.111)	-0.922*** (-6.922)
<i>SANCTIONED</i>	-0.194 (-1.320)	-0.164 (-0.910)		
<i>LOGFEE</i>		0.012 (0.558)		
<i>SENTIMENT</i>		0.472*** (6.551)		0.530*** (3.260)
<i>Intercept</i>	0.319 (1.116)	-0.259 (-0.828)	1.103*** (4.125)	0.293 (0.753)
<i>N</i>	12,300	9,812	3,215	3,215
<i>Pseudo-R</i> ² (%)	0.091	0.107	0.099	0.112
<i>Area under ROC curve</i>	0.722	0.735	0.722	0.735

Table OA6. Logistic regressions of analysts who left the sell-side investment research industry controlling for education ties

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). *TIE* is an indicator variable that equals 1 if the analyst has education ties with the top executives or board members of the company that the analyst covers. *RegFD* is an indicator variable that equals 1 in the post-RegFD period (October 2000 to December 2007) and 0 in the pre-RegFD period (January 1995 to September 2000). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)							
	(1)	Investment Banks			(4)	Non-investment Banks		
<i>D</i>	0.148** (1.975)	0.212** (2.270)	-0.142* (-1.694)	-0.118 (-0.982)	-0.048 (-0.335)	0.151 (1.164)	-0.661*** (-3.551)	-0.571*** (-3.475)
<i>STAR</i>	-0.600*** (-6.232)	-0.593*** (-5.441)	-0.594*** (-6.140)	-0.582*** (-5.248)	-0.541*** (-3.412)	-0.525*** (-3.251)	-0.418*** (-2.832)	-0.420*** (-2.783)
<i>D</i> × <i>STAR</i>	0.896*** (5.447)	0.928*** (4.855)	0.888*** (5.138)	0.917*** (4.682)	-0.280** (-2.130)	-0.301** (-2.203)	-0.388*** (-2.868)	-0.388*** (-2.852)
<i>TOPACCU</i>	-0.444*** (-7.341)	-0.433*** (-6.183)	-0.440*** (-7.349)	-0.422*** (-6.046)	-0.595*** (-4.183)	-0.600*** (-4.227)	-0.571*** (-4.076)	-0.573*** (-4.097)
<i>BOTACCU</i>	-0.341*** (-5.605)	-0.305*** (-4.296)	-0.319*** (-5.251)	-0.285*** (-3.981)	-0.268** (-2.272)	-0.277** (-2.336)	-0.267** (-2.282)	-0.269** (-2.307)
<i>RFOPT</i>	-0.034 (-0.872)	-0.069 (-1.503)	-0.039 (-0.996)	-0.073 (-1.582)	-0.181*** (-2.661)	-0.193*** (-2.793)	-0.188*** (-2.605)	-0.191*** (-2.630)
<i>EXPERIENCE</i>	-0.008** (-1.972)	-0.012** (-2.359)	-0.010** (-2.265)	-0.012** (-2.550)	-0.015* (-1.816)	-0.016** (-1.991)	-0.020** (-2.573)	-0.020** (-2.569)
<i>BROKERSIZE</i>	0.192*** (3.281)	0.138** (2.150)	0.164*** (2.929)	0.115* (1.846)	0.188** (2.018)	0.188** (1.962)	0.197** (2.104)	0.196** (2.097)
<i>NIND</i>	-0.163**	-0.147*	-0.123	-0.120	-0.076	-0.061	0.001	0.000

<i>NFIRM</i>	(-2.143) -1.088***	(-1.689) -1.101***	(-1.630) -1.093***	(-1.384) -1.100***	(-0.559) -1.031***	(-0.439) -1.040***	(0.009) -1.059***	(0.002) -1.059***
<i>SANCTIONED</i>	(-16.782) -0.392***	(-15.403) -0.445***	(-16.940) -0.358***	(-15.369) -0.411***	(-8.659)	(-8.750)	(-8.803)	(-8.804)
<i>LOGFEE</i>	(-2.964)	(-3.124)	(-2.751)	(-2.899)				
<i>SENTIMENT</i>		0.027 (1.404) 0.125*** (2.777)		0.021 (1.086) 0.004 (0.084)		0.340** (2.476)		0.086 (0.657)
<i>TIE</i>	-0.334*** (-3.890)	-0.310*** (-3.166)	-1.052*** (-5.235)	-0.772*** (-3.808)	-0.274* (-1.661)	-0.299* (-1.713)	-1.839** (-2.440)	-1.833** (-2.435)
<i>RegFD</i>			0.439*** (5.590)	0.430*** (4.119)			1.033*** (6.260)	0.966*** (6.136)
<i>TIE</i>×<i>RegFD</i>			0.916*** (3.930)	0.580** (2.230)			1.650** (2.179)	1.640** (2.163)
<i>Intercept</i>	0.351 (1.425)	0.404* (1.710)	0.247 (1.020)	0.387* (1.656)	0.672** (2.539)	0.446 (1.389)	0.219 (0.732)	0.192 (0.592)
<i>N</i>	21,834	16,536	21,834	16,536	5,290	5,290	5,290	5,290
<i>Pseudo-R² (%)</i>	0.122	0.125	0.127	0.129	0.110	0.117	0.132	0.132
<i>Area under ROC curve</i>	0.753	0.754	0.757	0.756	0.738	0.744	0.756	0.757

Table OA7. Logistic regressions of analysts who left the sell-side investment research industry with the same set of brokers

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the *I/B/E/S* database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.213** (2.143)	0.279** (2.284)	-0.176 (-0.404)	-0.236 (-0.564)
<i>STAR</i>	-0.615*** (-6.518)	-0.604*** (-6.298)	-0.044 (-0.139)	-0.056 (-0.171)
<i>D</i> × <i>STAR</i>	0.823*** (4.744)	0.873*** (4.455)	-0.113 (-0.228)	-0.104 (-0.210)
<i>TOPACCU</i>	-0.536*** (-6.611)	-0.517*** (-5.642)	-1.412** (-2.511)	-1.427** (-2.520)
<i>BOTACCU</i>	-0.356*** (-4.909)	-0.304*** (-3.461)	-0.345 (-0.910)	-0.344 (-0.910)
<i>RFOPT</i>	-0.082* (-1.802)	-0.135** (-2.466)	-0.107 (-0.782)	-0.105 (-0.747)
<i>EXPERIENCE</i>	-0.005 (-1.144)	-0.011* (-1.893)	0.021 (1.138)	0.022 (1.220)
<i>BROKERSIZE</i>	0.319*** (3.032)	0.220** (2.274)	0.307 (1.289)	0.312 (1.283)
<i>NIND</i>	-0.082 (-0.801)	-0.080 (-0.651)	0.325 (0.800)	0.321 (0.790)
<i>NFIRM</i>	-1.113*** (-14.845)	-1.112*** (-13.348)	-1.557*** (-4.716)	-1.558*** (-4.733)
<i>SANCTIONED</i>	-0.375** (-2.027)	-0.359** (-2.016)		
<i>LOGFEE</i>		0.002 (0.094)		
<i>SENTIMENT</i>		0.115** (2.382)		-0.088 (-0.826)
<i>Intercept</i>	-0.399 (-0.929)	-0.034 (-0.090)	-0.094 (-0.096)	-0.044 (-0.045)
<i>N</i>	15,132	10,816	1,128	1,128
<i>Pseudo-R</i> ² (%)	0.117	0.119	0.139	0.140
<i>Area under ROC curve</i>	0.749	0.748	0.769	0.771

Table OA8. Logistic regressions of analysts who left the sell-side investment research industry controlling for industry revenue and market return

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the *I/B/E/S* database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.147** (1.968)	-0.228* (-1.902)	-0.063 (-0.430)	-0.531*** (-2.933)
<i>STAR</i>	-0.624*** (-6.532)	-0.608*** (-5.550)	-0.578*** (-3.451)	-0.512*** (-2.952)
<i>D</i> × <i>STAR</i>	0.909*** (5.339)	0.961*** (4.833)	-0.232* (-1.742)	-0.322** (-2.425)
<i>TOPACCU</i>	-0.444*** (-7.309)	-0.428*** (-6.102)	-0.588*** (-4.158)	-0.582*** (-4.121)
<i>BOTACCU</i>	-0.341*** (-5.604)	-0.283*** (-4.002)	-0.264** (-2.224)	-0.271** (-2.277)
<i>RFOPT</i>	-0.035 (-0.906)	-0.071 (-1.539)	-0.180*** (-2.652)	-0.195*** (-2.783)
<i>EXPERIENCE</i>	-0.009** (-2.166)	-0.013*** (-2.723)	-0.016** (-1.985)	-0.020** (-2.527)
<i>BROKERSIZE</i>	0.189*** (3.251)	0.102* (1.674)	0.190** (1.992)	0.201** (2.075)
<i>NIND</i>	-0.159** (-2.087)	-0.112 (-1.287)	-0.074 (-0.551)	-0.021 (-0.148)
<i>NFIRM</i>	-1.101*** (-17.073)	-1.115*** (-15.444)	-1.042*** (-8.780)	-1.062*** (-8.867)
<i>SANCTIONED</i>	-0.382*** (-2.905)	-0.390*** (-2.863)		
<i>LOGFEE</i>		0.019 (0.986)		
<i>SENTIMENT</i>		-0.089 (-1.206)		-0.016 (-0.132)
<i>TOTREV</i>		0.563*** (6.503)		0.795*** (3.963)
<i>MKTRET</i>		-0.666* (-1.827)		-1.208** (-2.071)
<i>Intercept</i>	0.359 (1.460)	-6.342*** (-5.923)	0.683** (2.554)	-9.195*** (-3.716)

<i>N</i>	21,834	16,536	5,290	5,290
<i>Pseudo-R² (%)</i>	0.121	0.128	0.109	0.125
<i>Area under ROC curve</i>	0.752	0.755	0.737	0.749

Table OA9. Logistic regressions of analysts who left the sell-side investment research industry and are replaced by a new analyst within one year

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the *I/B/E/S* database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	1.451*** (16.170)	1.684*** (14.830)	1.109*** (4.818)	1.366*** (4.831)
<i>STAR</i>	-0.831*** (-6.935)	-0.913*** (-7.494)	-1.236*** (-4.031)	-1.233*** (-3.872)
<i>D</i> × <i>STAR</i>	0.793*** (6.017)	0.993*** (6.763)	-0.545* (-1.869)	-0.535* (-1.791)
<i>TOPACCU</i>	-0.436*** (-3.940)	-0.337*** (-2.775)	-0.541** (-2.317)	-0.494** (-2.110)
<i>BOTACCU</i>	-0.498*** (-4.111)	-0.535*** (-4.069)	-0.439* (-1.671)	-0.447* (-1.662)
<i>RFOPT</i>	0.016 (0.307)	0.018 (0.294)	0.088 (0.586)	0.062 (0.417)
<i>EXPERIENCE</i>	-0.000 (-0.019)	-0.001 (-0.272)	0.003 (0.245)	0.002 (0.130)
<i>BROKERSIZE</i>	0.287*** (4.197)	0.176** (2.270)	0.482** (2.521)	0.482** (2.404)
<i>NIND</i>	-0.016 (-0.166)	0.031 (0.314)	0.027 (0.113)	0.070 (0.272)
<i>NFIRM</i>	-1.136*** (-16.084)	-1.096*** (-13.348)	-1.156*** (-5.381)	-1.147*** (-5.267)
<i>SANCTIONED</i>	-0.472*** (-3.822)	-0.424*** (-3.061)		
<i>LOGFEE</i>		0.017 (0.745)		
<i>SENTIMENT</i>		0.395*** (5.776)		0.347*** (2.782)
<i>Intercept</i>	0.306 (1.139)	0.229 (0.786)	0.328 (0.692)	0.016 (0.033)
<i>N</i>	7,349	5,494	1,099	1,099
<i>Pseudo-R</i> ² (%)	0.172	0.176	0.155	0.162
<i>Area under ROC curve</i>	0.783	0.782	0.762	0.765

Table OA10. Logistic regressions of analysts who left the sell-side investment research industry with alternative definition for leaving year

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor All-America Research Team* list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the *I/B/E/S* database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.280*** (3.480)	0.224** (2.425)	0.154 (1.170)	0.107 (0.783)
<i>STAR</i>	-0.634*** (-5.021)	-0.658*** (-4.249)	-0.281* (-1.806)	-0.277* (-1.784)
<i>D</i>×<i>STAR</i>	0.849*** (5.783)	0.884*** (5.029)	-0.464*** (-3.119)	-0.466*** (-3.152)
<i>TOPACCU</i>	-0.434*** (-6.788)	-0.454*** (-6.589)	-0.604*** (-4.247)	-0.596*** (-4.216)
<i>BOTACCU</i>	-0.348*** (-6.209)	-0.337*** (-5.323)	-0.308** (-2.570)	-0.301** (-2.517)
<i>RFOPT</i>	-0.040 (-1.036)	-0.065 (-1.464)	-0.173** (-2.561)	-0.171** (-2.524)
<i>EXPERIENCE</i>	-0.016*** (-3.506)	-0.018*** (-3.479)	-0.022*** (-2.781)	-0.022*** (-2.789)
<i>BROKERSIZE</i>	0.215*** (3.535)	0.168*** (2.649)	0.147** (1.998)	0.146** (2.014)
<i>NIND</i>	-0.108 (-1.577)	-0.096 (-1.207)	0.058 (0.439)	0.062 (0.467)
<i>NFIRM</i>	-1.119*** (-18.083)	-1.133*** (-16.462)	-1.103*** (-8.836)	-1.101*** (-8.832)
<i>SANCTIONED</i>	-0.360** (-2.558)	-0.374** (-2.402)		
<i>LOGFEE</i>		0.016 (0.804)		
<i>SENTIMENT</i>		-0.089 (-1.241)		-0.150 (-1.422)
<i>Intercept</i>	0.186 (0.759)	0.396 (1.587)	0.555** (2.430)	0.596*** (2.626)
<i>N</i>	21,698	16,390	5,308	5,308
<i>Pseudo-R</i> ² (%)	0.126	0.129	0.112	0.113
<i>Area under ROC curve</i>	0.756	0.755	0.742	0.742

Table OA11. Logistic regressions of analysts who left the sell-side investment research industry with alternative definition for star analysts

Panel A. Two-year window

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or the last year. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>D</i>	0.173** (2.353)	0.227** (2.417)	-0.067 (-0.461)	0.129 (0.982)
<i>STAR</i>	-0.925*** (-8.550)	-0.951*** (-7.272)	-0.705*** (-3.391)	-0.664*** (-3.004)
<i>D</i> × <i>STAR</i>	0.839*** (4.184)	0.936*** (3.573)	-0.097 (-0.660)	-0.149 (-0.929)
<i>TOPACCU</i>	-0.447*** (-7.350)	-0.439*** (-6.256)	-0.587*** (-4.146)	-0.590*** (-4.186)
<i>BOTACCU</i>	-0.346*** (-5.725)	-0.311*** (-4.420)	-0.263** (-2.215)	-0.271** (-2.271)
<i>RFOPT</i>	-0.036 (-0.915)	-0.070 (-1.525)	-0.180*** (-2.649)	-0.192*** (-2.775)
<i>EXPERIENCE</i>	-0.008* (-1.856)	-0.011** (-2.258)	-0.017** (-2.020)	-0.018** (-2.208)
<i>BROKERSIZE</i>	0.191*** (3.298)	0.138** (2.174)	0.187** (1.964)	0.186* (1.911)
<i>NIND</i>	-0.158** (-2.072)	-0.140 (-1.599)	-0.068 (-0.503)	-0.053 (-0.383)
<i>NFIRM</i>	-1.089*** (-16.983)	-1.103*** (-15.665)	-1.045*** (-8.798)	-1.054*** (-8.890)
<i>SANCTIONED</i>	-0.358*** (-2.742)	-0.406*** (-2.915)		
<i>LOGFEE</i>		0.028 (1.450)		
<i>SENTIMENT</i>		0.120*** (2.666)		0.335** (2.463)
<i>Intercept</i>	0.310 (1.261)	0.360 (1.529)	0.687** (2.568)	0.464 (1.434)
<i>N</i>	21,834	16,536	5,290	5,290
<i>Pseudo-R</i> ² (%)	0.121	0.124	0.109	0.116
<i>Area under ROC curve</i>	0.753	0.753	0.737	0.742

Table OA11 (cont).

Panel B. One-year window

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). $STAR$ is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in the last year. $TOPACCU$ ($BOTACCU$) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, $RFOPT$, are calculated as described in the text. $EXPERIENCE$ is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. $BROKERSIZE$ is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year t . $NFIRM$ is the natural logarithm of the number of firms the analyst follows in year t . $NIND$ is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year t . $SANCTIONED$ is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. $LOGFEE$ is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. $SENTIMENT$ is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The t -statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
D	0.191** (2.539)	0.251*** (2.631)	-0.069 (-0.471)	0.127 (0.973)
$STAR$	-0.359*** (-3.115)	-0.337** (-2.395)	-0.237 (-0.758)	-0.163 (-0.482)
$D \times STAR$	0.967*** (5.085)	0.979*** (4.398)	-0.685 (-1.640)	-0.776* (-1.719)
$TOPACCU$	-0.439*** (-7.265)	-0.428*** (-6.075)	-0.583*** (-4.122)	-0.586*** (-4.165)
$BOTACCU$	-0.335*** (-5.511)	-0.300*** (-4.221)	-0.258** (-2.165)	-0.267** (-2.221)
$RFOPT$	-0.039 (-0.992)	-0.075 (-1.587)	-0.184*** (-2.674)	-0.195*** (-2.800)
$EXPERIENCE$	-0.010** (-2.394)	-0.013*** (-2.650)	-0.017** (-2.051)	-0.018** (-2.238)
$BROKERSIZE$	0.183*** (3.143)	0.130** (2.052)	0.176* (1.813)	0.175* (1.767)
$NIND$	-0.155** (-2.024)	-0.142 (-1.614)	-0.059 (-0.430)	-0.044 (-0.312)
$NFIRM$	-1.115*** (-17.213)	-1.127*** (-15.927)	-1.048*** (-8.811)	-1.058*** (-8.905)
$SANCTIONED$	-0.406*** (-3.121)	-0.453*** (-3.305)		
$LOGFEE$		0.027 (1.384)		
$SENTIMENT$		0.122*** (2.723)		0.336** (2.467)
<i>Intercept</i>	0.385 (1.563)	0.438* (1.866)	0.698*** (2.597)	0.474 (1.461)
N	21,834	16,536	5,290	5,290
<i>Pseudo-R</i> ² (%)	0.119	0.123	0.108	0.115
<i>Area under ROC curve</i>	0.751	0.751	0.735	0.741

Table OA12. Propensity-score matching

D is an indicator variable that equals 1 in the post-reform period (January 2004 to December 2007) and 0 in the pre-reform period (January 1995 to December 2001). *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the *I/B/E/S* database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

Dependent Variable: Pr(Left Sell-Side = 1) Investment Banks	
<i>D</i>	0.650*** (3.539)
<i>STAR</i>	-0.438*** (-3.132)
<i>D</i>×<i>STAR</i>	0.498*** (2.842)
<i>TOPACCU</i>	-0.337 (-1.384)
<i>BOTACCU</i>	-0.142 (-0.450)
<i>RFOPT</i>	-0.209* (-1.890)
<i>EXPERIENCE</i>	0.012 (0.864)
<i>BROKERSIZE</i>	-0.277 (-1.130)
<i>NIND</i>	-0.023 (-0.189)
<i>NFIRM</i>	-1.384*** (-10.872)
<i>SANCTIONED</i>	-0.004 (-0.015)
<i>LOGFEE</i>	-0.007 (-0.356)
<i>SENTIMENT</i>	0.078 (0.762)
<i>Intercept</i>	2.211** (2.332)
<i>N</i>	4,248
<i>Pseudo-R</i> ² (%)	0.0971
<i>Area under ROC curve</i>	0.738

Table OA13. Yearly dummies

D2002 is an indicator variable that equals 1 in 2002 and 0 otherwise. *D2003* is an indicator variable that equals 1 in 2003 and 0 otherwise. *D2004* is an indicator variable that equals 1 in 2004 and 0 otherwise. *D2005* is an indicator variable that equals 1 in 2005 and 0 otherwise. *D2006* is an indicator variable that equals 1 in 2006 and 0 otherwise. *D2007* is an indicator variable that equals 1 in 2007 and 0 otherwise. *STAR* is an indicator variable that equals 1 for analysts on the *Institutional Investor* All-America Research Team list in a particular year or in at least one of the last two years. *TOPACCU* (*BOTACCU*) is an indicator variable that equals 1 for analysts whose relative forecast accuracy scores are in the top 10% (bottom 10%) and 0 otherwise. Relative forecast accuracy and relative forecast optimism, *RFOPT*, are calculated as described in the text. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is the natural logarithm of the number of firms the analyst follows in year *t*. *NIND* is the natural logarithm of the number of two-digit SIC industries that the analyst follows in year *t*. *SANCTIONED* is an indicator variable that equals 1 if the analyst is affiliated with a sanctioned investment bank and 0 otherwise. The sanctioned investment banks include Bear Stearns, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, J.P. Morgan Securities, Merrill Lynch, Morgan Stanley, Citigroup Global Markets (formerly Salomon Smith Barney), UBS Warburg, U.S. Bancorp Piper Jaffray, Deutsche Bank Securities, and Thomas Weisel Partners. *LOGFEE* is the logarithm of 1 plus the fee proceeds of the investment banking businesses (IPOs and SEOs) of the brokerage firm for which each individual analyst works. *SENTIMENT* is the investor sentiment index of Baker and Wurgler (2006). Standard errors are clustered by securities firm. The *t*-statistics are reported in parentheses beneath the coefficients. *, **, and *** denote statistical difference from zero at the 10%, 5%, and 1% levels, respectively, using a two-sided test.

VARIABLES	Dependent Variable: Pr(Left Sell-Side = 1)			
	Investment Banks		Non-investment Banks	
	(1)	(2)	(3)	(4)
<i>STAR</i>	-0.669*** (-7.053)	-0.667*** (-6.324)	-0.572*** (-3.659)	-0.555*** (-3.400)
<i>D2002</i>	0.405*** (4.257)	0.403*** (3.743)	-0.024 (-0.111)	-0.116 (-0.513)
<i>D2002</i> × <i>STAR</i>	0.203 (1.029)	0.292 (1.380)	0.133 (0.316)	0.119 (0.299)
<i>D2003</i>	0.314*** (2.817)	0.420*** (2.900)	-0.144 (-0.776)	0.340* (1.763)
<i>D2003</i> × <i>STAR</i>	0.600*** (3.247)	0.658*** (2.759)	-0.308 (-0.452)	-0.316 (-0.465)
<i>D2004</i>	-0.027 (-0.246)	0.112 (0.670)	-0.010 (-0.054)	0.585** (2.570)
<i>D2004</i> × <i>STAR</i>	1.010*** (3.235)	1.137*** (3.015)	-0.312 (-0.583)	-0.319 (-0.623)
<i>D2005</i>	0.055 (0.574)	0.109 (0.985)	0.040 (0.233)	0.271* (1.657)
<i>D2005</i> × <i>STAR</i>	0.608** (2.472)	0.637** (2.098)	-0.220 (-1.018)	-0.227 (-0.973)
<i>D2006</i>	0.143 (1.458)	0.191 (1.584)	-0.071 (-0.389)	0.100 (0.575)
<i>D2006</i> × <i>STAR</i>	1.072*** (4.431)	1.134*** (3.970)	0.156 (0.504)	0.147 (0.450)
<i>D2007</i>	0.371*** (3.380)	0.327*** (3.156)	-0.179 (-0.958)	-0.087 (-0.494)
<i>D2007</i> × <i>STAR</i>	0.938*** (3.020)	0.784** (2.063)	-0.887*** (-4.440)	-0.896*** (-4.218)
<i>TOPACCU</i>	-0.426*** (-7.157)	-0.451*** (-7.033)	-0.597*** (-4.666)	-0.593*** (-4.708)
<i>BOTACCU</i>	-0.378***	-0.369***	-0.206*	-0.209*

	(-6.325)	(-5.398)	(-1.915)	(-1.926)
<i>RFOPT</i>	-0.025	-0.048	-0.131**	-0.141**
	(-0.747)	(-1.240)	(-2.089)	(-2.192)
<i>EXPERIENCE</i>	-0.014***	-0.016***	-0.020***	-0.022***
	(-3.624)	(-3.407)	(-2.742)	(-2.974)
<i>BROKERSIZE</i>	0.218***	0.180***	0.183**	0.181**
	(3.739)	(2.942)	(2.097)	(2.037)
<i>NIND</i>	-0.156**	-0.144*	0.005	0.029
	(-2.338)	(-1.916)	(0.045)	(0.227)
<i>NFIRM</i>	-1.074***	-1.093***	-1.036***	-1.044***
	(-17.375)	(-16.321)	(-8.769)	(-8.887)
<i>SANCTIONED</i>	-0.327**	-0.376***		
	(-2.533)	(-2.757)		
<i>LOGFEE</i>		0.010		
		(0.551)		
<i>SENTIMENT</i>		0.097*		0.442***
		(1.765)		(3.006)
<i>Intercept</i>	0.224	0.338	0.595**	0.281
	(0.907)	(1.351)	(2.442)	(0.918)
<i>N</i>	26,053	19,772	6,132	6,132
<i>Pseudo-R² (%)</i>	0.124	0.126	0.103	0.111
<i>Area under ROC curve</i>	0.753	0.753	0.730	0.737

Table OA14. Average number of firms covered per broker and average number of companies followed per analyst

Panel A. Main sample

year	Average number of firms covered per broker		Number of companies followed per analyst	
1995	559.0		20.9	
1996	596.3		20.7	
1997	639.2		19.5	
1998	687.2		19.5	
1999	720.7		19.0	
2000	706.3	Average 1995-2001:	17.4	Average 1995-2001:
2001	728.8	662.5	15.7	19.0
2002	736.0		15.7	
2003	643.1	Average 2002-2007:	20.3	Average 2002-2007:
2004	648.1	699.1	16.3	17.3
2005	686.5		17.0	
2006	722.2	Average 2004-2007:	17.2	Average 2004-2007:
2007	758.5	703.8	17.6	17.0

Panel B. A sample with same set of brokers

year	Average number of firms covered per broker		Number of companies followed per analyst	
1995	636.7		21.0	
1996	680.9		20.7	
1997	743.7		20.0	
1998	794.1		19.4	
1999	844.7		18.8	
2000	845.5	Average 1995-2001:	17.9	Average 1995-2001:
2001	863.5	772.7	15.9	19.1
2002	836.5		15.8	
2003	732.3	Average 2002-2007:	21.6	Average 2002-2007:
2004	737.4	791.7	16.4	17.7
2005	779.8		17.1	
2006	810.2	Average 2004-2007:	17.5	Average 2004-2007:
2007	853.8	795.3	17.8	17.2

Table OA15. The relationship between star analysts' career choices and the investment banking businesses of their core industries

This table presents the number and percentage of star analysts who left the sell-side equity research industry for the quartiles classified based on the total proceeds of IPOs and SEOs. Panel A classifies the star analysts into quartiles based on the total proceeds of the IPOs and SEOs of their core industries. Panel B classifies the core industries into quartiles based on the total proceeds of IPOs and SEOs and assigns the star analysts to each quartile accordingly. The pre-reform period covers 1995-2001. **The post-reform period is 2002-2007.**

	Industry Quartile	Mean Total Proceeds (million dollars)	Number of Star Analysts	Number of Departing Star Analysts	Percentage of Departing Star Analysts
<i>Panel A. Classify the star analysts into quartiles based on the total proceeds of the IPOs and SEOs of their core industries</i>					
Pre-reform period 1995-2001	4	22,478	1,006	54	5.37%
	3	4,120	556	25	4.50%
	2	1,102	270	8	2.96%
	1	233	240	9	3.75%
Post-reform period 2002-2007	4	21,573	1183	151	12.76%
	3	4,985	393	43	10.94%
	2	1,684	318	34	10.69%
	1	495	236	17	7.20%

Panel B. Classify the core industries into quartiles based on the total proceeds of IPOs and SEOs

Pre-reform period 1995-2001	4	32,809	418	17	4.07%
	3	14,912	582	34	5.84%
	2	4,640	522	27	5.17%
	1	803	550	18	3.27%
Post-reform period 2002-2007	4	33,251	429	67	15.62%
	3	16,845	576	70	12.15%
	2	6,289	551	57	10.34%
	1	1,220	574	51	8.89%

Table OA 16. Descriptive statistics on the career choice of star analysts who left the sell-side research industry

We identify the star analysts who left the sell-side research profession from 1995 through 2007 and classify their career choices into one of eight categories: (A) Promoted to a managerial position within the firm or at another firm; (B) Transferred laterally to a different department within the firm; (C) Moved to a buy-side, hedge fund, private equity, or venture capital firm; (D) Started own investment research firm or moved to another research firm that is not covered by the I/B/E/S; (E) Moved to a non-financial industry; (F) Retired or fired for causes; (G) Still a sell-side analyst but not found in the I/B/E/S; and (H) Not enough information to classify. We first use Nelson's Directory of Investment Research to verify that the analysts have left sell-side research and to check whether they have been promoted to a managerial position in investment research. Next, we search Factiva and Google to identify the first job these analysts took after they left the sell-side research industry. To compute the t-statistics, we estimate the standard error using the standard deviation of the percent changes across these eight categories, assuming that the percent changes from these eight categories are drawn from a normal distribution with zero mean. The pre-reform period covers 1995-2001 (columns 1 and 2). **The post-reform period is 2002-2007** (columns 3 and 4).

Category	Pre-reform Period 1995 to 2001		Post-reform Period 2002 to 2007		Difference	
	# who left	% who left	# who left	% who left	(4) to (2)	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel A. Investment banks</i>						
A. Promoted	19	17.6	44	16.7	-0.9	-0.7
B. Transferred	7	6.5	20	7.6	1.1	0.8
C. Moved to buy side	26	24.1	85	32.3	8.2	6.1
D. To another firm	5	4.6	8	3.0	-1.6	-1.2
E. To a non-financial industry	16	14.8	40	15.2	0.4	0.3
F. Retired or fired	9	8.3	23	8.7	0.4	0.3
G. Not in the I/B/E/S	6	5.6	6	2.3	-3.3	-2.4
H. Lack information	20	18.5	37	14.1	-4.4	-3.2
Total	108	100.0	263	100.0		
<i>Panel B. Non-investment banks</i>						
A. Promoted	3	30.0	2	13.3	-16.7	-4.5
B. Transferred	0	0.0	1	6.7	6.7	1.8
C. Moved to buy side	5	50.0	7	46.7	-3.3	-0.9
D. To another firm	0	0.0	1	6.7	6.7	1.8
E. To a non-financial industry	0	0.0	2	13.3	13.3	3.6
F. Retired or fired	0	0.0	1	6.7	6.7	1.8
G. Not in the I/B/E/S	0	0.0	0	0.0	0.0	0.0
H. Lack information	2	20.0	1	6.7	-13.3	-3.6
Total	10	100.0	15	100.0		

Table OA17. Short-window market responses to earnings revisions and stock recommendations

Table OA17 presents the market responses to revisions of annual earnings forecasts and changes in stock recommendations of departed star analysts and a group of benchmark analyst. It includes departed star analysts and other star analysts who followed the same companies in the year prior to the star analysts leaving sell-side equity research. $CAR(-1,+1)$ is the market-adjusted abnormal returns from day -1 to day $+1$, where day 0 is the date when the analysts revise their earnings forecasts (recommendations). *Revision* is earnings forecast revision deflating by last forecast made by the same analyst for the same firm and fiscal year. *RecREV* is the I/B/E/S stock recommendation changes made by the same analyst for the same firm. *DESTAR* is an indicator variable that equals 1 for departed star analyst. *SIZE* is the logarithm of 1 plus firm's total asset. *BM* is firm's book-to-market. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *FIRMEXP* is firm-specific experience, which is defined as the number of years in which the analyst has issued at least one earnings forecast for firm i before year t . *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year t . *NFIRM* is number of firms the analyst follows in year t . *NIND* is number of two-digit SIC industries that the analyst follows in year t . The t -statistics are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	Dependent Variable: $CAR(-1,+1)$	
	REV=Revision (1)	REV=RecREV (2)
<i>REV</i>	2.159*** (20.828)	2.332*** (27.191)
<i>DESTAR</i>	0.141*** (2.867)	0.596*** (4.047)
<i>DESTAR</i> × <i>REV</i>	0.401** (2.319)	-0.169 (-1.331)
<i>SIZE</i>	0.083*** (5.703)	0.200*** (4.308)
<i>BM</i>	-0.075** (-2.515)	0.375*** (3.111)
<i>EXPERIENCE</i>	0.095** (1.976)	-0.237 (-1.513)
<i>FIRMEXP</i>	0.016*** (3.177)	0.008 (0.507)
<i>BROKERSIZE</i>	-0.005 (-0.813)	0.019 (0.965)
<i>NFIRM</i>	0.113 (1.547)	0.650*** (2.922)
<i>NIND</i>	-0.130* (-1.737)	0.091 (0.397)
<i>Intercept</i>	-1.622*** (-5.063)	-3.663*** (-3.634)
<i>N</i>	78,210	8,174
<i>Adj R</i> ²	0.011	0.140

Table OA18. Industry recommendation

Panel A. Logistic regressions of analysts who issue industry recommendation

DESTAR is an indicator variable that equals 1 for departed star analyst. *SIZE* is logarithm of 1 plus firm's total asset. *BM* is firm's book-to-market. *EXPERIENCE* is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. *FIRMEXP* is firm-specific experience, which is defined as the number of years in which the analyst has issued at least one earnings forecast for firm *i* before year *t*. *BROKERSIZE* is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year *t*. *NFIRM* is number of firms the analyst follows in year *t*. *NIND* is number of two-digit SIC industries that the analyst follows in year *t*. The *t*-statistics are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	Issuing Industry Recommendation (1)
<i>DESTAR</i>	0.237*** (7.272)
<i>SIZE</i>	0.090*** (10.781)
<i>BM</i>	-0.012 (-0.656)
<i>EXPERIENCE</i>	0.016*** (5.410)
<i>FIRMEXP</i>	-0.003 (-0.813)
<i>BROKERSIZE</i>	1.141*** (49.667)
<i>NFIRM</i>	0.827*** (26.250)
<i>NIND</i>	-0.107** (-2.576)
<i>Intercept</i>	-9.400*** (-62.802)
<i>N</i>	38,535
<i>Adj R</i> ²	0.166

Table OA 18. (cont.)

Panel B. Short-window market responses to industry recommendations

Table OA16 Panel B presents the market responses to industry recommendations of departed star analysts and other analysts who followed the same companies in the year prior to the star analysts leaving sell-side equity research. $CAR(-1,+1)$ is the market-adjusted abnormal returns from day -1 to day $+1$, where day 0 is the date when the analysts make their industry recommendations. REC is I/B/E/S industry recommendation made by the same analyst. $DESTAR$ is an indicator variable that equals 1 for departed star analyst. $SIZE$ is logarithm of 1 plus firm's total asset. BM is firm's book-to-market. $EXPERIENCE$ is the forecasting experience of an analyst and is defined as the number of years that analyst appears in the I/B/E/S database. $FIRMEXP$ is firm-specific experience, which is defined as the number of years in which the analyst has issued at least one earnings forecast for firm i before year t . $BROKERSIZE$ is brokerage firm size, which is calculated as the natural logarithm of the number of analysts employed by the sell-side firm in year t . $NFIRM$ is number of firms the analyst follows in year t . $NIND$ is number of two-digit SIC industries that the analyst follows in year t . The t -statistics are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	CAR(-1,+1) (1)
<i>DESTAR</i>	0.206* (1.949)
<i>REC</i>	-0.013 (-0.577)
<i>DESTAR</i> × <i>REC</i>	0.069* (1.896)
<i>SIZE</i>	-0.042*** (-4.337)
<i>BM</i>	-0.022 (-0.559)
<i>EXPERIENCE</i>	-0.047** (-2.287)
<i>FIRMEXP</i>	0.001 (0.426)
<i>BROKERSIZE</i>	0.007 (1.313)
<i>NFIRM</i>	0.131*** (3.168)
<i>NIND</i>	-0.114** (-2.366)
<i>Intercept</i>	0.408*** (3.448)
<i>N</i>	6,984
<i>Adj R²</i>	0.004