Internet Appendix

IA1   Identifying assumptions and treated observations

In this Internet Appendix, we provide more discussion on the underlying assumptions in our identification strategy used in the main analysis of the paper in Section 4. Two underlying assumptions in our identification strategy are that (a) there exists a wedge in the shareholders' and managerial intrinsic incentives to engage in product market collusion, and that (b) even if lower antitrust enforcement significantly increases the collusive incentives for the shareholders, such wedge with respect to managers' incentives still remains positive at least for some firms. Given the personal liability, reputation concerns, and career considerations, managers are likely to have lower *intrinsic* incentives to engage in product market collusion, as compared to the atomistic shareholders or even their corporate boards.[1] Moreover, even if closures of DoJ regional offices could have shifted shareholder preference to engage in collusion over competition, at least some managers are likely to have remained cautious due to personal risks if no additional incentives were provided.[2]

More broadly, one could imagine an industry and legal environment in which all four scenarios of discrete preferences for competition versus collusion are possible: (A) both shareholders and managers prefer competition; (B) shareholders prefer collusion while managers prefer competition; (C) managers prefer collusion while shareholders prefer competition; and (D) both managers and shareholders prefer collusion. We consider that (C) is the least likely scenario both before and after the antitrust reform since personal risks make collusion more

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[1]We assume that shareholders or boards are unwilling to give direct instruction to managers to engage in antitrust infringements as that would make such shareholders legally liable. Indeed, major shareholders might be criminally liable in antitrust probes if they explicitly instruct CEOs to engage in collusive schemes. A well-known case is an investigation into the alleged price-fixing between Sotheby's and Christie's, where Sotheby's CEO Diana Brooks implicated Sotheby's shareholder A. Alfred Taubman. He was fined $7.5m and imprisoned for ten months. According to Bloomfield et al. (2023), the data from the European Commission suggests that in 35% of cases, large shareholders know about their firms' cartel membership.

[2]We do not need to assume the wedge itself remained unchanged or got larger after the antitrust reform. Our argument holds even if the wedge shrank, as long as it remained positive. In other words, as long as the managers bore more personal risks than shareholders, additional incentives would be required to shift managerial preference from competition to collusion.

costly for managers than shareholders.

Our identification thus captures those firms that were in the parameter region (A) before the antitrust change and that moved to the parameter region (B) because of antitrust enforcement changes (but before any changes to compensation contracts). This subset of firms ends up comprising our treated observations that respond to the treatment. As shareholders would be better off in region (D) compared with region (B),[3] it is optimal for them to change executive compensation contracts and provide *extrinsic* motivation for collusion.

However, some treated firms might move from parameter region (A) directly to region (D) even without the need to change executive compensation contracts. For instance, this could happen if the probability of collusion detection has dropped to close to zero after the reform. In other words, when the wedge between shareholders' and managers' preference becomes immaterial, there is no need to provide additional managerial incentives for collusion. These would be treated firms that did not respond to the treatment in terms of changing their compensation contracts but nevertheless had higher profit margins. Since Table 9 shows that profit margin increase was primarily concentrated among industries and firms that changed compensation, this subsample of firms should be a smaller fraction of our overall sample.

Another possibility is that some firms might already be in the parameter region (D) before the antitrust enforcement change, i.e., the shareholders of these firms prefer collusion even with higher antitrust enforcement and they had their managers aligned through extrinsic incentives. For these firms, weaker antitrust enforcement has lowered managerial personal costs and increased intrinsic incentives to engage in collusion, and so extrinsic incentives coming from adapted compensation contracts may no longer be necessary. In such a context, our findings might be interpreted as that we find more exposed firms in the parameter region (A) than in the region (D) before the antitrust enforcement changes, i.e., that pre-2013 local antitrust regional offices were in fact effective in constraining the collusion.

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[3]Since managers are the decision makers, they would undertake competitive strategy in region (B) but collusive strategy in region (D).

IA2 Geographic distribution of firm exposure

We report geographical distribution of firms' exposure to the DoJ reform in Internet Appendix Figure IA1. In Panel A, we depict each state's average change in distance ($\Delta Distance$) from firms' headquarters to their respective covering DoJ field office. A higher positive value of $\Delta Distance$ signifies a more substantial weakening of antitrust oversight. As shown in the figure, the states originally covered by the Dallas and Atlanta field offices appear to be the most exposed to the reform, while those originally covered by the Cleveland and Philadelphia field offices exhibit less exposure. Additionally, as the reform primarily impacts firm interactions within local markets, exposure to the reform is determined by the presence of local competitors. In Panel B, we illustrate the proportion of firms associated with local peers in each state. A higher fraction of such firms is related to the state being more strongly exposed to this policy reform.

IA3 Pre-existing trends

In this Internet Appendix, we provide a number of comparisons between the affected and unaffected states, and affected and unaffected firms. We discuss these differences more extensively in Section 3.2.

First, we compare the observed economic conditions between the affected and unaffected states. In Internet Appendix Figure IA2, we plot the average annual real GDP growth rate, unemployment rate, and the growth rate of the total number of firms for the two groups of states. We also plot the trends in the competitive environment of the firms in the affected and unaffected states. In this regard, we construct several measures based on the Hoberg-Phillips similarity scores. In particular, we consider: (a) the average similarity score of each firm's ten geographically closest peers, (b) the number of peers with similarity scores exceeding 0.1, and (c) the number of local peers (headquartered within 200 miles) with similarity scores exceeding 0.1. These measures reflect how similar a firm's products are to their close peers.

Next, in Internet Appendix Table IA1, we examine the characteristics of firms that experienced different degrees of treatment. We first compare the exposed (i.e., $\Delta Distance > 0$ mile) with the unexposed firms (i.e., $\Delta Distance = 0$ mile), and then also compare the highly exposed (i.e., $\Delta Distance > 400$ miles) with the firms exposed to a lower degree (i.e., $\Delta Distance \leq 400$ miles).We also correlate each characteristic in 2012 with $\Delta Distance$ in a regression, in column (7). The regression coefficients are not statistically significant except for sales growth.

Last, in Internet Appendix Figure IA3, we study whether firm attributes show divergent trends based on their exposure to varying degrees of the regulatory change, i.e., for firms with $\Delta Distance$ of zero miles or greater (Panel A), and separately for firms with $\Delta Distance$ of being above or below 400 miles (Panel B).

IA4 Alternative specifications and robustness

We discuss more details of the robustness tests summarized in Section 4.3 with the main findings reported in Table 7.

IA4.1 Binary treatment

We examine the robustness of our baseline regression by creating binary variables that indicate whether $\Delta Distance$ exceeds specific threshold values. We substitute $\Delta Distance$ in regression (1) with a binary variable based on 400 miles threshold and in Internet Appendix Table IA2, we report robust findings for all columns in Table 5.

IA4.2 Matching

We address the ex-ante differences in firm characteristics through propensity score matching and entropy balancing methods.

We start with the propensity score matching and consider two thresholds of $\Delta Distance$ to

define the treated and untreated firms, i.e., 0 and 400 miles. In particular, we take the sample firms with $\Delta Distance$ above 0 as the treated firms and conduct propensity score matching to find the control firms with the closest firm characteristics in the previous year of the DoJ reform. We then separately do the same for 400 miles threshold. The firm characteristics that we consider include own and local peer returns, firm size, sales growth rate, CEO tenure, and industry dummies. As shown in Panel A of Table IA3, firm characteristics are all not statistically significantly different at the conventional levels across the treated and control groups. In the matched samples, the pseudo R squared of the logistic regression of the treatment dummy on firm characteristics is as low as 0.003 and 0.004. Internet Appendix Figure IA4 shows that the fitted densities of the estimated propensity score of the treated and control firms resemble each other. We also do not observe any divergence in any firm characteristics between the treated and matched control firms prior to the reform as shown in Internet Appendix Figure IA5. All in all, the matched samples appear to be well-balanced between the treated and control firms.

Next, we estimate our baseline regressions, i.e., columns (5)-(6) of Table 5, in these matched samples. As shown in Panel B of Table IA3, our findings remain robust.

Next, we adopt entropy balancing approach which essentially re-weights our sample by balancing the first moment of covariate distributions across the treated and control group in the year before the shock (see, e.g., Hainmueller (2012)). The covariates we consider are the same set of firm characteristics as we used in the propensity score matching. As shown by Internet Appendix Table IA4, Panel A, the re-weighted samples are well-balanced and have a relatively larger sample size than the propensity-score-matching sample. In Panel B, we again find our main finding to be statistically significant. The coefficients of the triple difference terms, if anything, are even larger than the baseline regression.

IA4.3 Confounding economic trends

A related concern with our difference-in-differences setting is that the findings could be driven by diverging economic trends that started in the period preceding 2013 regulatory change. Although in Figure IA2 we do not find evidence that the economic performance started diverging between states before 2013, we conduct further analysis to alleviate the concern. In particular, we conduct placebo tests by defining the post-shock period as the years since 2008, and adjusting sample period to 2003-2012, accordingly. We then perform the same estimations as in Table 5 and report these placebo test results in Internet Appendix Table IA5. We do not find that the estimated effects are statistically significant if we consider a placebo year instead of the actual year when the antitrust field office reform was implemented.

To assess the robustness of our estimates to unobservable omitted variables, we also employ the bounding method introduced by Oster (2019). This method gauges the extent to which an omitted variable would need to account for variation in order to reverse the sign of an estimated coefficient. In essence, this method evaluates how the inclusion of additional control variables affects the magnitude of the coefficient of interest and the R-squared value of the regression. It assumes that the selection of unobservable variables is proportional to the selection of observable ones. The analysis yields a test statistic, denoted as δ, which signifies the impact of introducing these covariates. A negative (positive) δ suggests that the introduction of covariates strengthens (weakens) the magnitude of the coefficient of interest. In our Internet Appendix Table IA6, we present the findings of this analysis for our baseline coefficients, i.e., β_1 and β_2 in Table 5. Our findings indicate that the sensitivity of the estimated effects to the addition of control variables, denoted as δ_1 and δ_2 for β_1 and β_2 respectively, is negative for both coefficients. This suggests that the inclusion of covariates reinforces our findings, implying that unobserved omitted variables are unlikely to drive our findings.

IA4.4 Peer classifications

In the main analysis, we define local peers based on the top 70% of Hoberg-Phillips similarity scores to focal firms. We now provide robustness to this methodological choice and define local peers as those in the top 30, 60 or 100% of the similarity scores. As shown in Internet Appendix Table IA7, Panel A, findings are consistent for the thresholds of the top 30 and 60%, while the findings are weaker when we do not impose any threshold and include all the Hoberg-Phillips peers. This suggests that only close peers are relevant for the strategic concerns in CEO compensation design.

Next, we refine our definition of product market peers. First, we focus on Hoberg-Philips product market peers but impose the additional constraint that they should be similar in terms of firm size and valuation. Specifically, we choose the local Hoberg-Philips peers that are among the bottom quartile of Mahalanobis distance of the market value of equity and book-to-market at the beginning of each fiscal year following Jayaraman et al. (2021).

We also look at classifications other than the Hoberg-Philips method. First, we define peers as the firms providing substitute goods estimated using the cross-price demand elasticity in Pellegrino (2023). Specifically, local peers are those within the top tertile of cross-price demand elasticity and headquartered within 200 miles. Second, we look at the peer firm definition in Factset Supply Chain Relationships (formerly, Revere), which is based on the proprietary classification of firms' actual products. Third, we define peers as the firms covered by common analysts following Kaustia and Rantala (2021), and we calculate the weighted average of local peer returns, weighting each peer return by the number of common analysts with the focal firm. As shown in Table IA7, Panel B, our baseline finding is robust to all these alternative definitions of product market peers.

Finally, we investigate different definitions of locality. In our baseline tests, we define local firms as the ones headquartered within 200 miles. Alternatively, we define local peers to be the firms headquartered within 100, 300, and 400 miles. In Internet Appendix Table IA8, we find increasing pay-to-peer-performance-sensitivity for the peer firms, irrespective of how

we set up the radius. We note that defining local peers by the smallest radius, 100 miles, provides the largest economic magnitudes.

IA4.5   Non-local peers

Our baseline analysis links CEO compensation to the average performance of local peer firms. We now separately estimate the effect for local and non-local peers by adding the average return of non-local peers and its interaction terms to specification (1). The sample is restricted to firms with both local and non-local peers. We include both local peer return and non-local peer return and their interaction terms in the regression. As Internet Appendix Table IA9, the increase of pay-to-peer-performance-sensitivity is concentrated among local peer firms whose incentive to collude became stronger after DoJ office closure, while the change in pay sensitivity to non-local peers is not statistically significant.

IA4.6   Other regression choices

We perform a number of other robustness tests regarding the regression setting and winsorization choices. First, we show in Internet Appendix Table IA10, that our baseline findings are robust to dropping the 57 firms whose distance to the covering DoJ office reduced after the reform. Second, our baseline results are robust to winsorizing at the 1 and 99% levels instead of 0.5 and 99.5% as we do in our baseline specifications. Third, we estimate Poisson regression using unlogged term of total compensation and show that the baseline findings are robust. Fourth, in Panel F, we cluster the standard errors separately at the firm level, ZIP code, SIC 2-digit industry level, and the pre-shock DoJ region level. Our findings are robust to these choices.

IA5   Heterogeneous effects

In Internet Appendix Table IA11, we report full findings of the cross-sectional tests. Subsecion 4.4 describes the full tests. First, in Panel A, we report findings by firms' competition mode. Second, in Panel B, we investigate the industry concentration. Third, in Panel C, we look at whether the effects are stronger in the industries with a higher prevalence of publicly listed (as opposed to privately held) firms. Fourth, in Panel D, we check if the effects are stronger for firms that have their operations more concentrated geographically. Fifth, in Panel E, we investigate board governance. Sixth, in Panel F, we examine whether the changes in contract structure vary depending on the CEO's intrinsic motivation.

IA6   Profitability changes of exposed firms' local peers

We provide descriptive evidence on whether the improvement in profitability is likely to be an outcome of local market interactions. In Internet Appendix Table IA12, we report the number of local peers that experienced an increase (or decrease) in profitability during the period of 2013 to 2017 relative to the period of 2007 to 2012. We discuss these effects in Section 4.5.

IA7   Proportion of local peers in explicit RPE plans

In Internet Appendix Table IA13, we report the summary statistics on the composition of benchmark group for the explicit relative performance evaluation (RPE) plans granted to CEOs from 2008 to 2017. Specifically, we report the proportion of local peers among the explicit RPE benchmark group, the proportion of local peers among all the local peers in the product market, the number of local peers in the RPE benchmark group, number of product market peers in the RPE benchmark group, and the total number of local peers. We discuss these effects in Section 5.1.

IA8 Compensation level and structure

In Internet Appendix Table IA14, we regress total compensation and measures of incentive provision on the interaction of $\Delta Distance$ and $Post$ dummy. Columns (1)-(2) of Panel A, report the findings on the total compensation. Columns (3)-(6) report the findings on the delta for newly granted stocks and options each year. In untabulated tests, we also find the vega of new options did not change. Columns (7)-(8) report the findings on the delta of CEOs' total equity holdings measured following Core and Guay (2002) and Coles et al. (2006).

The data on holding delta was sourced from Lalitha Naveen's website, while the data on the delta and vega of new grants is constructed by us, employing parameter choices in line with Core and Guay (2002) and Coles et al. (2006). It is noteworthy that the measurement of delta and vega for new grants is relatively noisier than that for holdings, primarily due to the absence of exercise date records for each new option in Execucomp. We attempted to match exercise dates using information from the "outstanding holdings" table, but this matching process inevitably contains some degree of noise.

In Panel B, we examine the composition of CEOs' compensation packages, where the dependent variables are salary (columns (1)-(2)), cash incentive pay (columns (3)-(4)), equity incentive pay (columns (5)-(6)), and other compensation (columns (7)-(8)) as percentages of total compensation. We discuss these findings in Section 5.4.

Table IA1: Comparison of firm characteristics

$\Delta Distance$	(1) Treated > 400	(2) Control ≤ 400	(3) Diff. (t-stat)	(4) Treated > 0	(5) Control $= 0$	(6) Diff. (t-stat)	(7) Coeff. (t-stat)
Ln(Total compensation)	8.161	8.173	-0.012 (-0.145)	8.143	8.229	-0.086 (-1.297)	0.003 (0.336)
Ln(Return)	0.114	0.096	0.018 (0.658)	0.130	0.084	0.046** (2.132)	0.002 (0.853)
Ln(Local peer return)	0.109	0.123	-0.014 (-0.689)	0.113	-0.140	0.025 (-1.553)	-0.002 (-1.277)
Size	8.107	7.811	0.297** (2.028)	8.110	7.737	0.372*** (3.234)	0.030 (1.292)
Sales growth	0.098	0.069	0.029 (1.243)	0.071	0.080	0.009 (0.522)	0.003* (1.719)
Ln(Tenure)	1.752	1.847	-0.095 (-1.303)	1.797	1.849	-0.039 (-0.930)	-0.012 (-1.477)
Gross margin	0.433	0.300	0.134 (0.483)	0.404	0.280	0.124 (0.570)	0.014 (1.326)
Vesting horizon	33.044	31.92	1.125 (0.849)	32.909	32.817	0.092 (0.088)	-0.107 (-1.321)
N	191	961		369	751		

Notes: This table shows the mean values of firm characteristics for the four groups of firms in 2012: above and below ΔDistance of 400 miles in columns (1)-(2) and above or equal to 0 miles in columns (4)-(5), with the difference between the mean values and the t-statistics reported in columns (3) and (6). Column (7) shows the coefficients of individual regression of each variable on ΔDistance, as well as the robust t-statistics based on standard errors clustered at the state level in parentheses. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia). Ln(Total compensation) is the natural logarithm of one plus total compensation in thousand dollars. Ln(Return) is the natural logarithm of one plus the annual stock return of the focal firm, measured as the compounded monthly returns. Ln(Local peer return) is the natural logarithm of one plus the average annual stock returns of firms that are defined as local peers, i.e., those that are headquartered within a 200-mile radius and have a product similarity score within the top 70% based on Hoberg and Phillips (2016). Size is the natural logarithm of one plus total assets. Sales growth is the ratio of current year sales minus previous year sales and previous year sales. Ln(Tenure) is the natural logarithm of one plus the years since the executive assumes their CEO position. Gross profit margin refers to the gross profit divided by sales. Vesting horizon is the expected vesting period of the time-vesting equity incentive plans measured using the number of months until the last vesting date for cliff vesting plans, and using the average number of months between the first and last vesting dates for ratable vesting plans. All the variables are winsorized at the 0.5% and 99.5% levels. The sample contains the firms in 2012 with local peers and covered by ExecuComp.

Table IA2: Binary treatment

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
D(ΔDistance > 400)) x Post x Ln(Return)	-0.145**	-0.131*	-0.125***	-0.103*	-0.115	-0.147*
	(-2.166)	(-1.753)	(-2.919)	(-1.889)	(-1.499)	(-1.678)
D(ΔDistance > 400)) x Post x Ln(Peer return)	0.189**	0.182**				
	(2.394)	(2.036)				
D(ΔDistance > 400)) x Post x Ln(Local peer return)			0.162***	0.145**	0.164**	0.171**
			(3.301)	(2.068)	(2.678)	(2.019)
D(ΔDistance > 400)) x Post	0.006	-0.003	0.102**	0.078	-0.023	-0.049
	(0.203)	(-0.131)	(2.105)	(1.363)	(-0.533)	(-0.944)
Ln(Return)	0.089***	0.091***	0.098***	0.095***	0.103***	0.094***
	(7.067)	(6.468)	(7.174)	(6.657)	(5.837)	(5.716)
D(ΔDistance > 400)) x Ln(Return)	0.030	0.017	0.009	0.000	-0.016	0.004
	(0.643)	(0.315)	(0.361)	(0.003)	(-0.378)	(0.067)
Post x Ln(Return)	0.159***	0.133***	0.138***	0.122***	0.129***	0.122***
	(7.151)	(5.312)	(5.646)	(4.553)	(3.527)	(3.605)
Ln(Peer return)	0.037	-0.000				
	(1.101)	(-0.011)				
D(ΔDistance > 400)) x Ln(Peer return)	-0.078	-0.048				
	(-1.057)	(-0.680)				
Post x Ln(Peer return)	-0.112*	-0.094				
	(-1.836)	(-1.364)				
Ln(Local peer return)			-0.010	-0.033	-0.026	-0.057**
			(-0.424)	(-1.390)	(-0.851)	(-2.092)
D(ΔDistance > 400)) x Ln(Local peer return)			-0.063	-0.034	-0.043	-0.026
			(-1.249)	(-0.616)	(-0.723)	(-0.397)
Post x Ln(Local peer return)			-0.013	0.004	-0.015	0.016
			(-0.407)	(0.119)	(-0.362)	(0.399)
Local market			-0.048**	-0.041		
			(-2.053)	(-1.653)		
Local market x D(ΔDistance > 400))			0.136**	0.146*		
			(2.310)	(1.839)		
Local market x Post			0.020	0.007		
			(0.584)	(0.195)		
Local market x D(ΔDistance > 400)) x Post			-0.118	-0.105		
			(-1.452)	(-1.048)		
Size$_{t-1}$	0.270***	0.270***	0.272***	0.271***	0.297***	0.290***
	(12.576)	(11.931)	(13.092)	(12.373)	(11.523)	(9.561)
Sales growth$_{t-1}$	0.028*	0.017	0.027*	0.017	0.014	0.007
	(1.752)	(1.133)	(1.725)	(1.114)	(0.709)	(0.341)
Ln(Tenure)	0.045***	0.043***	0.044***	0.043***	0.038***	0.033**
	(3.956)	(3.741)	(3.932)	(3.762)	(2.866)	(2.570)
Constant	5.999***	6.012***	5.994***	6.004***	5.792***	5.857***
	(35.823)	(34.900)	(36.350)	(35.474)	(28.844)	(24.923)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.755	0.757	0.755	0.757	0.759	0.761
N	13,946	13,894	13,946	13,894	10,181	10,109

Notes: This table reports the robustness test of baseline results in Table 5 using a binary treatment variable. The dependent variable is the natural logarithm of one plus total compensation. Post is a dummy variable that takes the value of one if the year is on or after 2013, and zero otherwise. D(ΔDistance > 400)) is a dummy indicator that the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) was more than 400 miles. The regression specifications and variable definitions are the same as for Table 5. All the variables are winsorized at the 0.5% and 99.5% levels. The data spans from 2008 to 2017. The sample for columns (1)-(4) includes all firms covered by Execucomp, and that for columns (5)-(6) contains the firms with local peers. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA3: Propensity score matching

Panel A: Matching quality

$\Delta Distance$	(1) Treated > 400	(2) Control ≤ 400	(3) Diff. (t-stat)	(4) Treated > 0	(5) Control = 0	(6) Diff. (t-stat)
Ln(Total Compensation)	8.104	8.151	0.047	8.147	8.236	0.089
			(0.363)			(1.025)
Ln(Return)	0.123	0.119	-0.004	0.139	0.148	0.009
			(-0.114)			(0.369)
Ln(Local peer return)	0.149	0.130	-0.019	0.162	0.159	-0.003
			(-0.685)			(-0.137)
Size	8.083	8.086	0.003	8.117	8.241	0.124
			(0.016)			(0.846)
Sales growth	0.083	0.071	-0.012	0.076	0.080	0.004
			(-0.511)			(0.207)
Ln(Tenure)	1.771	1.741	-0.030	1.781	1.811	0.030
			(-0.279)			(0.398)
N	136	136	272	280	280	560

Panel B: Estimation results

	(1)	(2)	(3)	(4)
		Ln(Total compensation)		
Matched between:	$\Delta Distance$> 400 *vs.* ≤ 400		$\Delta Distance$> 0 *vs.* = 0	
ΔDistance x Post x Ln(Return)	-0.021**	-0.019*	-0.030**	-0.041***
	(-2.410)	(-1.726)	(-2.671)	(-3.164)
ΔDistance x Post x Ln(Local peer return)	0.027***	0.028*	0.037***	0.041***
	(2.978)	(1.737)	(3.729)	(3.009)
ΔDistance x Post	-0.012**	-0.011***	-0.011*	-0.016**
	(-2.426)	(-2.980)	(-1.970)	(-2.176)
Ln(Return)	0.124***	0.153***	0.119***	0.081**
	(2.765)	(2.902)	(4.172)	(2.339)
ΔDistance x Ln(Return)	0.000	-0.002	0.003	0.009
	(0.053)	(-0.398)	(0.579)	(1.478)
Post x Ln(Return)	0.171*	0.130	0.154**	0.179**
	(2.001)	(1.372)	(2.230)	(2.133)
Ln(Local peer return)	-0.008	-0.034	-0.036	-0.058
	(-0.108)	(-0.433)	(-0.895)	(-1.483)
ΔDistance x Ln(Local peer return)	-0.006	-0.005	-0.007	-0.010
	(-0.748)	(-0.445)	(-1.150)	(-1.350)
Post x Ln(Local peer return)	-0.023	-0.008	-0.015	-0.034
	(-0.249)	(-0.073)	(-0.198)	(-0.399)
$Size_{t-1}$	0.329***	0.340***	0.334***	0.301***
	(7.325)	(7.193)	(6.313)	(4.797)
Sales growth$_{t-1}$	-0.023	-0.024	-0.014	-0.009
	(-0.261)	(-0.201)	(-0.524)	(-0.335)
Ln(Tenure)	-0.001	-0.005	0.028	0.025
	(-0.049)	(-0.197)	(1.301)	(1.168)
Constant	5.485***	5.399***	5.420***	5.699***
	(15.326)	(14.156)	(13.464)	(11.619)
Year FE	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES
Adjusted R^2	0.783	0.774	0.763	0.763
N	2,202	2,162	4,487	4,421

Notes: In this table, we conduct propensity score matching between the treated and untreated firms, considering two definitions of treated firms, i.e., the firms that experienced an increase in distance to the covering DoJ office (a) by more than 400 miles, or (b) by more than 0 miles. For the former threshold, we match the propensity of being treated estimated using logistic regression on own return, local peer return, firm size, logged tenure, sales growth, and two-digit SIC industry dummies. For the latter threshold, we match the propensity of being treated estimated using logistic regression on logged own return, logged local peer return, firm size, logged tenure, sales growth, and two-digit SIC industry dummies. For each treated firm, we match for the counterpart firm with the closest estimated propensity score without replacement, requiring the maximum wedge in propensity scores to be 0.25. In Panel A, we show the 2012 mean values of these firm characteristics for the treated and matched control firms in two matching samples, as well as the t-test result between the two groups. Panel B shows the estimation results of our baseline regression, i.e., columns (5)-(6) of Table 5, in the matched sample. Variable definitions are the same as in the baseline regression reported in Table 5. SIC2 x Year FE is joint fixed effect between year and SIC 2-digit industry. All the variables are winsorized at the 0.5% and 99.5% levels. The data spans from 2008 to 2017 and covers the firms with local peers in Execucomp. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA4: Entropy balancing

Panel A: Balance test

$\Delta Distance$	(1) Treated > 400	(2) Control ≤ 400	(3) W.Reg (t-stat)	(4) Treated > 0	(5) Control $= 0$	(6) W.Reg (t-stat)
Ln(Total compensation)	8.167	8.260	-0.094	8.232	8.270	-0.038
			(-1.12)			(-0.58)
Ln(Return)	0.112	0.105	0.007	0.129	0.128	0.000
			(0.28)			(0.02)
Ln(Local peer return)	0.115	0.108	0.007	0.141	0.141	0.000
			(0.37)			(0.01)
Size	8.111	8.086	0.025	8.107	8.105	0.002
			(0.18)			(0.02)
Sales growth	0.098	0.099	-0.001	0.080	0.080	0.000
			(-0.03)			(0.00)
Ln(Tenure)	1.750	1.751	-0.000	1.795	1.795	-0.000
			(-0.00)			(-0.00)
N	182	992	1104	366	738	1104

Panel B: Estimation results

	(1)	(2)	(3)	(4)
		Ln(Total compensation)		
Balanced between:	$\Delta Distance> 400$ $vs.\leq 400$		$\Delta Distance> 0$ $vs.= 0$	
ΔDistance x Post x Ln(Return)	-0.020***	-0.020***	-0.020***	-0.020***
	(-5.120)	(-3.216)	(-4.318)	(-2.965)
ΔDistance x Post x Ln(Local peer return)	0.021***	0.027***	0.021***	0.024***
	(4.517)	(3.196)	(3.993)	(2.715)
ΔDistance x Post	-0.005*	-0.006	-0.005	-0.006
	(-1.851)	(-1.601)	(-1.489)	(-1.520)
Ln(Return)	0.093***	0.095***	0.102***	0.092***
	(3.291)	(3.590)	(4.338)	(3.706)
ΔDistance x Ln(Return)	0.002	0.003	0.000	0.002
	(0.595)	(0.917)	(0.130)	(0.406)
Post x Ln(Return)	0.160***	0.147***	0.162***	0.155***
	(3.911)	(3.476)	(5.064)	(3.873)
Ln(Local peer return)	0.014	0.001	-0.011	-0.038
	(0.396)	(0.030)	(-0.340)	(-1.205)
ΔDistance x Ln(Local peer return)	-0.013***	-0.011***	-0.010**	-0.008
	(-3.447)	(-2.879)	(-2.068)	(-1.653)
Post x Ln(Local peer return)	-0.006	-0.016	-0.019	-0.010
	(-0.167)	(-0.374)	(-0.430)	(-0.202)
Size$_{t-1}$	0.325***	0.337***	0.296***	0.290***
	(10.803)	(10.028)	(10.247)	(7.325)
Sales growth$_{t-1}$	0.010	0.005	0.019	0.011
	(0.292)	(0.112)	(0.796)	(0.399)
Ln(Tenure)	0.038***	0.036***	0.041***	0.037***
	(3.217)	(2.998)	(2.821)	(2.692)
Constant	5.531***	5.438***	5.781***	5.846***
	(22.602)	(19.565)	(25.384)	(18.496)
Firm FE	YES	YES	YES	YES
Year FE	YES	NO	YES	NO
SIC2 x Year FE	NO	YES	NO	YES
N	8895	8836	8895	8836
Adjusted R^2	0.768	0.769	0.757	0.758

Notes: In this table, we conduct entropy balancing between the treated and untreated firms, considering two definitions of treated firms, i.e., the firms that experienced an increase in distance to the covering DoJ office (a) by more than 400 miles, (b) by more than 0 miles. For the former threshold, we balance the first moment of own return, local peer return, firm size, logged tenure, and sales growth between the two groups. For the latter threshold, we balance the first moment of logged own return, logged local peer return, firm size, logged tenure, and sales growth between the two groups. In Panel A, we show the weighted mean values of these firm characteristics for the treated and matched control firms in 2012, as well as the coefficient and t-stat from weighted regressions of each variable on the treated dummy. Panel B shows the estimation results of our baseline regression, i.e., columns (5)-(6) of Table 5, using the weighted OLS. Variable definitions are the same as in the baseline regression. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. All the variables are winsorized at the 0.5% and 99.5% levels. The data spans from 2008 to 2017 and covers the firms with local peers in Execucomp. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA5: Placebo test

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
ΔDistance x Post x Ln(Return)	-0.009	-0.007	-0.005	-0.003	-0.011	-0.009
	(-1.209)	(-0.781)	(-0.886)	(-0.379)	(-1.357)	(-1.054)
ΔDistance x Post x Ln(Peer return)	0.007	0.009				
	(0.484)	(0.570)				
ΔDistance x Post x Ln(Local peer return)			-0.010	-0.007	-0.008	-0.006
			(-1.219)	(-0.772)	(-0.748)	(-0.475)
ΔDistance x Post	0.011*	0.005	-0.004	0.003	0.021***	0.008
	(1.868)	(0.867)	(-0.394)	(0.428)	(3.018)	(0.998)
Ln(Return)	0.115**	0.111**	0.128**	0.133**	0.105	0.097
	(2.059)	(2.108)	(2.255)	(2.381)	(1.436)	(1.457)
ΔDistance x Ln(Return)	0.016**	0.015*	0.009	0.006	0.010	0.009
	(2.507)	(1.758)	(1.205)	(0.674)	(0.962)	(0.992)
Post x Ln(Return)	-0.005	-0.005	-0.012	-0.023	0.003	-0.001
	(-0.093)	(-0.100)	(-0.236)	(-0.467)	(0.054)	(-0.013)
Ln(Peer return)	-0.092*	-0.046				
	(-1.754)	(-0.728)				
ΔDistance x Ln(Peer return)	-0.020***	-0.022***				
	(-3.388)	(-2.837)				
Post x Ln(Peer return)	0.122	0.017				
	(1.643)	(0.205)				
Ln(Local peer return)			-0.116**	-0.102	-0.145*	-0.152
			(-2.139)	(-1.645)	(-1.970)	(-1.650)
ΔDistance x Ln(Local peer return)			-0.004	-0.001	-0.004	-0.002
			(-0.588)	(-0.128)	(-0.526)	(-0.203)
Post x Ln(Local peer return)			0.127**	0.096	0.166**	0.160*
			(2.232)	(1.556)	(2.184)	(1.824)
Local market			0.041	-0.021		
			(1.081)	(-0.647)		
Local market x ΔDistance			-0.016*	0.000		
			(-1.761)	(0.066)		
Local market x Post			-0.090	-0.027		
			(-1.418)	(-0.466)		
Local market x ΔDistance x Post			0.025**	0.006		
			(2.269)	(0.603)		
$Size_{t-1}$	0.216***	0.202***	0.215***	0.203***	0.239***	0.237***
	(7.854)	(6.776)	(7.736)	(6.764)	(9.261)	(8.925)
Sales growth$_{t-1}$	0.084***	0.080***	0.081***	0.078***	0.058**	0.060*
	(3.047)	(2.860)	(3.147)	(2.855)	(2.014)	(1.929)
Ln(Tenure)	0.021	0.032**	0.020	0.032**	0.010	0.018
	(1.423)	(2.035)	(1.369)	(2.030)	(0.460)	(0.749)
Constant	6.307***	6.405***	6.344***	6.417***	6.150***	6.173***
	(29.718)	(28.379)	(29.108)	(28.023)	(29.060)	(28.026)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.696	0.703	0.697	0.703	0.695	0.701
N	10,937	10,893	10,937	10,893	7,710	7,632

Notes: This table reports the results of a placebo test of baseline regression in Table 5 using 2006 as the pseudo-event year. The dependent variables are natural logarithm of one plus total compensation, cash compensation, and equity compensation. Post is a dummy variable which is one if the year is on or after 2006 or zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Ln(Peer return) is the natural logarithm of one plus average annual stock return of product market peers that are the Hoberg-Phillips peers with similarity score within the top 70%. Ln(Local peer return) is the natural logarithm of one plus average annual stock return of local product market peers that are headquartered within 200 miles of the focal firm. Local market is an indicator of the presence of local peer firms. Size is natural logarithm of one plus total assets. Sales growth is the annual percentage change in sales. Ln(Tenure) is the natural logarithm of one plus the years since the executive assumes their CEO position. SIC2 x Year FE is joint fixed effect between year and SIC 2-digit industry. All the variables are winsorized at the 0.5% and 99.5% levels. The data spans from 2001 to 2010 and covers the firms with local peers in Execucomp. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA6: Oster (2019) bound robustness

	(1)	(2)	(3)	(4)	(5)	(6)
	Ln(Total compensation)					
Sample:	*full sample*				*with local peers*	
ΔDistance x Post x Ln(Return)	-0.018***	-0.016***	-0.014***	-0.011***	-0.015***	-0.016**
	(-5.075)	(-3.260)	(-4.907)	(-2.705)	(-2.985)	(-2.637)
ΔDistance x Post x Ln(Peer return)	0.022***	0.023***				
	(3.802)	(3.240)				
ΔDistance x Post x Ln(Local peer return)			0.015***	0.014**	0.017***	0.018**
			(3.336)	(2.027)	(3.131)	(2.351)
Control Variables	YES	YES	YES	YES	YES	YES
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.755	0.757	0.755	0.757	0.760	0.761
N	13,946	13,894	13,946	13,894	10,181	10,109
δ_1	-0.206	-0.0971	-0.317	-0.157	-0.175	-0.0962
δ_2	-0.0680	-0.0899	-0.106	-0.244	-0.133	-0.150

Notes: This table tests the "coefficient stability" of our main estimates using the method proposed by Oster (2019). δ is a critical statistic that indicates how much variation the omitted variables have to explain relative to the observables to change the sign of the baseline coefficient of interest. A negative value of δ suggests that the omitted variable is unlikely to change the sign, but rather increase the magnitude of the coefficient of interest. For each column of regression in Table 5, we separately analyze the robustness of the triple interaction of own return, post dummy, and $\Delta Distance$ and the triple interaction of (local) peer return, post dummy, and $\Delta Distance$. For the former, we compare the baseline regression with all control variables (i.e., the controlled specification) with the regression without peer return and its interactions, control variables, and firm fixed effects (i.e., the uncontrolled specification) and calculate δ_1. For the latter, we compare the baseline regression with all control variables (i.e., the controlled specification) with the regression without own firm return and its interactions, control variables, and firm fixed effects (i.e., the uncontrolled specification) and calculate δ_2. The maximum R-squared with all the omitted variables included is assumed to be 1 for our calculation. We report the coefficients of interest and adjusted R squared in the controlled specifications, as well as the Oster δ for β_1 and β_2 at the bottom of the table.

Table IA7: Alternative definition of peers

Panel A: Hoberg-Phillips similarity score

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
Peers with HP similarity score within top:	30%		60%		100%	
ΔDistance x Post x Ln(Return)	-0.020***	-0.021***	-0.017***	-0.019**	-0.015***	-0.014**
	(-3.685)	(-2.780)	(-3.086)	(-2.600)	(-3.577)	(-2.460)
ΔDistance x Post x Ln(Local peer return)	0.015**	0.014	0.019***	0.021**	0.011	0.011
	(2.228)	(1.444)	(2.876)	(2.341)	(1.621)	(0.907)
ΔDistance x Post	-0.008**	-0.011**	-0.005	-0.008**	-0.003	-0.006
	(-2.541)	(-2.638)	(-1.556)	(-2.035)	(-0.982)	(-1.528)
Ln(Return)	0.087***	0.080***	0.099***	0.091***	0.094***	0.088***
	(5.312)	(4.434)	(5.672)	(5.084)	(6.622)	(5.581)
ΔDistance x Ln(Return)	0.009**	0.010*	-0.000	0.001	-0.000	-0.000
	(2.554)	(1.904)	(-0.120)	(0.144)	(-0.120)	(-0.041)
Post x Ln(Return)	0.149***	0.134***	0.148***	0.142***	0.151***	0.140***
	(5.581)	(4.027)	(3.951)	(3.972)	(5.819)	(4.714)
Ln(Local peer return)	-0.009	-0.038	-0.030	-0.061**	-0.011	-0.048
	(-0.390)	(-1.537)	(-1.159)	(-2.510)	(-0.407)	(-1.459)
ΔDistance x Ln(Local peer return)	-0.013***	-0.011*	-0.007	-0.005	-0.006	-0.001
	(-2.951)	(-1.898)	(-1.487)	(-0.888)	(-0.977)	(-0.164)
Post x Ln(Local peer return)	-0.012	0.037	-0.009	0.032	0.011	0.060
	(-0.342)	(0.919)	(-0.230)	(0.772)	(0.300)	(1.271)
Size$_{t-1}$	0.286***	0.282***	0.296***	0.291***	0.296***	0.289***
	(11.742)	(9.715)	(12.173)	(10.156)	(12.080)	(9.700)
Sales growth$_{t-1}$	0.020	0.016	0.014	0.008	0.018	0.009
	(1.108)	(0.874)	(0.734)	(0.440)	(0.950)	(0.490)
Ln(Tenure)	0.036**	0.029**	0.036**	0.031**	0.037***	0.035***
	(2.563)	(2.236)	(2.649)	(2.457)	(2.859)	(2.780)
Constant	5.872***	5.918***	5.807***	5.853***	5.807***	5.866***
	(30.815)	(26.171)	(30.806)	(26.515)	(30.882)	(25.775)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.756	0.757	0.760	0.762	0.762	0.763
N	8,206	8,131	9,880	9,811	11,100	11,042

Panel B: Other classifications of peer definitions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Ln(Total compensation)							
	Similar size and book-to-market		Cross-price demand peers		Factset Revere peer group		Analyst-based elasticity	
ΔDistance x Post x Ln(Return)	-0.017***	-0.020**	-0.026***	-0.029***	-0.064***	-0.054***	0.068***	0.062***
	(-4.081)	(-2.758)	(-5.341)	(-4.251)	(-3.684)	(-3.074)	(5.237)	(4.511)
ΔDistance x Post x Ln(Local peer return)	0.015**	0.012	0.021**	0.023*	0.065***	0.039*	0.088*	0.225***
	(2.141)	(1.039)	(2.578)	(1.838)	(3.978)	(1.907)	(1.771)	(2.735)
ΔDistance x Post	-0.006*	-0.008*	-0.002	-0.004	-0.021***	-0.007	-0.031***	-0.040***
	(-1.696)	(-1.987)	(-0.644)	(-1.140)	(-3.284)	(-0.723)	(-6.310)	(-3.855)
Ln(Return)	0.101***	0.089***	0.058***	0.050**	0.073	0.088	0.031	0.036
	(4.647)	(4.822)	(2.902)	(2.424)	(1.241)	(1.116)	(0.899)	(0.642)
ΔDistance x Ln(Return)	0.004	0.007*	0.005**	0.007**	0.041***	0.038***	0.012***	0.017***
	(1.348)	(1.736)	(2.018)	(2.026)	(6.049)	(5.068)	(3.501)	(3.451)
Post x Ln(Return)	0.122***	0.114***	0.175***	0.159***	0.116	0.069	0.208*	0.142
	(4.716)	(3.274)	(4.887)	(3.699)	(1.071)	(0.582)	(1.784)	(0.933)
Ln(Local peer return)	-0.009	-0.042*	0.005	-0.008	0.031	0.090	0.038	0.136
	(-0.313)	(-1.697)	(0.157)	(-0.240)	(0.660)	(0.997)	(0.167)	(0.518)
ΔDistance x Ln(Local peer return)	-0.005	0.005	-0.006	-0.005	-0.056***	-0.047***	-0.023	-0.029
	(-1.370)	(1.208)	(-1.088)	(-0.736)	(-10.635)	(-5.715)	(-0.980)	(-1.052)
Post x Ln(Local peer return)	-0.019	0.011	-0.084**	-0.080	-0.084	-0.075	-0.680*	-0.616
	(-0.460)	(0.266)	(-2.071)	(-1.406)	(-0.620)	(-0.367)	(-1.878)	(-1.501)
Size_{t-1}	0.301***	0.297***	0.221***	0.219***	0.182***	0.190**	0.116	0.155*
	(11.868)	(9.244)	(8.403)	(7.820)	(3.521)	(2.552)	(1.612)	(1.834)
Sales growth$_{t-1}$	0.028	0.022	0.047**	0.025	0.029	0.032	0.019	0.040
	(1.624)	(1.294)	(2.643)	(1.518)	(0.783)	(0.707)	(0.204)	(0.738)
Ln(Tenure)	0.038***	0.032**	0.039**	0.034**	-0.012	-0.029	0.047**	0.034*
	(2.728)	(2.469)	(2.485)	(2.193)	(-0.496)	(-1.117)	(2.676)	(1.878)
Constant	5.764***	5.802***	6.472***	6.968***	6.914***	6.738***	7.620***	7.298***
	(28.503)	(22.900)	(32.005)	(30.180)	(18.397)	(12.568)	(11.727)	(9.647)
Year FE	YES	NO	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.757	0.759	0.760	0.762	0.779	0.777	0.730	0.732
N	9,101	9,020	9,556	9,491	2,482	2,318	2,261	2,206

Notes: This table reports the results of the robustness test of baseline regressions in Table 5 using alternative definitions of peer firms. In Panel A, local peers are defined as the firms within top 30, 60, and 100% of the Hoberg-Philips similarity scores. In Panel B, we use alternative classifications to define local peers. In columns (1)-(2), we use size and book-to-market screening, choosing the closest half of local peers based on the closeness of the Mahalanobis distance using the market capitalization and book-to-market. In columns (3)-(4), we use cross-price demand elasticities with focal firms (Pellegrino (2023)), defining local peers are the ones within top tertile of cross-price demand elasticities with focal firms each year. In columns (5)-(6), we use Factset Revere classification. In columns (7)-(8), we use analysts-based peer group (Kaustia and Rantala (2021)), where local peer return is defined as average stock performance of local peers who are followed by common analysts weighted on the number of analysts each year. The dependent variables are the natural logarithm of one plus total compensation. Post is a dummy variable that equals one if the year is on or after 2013, and zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Ln(Local peer return) refers to the natural logarithm of one plus the annual stock market return of local peer firms. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. The regression specification resembles columns (5)-(6) of Table 5 except for the variations explained above. The data includes firms with local peers in Execucomp and spans from 2008 to 2017. All the variables are winsorized at the 0.5% and 99.5% levels. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA8: Alternative definition of locality

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
	100 miles		300 miles		400 miles	
ΔDistance x Post x Ln(Return)	-0.017***	-0.019***	-0.016***	-0.014**	-0.017***	-0.015***
	(-3.307)	(-2.731)	(-3.665)	(-2.553)	(-4.463)	(-3.021)
ΔDistance x Post x Ln(Local peer return)	0.023***	0.025***	0.016**	0.016*	0.019***	0.018**
	(4.809)	(3.375)	(2.443)	(1.897)	(2.979)	(2.548)
ΔDistance x Post	-0.004	-0.005	-0.003	-0.006*	-0.003	-0.006*
	(-1.024)	(-1.126)	(-1.007)	(-1.862)	(-0.963)	(-1.876)
Ln(Return)	0.108***	0.099***	0.099***	0.096***	0.094***	0.092***
	(5.475)	(5.002)	(5.981)	(5.926)	(5.426)	(5.315)
ΔDistance x Ln(Return)	-0.002	0.000	0.000	0.000	0.002	0.001
	(-0.714)	(0.039)	(0.096)	(0.061)	(0.552)	(0.154)
Post x Ln(Return)	0.143***	0.144***	0.145***	0.124***	0.157***	0.140***
	(3.513)	(4.008)	(4.439)	(3.622)	(5.685)	(4.813)
Ln(Local peer return)	-0.018	-0.033	-0.004	-0.030	0.013	-0.010
	(-0.644)	(-1.256)	(-0.139)	(-0.912)	(0.356)	(-0.282)
ΔDistance x Ln(Local peer return)	-0.005	-0.004	-0.008	-0.005	-0.010*	-0.007
	(-1.285)	(-0.813)	(-1.420)	(-0.800)	(-1.977)	(-1.201)
Post x Ln(Local peer return)	-0.050	-0.034	-0.014	0.018	-0.051	-0.026
	(-1.583)	(-0.828)	(-0.361)	(0.385)	(-1.145)	(-0.498)
Size$_{t-1}$	0.300***	0.293***	0.287***	0.284***	0.284***	0.279***
	(11.339)	(9.285)	(11.531)	(10.520)	(11.446)	(10.504)
Sales growth$_{t-1}$	0.023	0.019	0.018	0.010	0.020	0.012
	(1.223)	(1.041)	(0.996)	(0.538)	(1.116)	(0.638)
Ln(Tenure)	0.029**	0.025*	0.040***	0.038***	0.042***	0.038***
	(2.293)	(1.813)	(3.415)	(3.105)	(3.698)	(3.283)
Constant	5.800***	5.860***	5.874***	5.905***	5.897***	5.946***
	(27.653)	(23.216)	(30.561)	(28.479)	(30.881)	(29.369)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.761	0.761	0.762	0.763	0.761	0.762
N	8,646	8,563	11,247	11,202	11,793	11,741

Notes: In this table, we redefine local peers to be the firms headquartered within 100, 300, and 400 miles of the focal firm. The dependent variables are the natural logarithm of one plus total compensation. Post is a dummy variable that equals one if the year is on or after 2013, and zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Ln(Local peer return) refers to the natural logarithm of one plus the annual stock market return of local peer firms. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. The regression specification resembles columns (5)-(6) of Table 5 except for the variations explained above. The data includes firms with local peers in Execucomp and spans from 2008 to 2017. All the variables are winsorized at the 0.5% and 99.5% levels. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA9: Sensitivity to non-local peers

	(1)	(2)	(3)	(4)	(5)	(6)
	Ln(Total compensation)		Ln(Cash compensation)		Ln(Equity compensation)	
ΔDistance x Post x Ln(Return)	-0.014***	-0.014**	-0.013	-0.014*	0.011	0.021
	(-2.987)	(-2.282)	(-1.665)	(-1.795)	(0.391)	(0.746)
ΔDistance x Post x Ln(Local peer return)	0.020***	0.026**	0.015***	0.019***	0.039	0.064
	(3.006)	(2.452)	(2.744)	(3.104)	(1.383)	(1.614)
ΔDistance x Post x Ln(Non-local peer return)	-0.003	-0.014	-0.004	-0.004	-0.074**	-0.115**
	(-0.501)	(-1.353)	(-0.403)	(-0.324)	(-2.116)	(-2.544)
ΔDistance x Post	-0.006*	-0.009*	-0.005	-0.012***	-0.022	-0.028
	(-1.703)	(-1.987)	(-1.598)	(-2.691)	(-1.457)	(-1.668)
Ln(Return)	0.092***	0.092***	0.180***	0.178***	0.084	0.064
	(4.832)	(5.070)	(5.333)	(5.482)	(1.122)	(0.924)
ΔDistance x Ln(Return)	0.002	0.001	-0.001	-0.003	-0.038*	-0.039*
	(0.516)	(0.143)	(-0.097)	(-0.528)	(-1.881)	(-1.750)
Post x Ln(Return)	0.154***	0.129***	0.185***	0.171***	0.236**	0.237**
	(4.274)	(3.621)	(4.961)	(4.252)	(2.182)	(2.539)
Ln(Local peer return)	-0.048	-0.055*	0.047	0.036	-0.303**	-0.312***
	(-1.564)	(-1.705)	(1.364)	(0.929)	(-2.521)	(-2.789)
ΔDistance x Ln(Local peer return)	-0.002	-0.006	-0.010**	-0.009	0.031	0.021
	(-0.372)	(-0.763)	(-2.102)	(-1.640)	(0.920)	(0.626)
Post x Ln(Local peer return)	0.026	0.017	0.051	0.051	0.084	0.008
	(0.608)	(0.368)	(1.217)	(1.382)	(0.403)	(0.039)
Ln(Non-local peer return)	0.079**	0.042	0.042	0.035	0.242*	0.151
	(2.503)	(0.935)	(0.718)	(0.633)	(1.698)	(0.858)
ΔDistance x Ln(Non-local peer return)	-0.007	0.003	0.003	0.005	-0.017	0.016
	(-1.102)	(0.359)	(0.374)	(0.467)	(-0.655)	(0.664)
Post x Ln(Non-local peer return)	-0.155***	-0.116	-0.114	-0.135	-0.174	0.041
	(-2.942)	(-1.441)	(-1.239)	(-1.192)	(-0.709)	(0.118)
Size$_{t-1}$	0.292***	0.287***	0.150***	0.158***	0.558***	0.534***
	(11.507)	(9.721)	(3.137)	(3.886)	(5.502)	(4.714)
Sales growth$_{t-1}$	0.020	0.012	0.036*	0.029*	0.055	0.056
	(1.085)	(0.697)	(1.968)	(1.709)	(0.833)	(0.830)
Ln(Tenure)	0.038***	0.033***	0.062***	0.057***	-0.107**	-0.113**
	(3.064)	(2.696)	(6.585)	(4.694)	(-2.100)	(-2.321)
Constant	5.833***	5.888***	5.979***	5.929***	2.390***	2.586***
	(29.696)	(26.001)	(15.623)	(17.973)	(2.999)	(2.918)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.759	0.760	0.683	0.691	0.509	0.509
N	9,965	9,895	9,967	9,897	9,965	9,895

Notes: In this table, we additionally control for non-local peers' performance in relative performance evaluation. We define non-local (local) peers as the one who are farther than (within) 200 miles from the focal firms. The sample is restricted to the firms with both local and non-local peers. The dependent variables are the natural logarithm of one plus total compensation. Post is a dummy variable that equals one if the year is on or after 2013, and zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Ln(Local peer return) refers to the natural logarithm of one plus the annual stock market return of local peer firms. Ln(Non-local peer return) refers to the natural logarithm of one plus the annual stock market return of non-local peer firms. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. The regression specification resembles columns (5)-(6) of Table 5 except for the variations explained above. The data includes firms with local and non-local peers in Execucomp and spans from 2008 to 2017. All the variables are winsorized at the 0.5% and 99.5% levels. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA10: Other regressions choices and alternative standard error clusters

Panel A: Other regression choices

	(1)	(2)	(3)	(4)	(5)	(6)
	Ln(Total compensation)				Total compensation	
	Without firms that got closer		Winsorize at 1% and 99% level		Poisson regression	
ΔDistance x Post x Ln(Return)	-0.015***	-0.015**	-0.014**	-0.015**	-0.024***	-0.022**
	(-2.858)	(-2.325)	(-2.542)	(-2.310)	(-3.003)	(-2.122)
ΔDistance x Post x Ln(Local peer return)	0.015**	0.017**	0.017***	0.018**	0.023***	0.018*
	(2.684)	(2.086)	(2.966)	(2.213)	(3.340)	(1.752)
ΔDistance x Post	-0.004	-0.008**	-0.005	-0.008**	0.002	0.003
	(-1.295)	(-2.051)	(-1.419)	(-2.017)	(0.672)	(0.782)
Ln(Return)	0.103***	0.100***	0.102***	0.095***	0.086***	0.095***
	(5.299)	(5.544)	(5.803)	(5.780)	(3.775)	(3.333)
ΔDistance x Ln(Return)	0.000	0.001	-0.000	0.001	0.002	0.001
	(0.068)	(0.236)	(-0.080)	(0.305)	(0.329)	(0.163)
Post x Ln(Return)	0.135***	0.121***	0.127***	0.114***	0.172***	0.130***
	(3.500)	(3.473)	(3.462)	(3.195)	(5.078)	(2.657)
Ln(Local peer return)	-0.015	-0.048*	-0.025	-0.052*	-0.045	-0.065***
	(-0.455)	(-1.804)	(-0.779)	(-1.772)	(-1.185)	(-2.656)
ΔDistance x Ln(Local peer return)	-0.006	-0.004	-0.006	-0.005	-0.005	-0.001
	(-1.297)	(-0.785)	(-1.200)	(-0.697)	(-0.990)	(-0.090)
Post x Ln(Local peer return)	-0.002	0.031	-0.017	0.004	-0.013	0.023
	(-0.047)	(0.771)	(-0.420)	(0.103)	(-0.311)	(0.656)
Size$_{t-1}$	0.292***	0.284***	0.283***	0.277***	0.248***	0.234***
	(11.431)	(8.826)	(11.880)	(9.696)	(12.415)	(9.728)
Sales growth$_{t-1}$	0.016	0.010	0.032	0.020	-0.012	-0.023
	(0.851)	(0.556)	(1.282)	(0.836)	(-0.475)	(-1.038)
Ln(Tenure)	0.039***	0.034**	0.040***	0.036**	0.049***	0.045***
	(2.805)	(2.528)	(2.983)	(2.676)	(3.353)	(3.510)
Constant	5.825***	5.897***	5.911***	5.972***	6.690***	6.832***
	(29.308)	(23.740)	(32.150)	(27.062)	(38.455)	(31.658)
Year FE	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.766	0.766	0.770	0.772	-	-
N	9,587	9,509	10,181	10,109	10,181	10,109

Panel B: Alternative standard error clusters

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Ln(Total compensation)				
Standard Error Clustered on:	Firm		ZIP code		SIC2		DoJ Region (pre-shock)	
ΔDistance x Post x Ln(Return)	-0.015	-0.016	-0.015*	-0.016*	-0.015**	-0.016**	-0.015**	-0.016*
	(-1.341)	(-1.317)	(-1.858)	(-1.869)	(-2.447)	(-2.400)	(-3.082)	(-2.392)
ΔDistance x Post x Ln(Local peer return)	0.017*	0.018*	0.017**	0.018**	0.017**	0.018*	0.017**	0.018**
	(1.743)	(1.809)	(2.110)	(2.113)	(2.206)	(1.780)	(2.929)	(2.537)
ΔDistance x Post	-0.005	-0.008**	-0.005	-0.008*	-0.005	-0.008*	-0.005	-0.008
	(-1.192)	(-1.976)	(-1.242)	(-1.866)	(-1.610)	(-1.997)	(-1.257)	(-1.737)
Ln(Return)	0.100***	0.092***	0.100***	0.092***	0.100***	0.092***	0.100***	0.092***
	(4.305)	(3.811)	(4.520)	(3.834)	(4.769)	(3.972)	(5.129)	(5.535)
ΔDistance x Ln(Return)	0.000	0.001	0.000	0.001	0.000	0.001	0.000	0.001
	(0.014)	(0.227)	(0.015)	(0.237)	(0.014)	(0.232)	(0.029)	(0.315)
Post x Ln(Return)	0.137***	0.126***	0.137***	0.126***	0.137***	0.126***	0.137**	0.126***
	(3.369)	(2.921)	(3.559)	(2.990)	(3.414)	(2.859)	(3.465)	(4.018)
Ln(Local peer return)	-0.022	-0.053	-0.022	-0.053	-0.022	-0.053	-0.022	-0.053
	(-0.709)	(-1.595)	(-0.711)	(-1.590)	(-0.623)	(-1.662)	(-0.664)	(-1.224)
ΔDistance x Ln(Local peer return)	-0.006	-0.005	-0.006	-0.005	-0.006	-0.005	-0.006	-0.005
	(-1.150)	(-0.778)	(-1.130)	(-0.748)	(-0.953)	(-0.736)	(-1.295)	(-0.758)
Post x Ln(Local peer return)	-0.017	0.012	-0.017	0.012	-0.017	0.012	-0.017	0.012
	(-0.364)	(0.225)	(-0.360)	(0.225)	(-0.405)	(0.248)	(-0.344)	(0.215)
Size$_{t-1}$	0.297***	0.290***	0.297***	0.29***	0.297***	0.290***	0.297***	0.290***
	(9.364)	(8.475)	(9.500)	(8.574)	(9.288)	(8.243)	(9.976)	(8.316)
Sales growth$_{t-1}$	0.013	0.006	0.013	0.006	0.013	0.006	0.013	0.006
	(0.728)	(0.344)	(0.737)	(0.357)	(0.659)	(0.355)	(0.812)	(0.403)
Ln(Tenure)	0.037***	0.033**	0.037***	0.033**	0.037**	0.033*	0.037*	0.033*
	(2.863)	(2.384)	(2.874)	(2.406)	(2.210)	(1.851)	(2.426)	(2.038)
Constant	5.797***	5.862***	5.797***	5.862***	5.797***	5.862***	5.797***	5.862***
	(23.594)	(22.136)	(23.881)	(22.343)	(21.928)	(20.283)	(23.700)	(20.950)
Year FE	YES	NO	YES	NO	YES	NO	YES	NO
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	NO	YES	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.760	0.761	0.760	0.761	0.760	0.761	0.760	0.761
N	10,181	10,109	10,181	10,109	10,181	10,109	10,181	10,109

Notes: This table reports the results of the robustness tests of baseline regressions in Table 5 using alternative regression choices. In Panel A, columns (1)-(2), we drop the firms that got closer to the governing DoJ offices. In columns (3)-(4), the variables are winsorized in 1% and 99% level. In columns (5)-(6), we estimate Poisson regression using the unlogged term of total compensation. In Panel B, standard errors are clustered at the level of firm (columns (1)-(2)), ZIP code (columns (3)-(4)), SIC 2-digit (columns (5)-(6)), and pre-shock covering DoJ office region (columns (7)-(8)) levels. The dependent variables are the natural logarithm of one plus total compensation except for columns (5)-(6). Post is a dummy variable that equals one if the year is on or after 2013, and zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Ln(Local peer return) refers to the natural logarithm of one plus the annual stock market return of local peer firms. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. The regression specification resembles columns (5)-(6) of Table 5 except for the variations explained above. The data includes firms with local peers in Execucomp and spans from 2008 to 2017. All the variables are winsorized at the 0.5% and 99.5% levels except for columns (3) and (4) of Panel A. Standard errors are clustered at the state level in Panel A and at different levels in Panel B. Robust t-statistics based on clustered standard errors are reported in parentheses.

Table IA11: Heterogeneity

Panel A: Market competitiveness

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
	Competition mode		Revenue of largest 8 firms in the NAICS		Fraction of public firms	
	Strategic substitutes	Strategic complements	Low	High	Low	High
ΔDistance x Post x Ln(Return)	-0.002	-0.030***	0.009	-0.020**	-0.003	-0.030***
	(-0.254)	(-3.361)	(0.411)	(-2.036)	(-0.345)	(-4.694)
ΔDistance x Post x Ln(Local peer return)	0.007	0.040***	0.016	0.046***	0.020	0.038***
	(0.731)	(3.339)	(0.914)	(2.907)	(1.646)	(4.297)
ΔDistance x Post	-0.005	-0.013	-0.006	0.003	-0.009	-0.006
	(-0.907)	(-1.630)	(-0.384)	(0.511)	(-1.316)	(-1.452)
Ln(Return)	0.133***	0.057**	0.190***	0.049	0.092***	0.080**
	(3.695)	(2.370)	(3.226)	(0.991)	(2.844)	(2.398)
ΔDistance x Ln(Return)	-0.01	0.013***	-0.017*	-0.007	-0.008	0.005
	(-1.317)	(3.885)	(-1.696)	(-1.071)	(-0.877)	(1.288)
Post x Ln(Return)	.095*	.154***	0.046	0.143*	0.159***	0.123**
	(1.707)	(3.397)	(0.563)	(1.814)	(2.887)	(2.692)
Ln(Local peer return)	-0.047	-0.039	0.020	-0.161*	0.051	-0.124***
	(-0.964)	(-1.111)	(0.301)	(-1.802)	(1.122)	(-3.832)
ΔDistance x Ln(Local peer return)	0.003	-.012**	0.007	0.000	-0.009	-0.003
	(0.384)	(-2.137)	(0.709)	(0.001)	(-0.797)	(-0.669)
Post x Ln(Local peer return)	0.006	-0.002	-0.046	0.152	-0.143**	0.104*
	(0.099)	(-0.048)	(-0.412)	(1.419)	(-2.223)	(1.971)
$Size_{t-1}$	0.310***	0.249***	0.200**	0.260***	0.234***	0.302***
	(7.731)	(6.962)	(2.718)	(6.202)	(4.861)	(9.595)
Sales growth$_{t-1}$	0.029	-0.012	0.044	-0.008	0.021	-0.012
	(1.185)	(-0.846)	(0.538)	(-0.099)	(0.585)	(-0.735)
Ln(Tenure)	0.077***	0.010	0.000	0.005	0.036**	0.016
	(4.165)	(0.533)	(0.007)	(0.171)	(2.453)	(0.835)
Constant	5.354***	6.027***	6.734***	6.246***	6.166***	5.903***
	(17.236)	(23.268)	(12.512)	(17.843)	(15.824)	(24.539)
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	YES	YES	YES	YES	YES	YES
Adjusted R^2	0.765	0.762	0.770	0.739	0.756	0.765
N	4,529	5,483	1,458	2,184	4,633	4,607

Panel B: Geographical concentration and board chracteristic

	(1)	(2)	(3)	(4)	(5)	(6)
			Ln(Total compensation)			
	Concentration of states mentioned in 10K		Concentration of sales across the states		Co-opted board	
	Low	High	Low	High	More	Less
ΔDistance x Post x Ln(Return)	-0.013	0.023**	-0.022	-0.062**	0.005	-0.026***
	(-0.934)	(2.431)	(-1.266)	(-2.648)	(0.587)	(-4.091)
ΔDistance x Post x Ln(Local peer return)	0.002	0.043***	0.010	0.081**	-0.004	0.038***
	(0.166)	(3.234)	(0.652)	(2.240)	(-0.490)	(4.370)
ΔDistance x Post	-0.010*	-0.018**	0.005	-0.008	-0.006	-0.004
	(-1.874)	(-2.632)	(0.920)	(-1.053)	(-1.327)	(-0.676)
Ln(Return)	0.106**	0.073***	0.085*	0.052	0.064	0.054*
	(2.100)	(2.734)	(1.915)	(0.892)	(1.171)	(1.716)
ΔDistance x Ln(Return)	-0.007	-0.008	-0.008	0.026	-0.005	0.007
	(-1.207)	(-1.126)	(-1.091)	(1.538)	(-0.668)	(1.191)
Post x Ln(Return)	0.107	-0.014	0.079	0.215**	0.135*	0.163***
	(1.089)	(-0.274)	(1.329)	(2.246)	(1.902)	(2.799)
Ln(Local peer return)	-0.027	-0.081	-0.066	-0.019	-0.074	-0.023
	(-0.456)	(-1.247)	(-1.201)	(-0.237)	(-1.342)	(-0.511)
ΔDistance x Ln(Local peer return)	0.002	-0.017***	0.012	-0.063***	0.003	-0.022***
	(0.303)	(-3.585)	(1.481)	(-2.820)	(0.401)	(-3.540)
Post x Ln(Local peer return)	0.006	-0.005	0.098	0.107	0.087	-0.007
	(0.067)	(-0.037)	(1.308)	(0.621)	(1.445)	(-0.092)
Size$_{t-1}$	0.129**	0.252***	0.132**	0.451***	0.285***	0.281***
	(2.084)	(4.825)	(2.410)	(8.658)	(7.933)	(4.088)
Sales growth$_{t-1}$	0.055*	0.002	0.045	0.023	-0.005	0.012
	(1.902)	(0.063)	(0.945)	(0.678)	(-0.191)	(0.234)
Ln(Tenure)	0.073***	-0.013	0.041**	0.045	0.014	0.042*
	(3.407)	(-0.477)	(2.396)	(1.395)	(0.624)	(1.945)
Constant	7.263***	6.131***	7.392***	4.333***	5.952***	5.907***
	(14.416)	(16.666)	(15.557)	(11.798)	(19.955)	(10.677)
Firm FE	YES	YES	YES	YES	YES	YES
SIC2 x Year FE	YES	YES	YES	YES	YES	YES
Adjusted R^2	0.745	0.783	0.745	0.693	0.766	0.762
N	3,208	1,977	3,373	1,546	4,195	3,956

Panel C: CEO characteristics and labor market flexibility

	(1)	(2)	(3)	(4)
	Ln(Total compensation)			
	CEO age		Inevitable Disclosure Doctrine	
	Young	Old	IDD	Non-IDD
ΔDistance x Post x Ln(Return)	0.007	-0.039***	0.012	-0.024***
	(1.244)	(-3.171)	(0.822)	(-4.339)
ΔDistance x Post x Ln(Local peer return)	0.011	0.032***	-0.030*	0.028***
	(1.493)	(3.251)	(-1.941)	(5.086)
ΔDistance x Post	-0.011*	-0.001	-0.023***	-0.003
	(-1.978)	(-0.213)	(-2.990)	(-0.490)
Ln(Return)	0.078***	0.095*	0.114***	0.081***
	(2.811)	(1.786)	(2.946)	(4.978)
ΔDistance x Ln(Return)	-0.006	0.003	-0.014	0.004
	(-1.145)	(0.442)	(-1.273)	(0.974)
Post x Ln(Return)	0.137***	0.098*	0.029	0.190***
	(3.417)	(1.878)	(0.618)	(6.381)
Ln(Local peer return)	-0.029	-0.040	-0.092**	-0.039
	(-0.700)	(-1.088)	(-2.202)	(-0.982)
ΔDistance x Ln(Local peer return)	-0.000	-0.015***	0.016	-0.006
	(-0.008)	(-3.113)	(1.657)	(-1.126)
Post x Ln(Local peer return)	-0.046	0.068	0.055	-0.021
	(-1.204)	(1.046)	(0.884)	(-0.416)
$Size_{t-1}$	0.305***	0.277***	0.297***	0.302***
	(7.004)	(5.874)	(3.255)	(11.688)
Sales growth$_{t-1}$	-0.029	0.053**	-0.015	0.009
	(-1.130)	(2.559)	(-0.760)	(0.396)
Ln(Tenure)	-0.001	0.045***	0.059***	0.019
	(-0.032)	(3.176)	(3.186)	(1.340)
Constant	5.834***	5.910***	5.634***	5.846***
	(16.960)	(15.234)	(7.639)	(28.371)
Firm FE	YES	YES	YES	YES
SIC2 x Year FE	YES	YES	YES	YES
Adjusted R^2	0.715	0.804	0.788	0.750
N	4,955	4,577	3,197	6,780

Notes: This table presents ten different heterogeneity tests. In Panel A, we first partition firms into those that operate in an industry in which firms compete as strategic complements or strategic substitutes following Kedia (2006). Second, we split the sample based on the revenue percentage of the largest 8 firms over all firms for each NAICS 4-digit industry in 2012. Firms in the "High" ("Low") group operate in NAICS industry where the percentage of revenue by 8 largest firms is in the top (bottom) quartile. Third, we divide sample into firms with a proportion of public firms in NAICS industry in 2012 that is higher or lower than the median. In Panel B, we first divide the sample based on the concentration of the states mentioned in annual reports in 2007 or 2008. Firms falling in top (bottom) 30% of concentration are assigned as "Concentrated" ("Dispersed"). Second, we split the sample based on the concentration of sales across states where the subsidiaries are located. Firms are assigned as "Concentrated" ("Dispersed") if the geographic concentration of firms' sales falls in top (bottom) 30% across all firms. Third, we denote the firms to have a high (low) proportion of co-opted board members based on whether the tenure-weighted fraction of co-opted directors is above (below) than the median value for the post-reform period within the same tenure group. In Panel C, we first divide the sample into firms with CEOs who are younger or older than the median CEO age in 2012. Second, we split sample into the firms located in states with or without Inevitable Disclosure Doctrine (IDD) recognized by courts in 2012. The dependent variable is the natural logarithm of one plus total compensation. The regression specification is the same as in Table 5, column (6). SIC2 x Year FE is joint fixed effect between year and SIC 2-digit industry. All the variables are winsorized at the 0.5% and 99.5% levels. The data includes firms with local peers in Execucomp and spans from 2008 to 2017. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Table IA12: Profitability changes of exposed firms' local peers

Treated firms with increased profitability		Treated firms with decreased profitability	
Number of firms	Average number of local peers	Number of firms	Average number of local peers
482	17.571	347	13.472
Average number of local peers with		Average number of local peers with	
increased profitability	decreased profitability	increased profitability	decreased profitability
13.681	3.89	5.579	7.894

Notes: This table shows summary statistics of how the profitability of local peers changed during the period of 2013 to 2017 relative to 2007 to 2012 for each of the exposed firms that experienced an increase in distance to the field office. For each firm, we calculate the average gross profit margin before and after 2013 and measure the change across two periods. Then we separate firms into two groups according to whether the firm's profitability increased or decreased since 2013. For each firm, we further count the number of two types of local peers, which are the ones with an increase or a decrease in profitability since 2013. In the table, we report the mean value of number of two types of local peers and the average number of local peers for each group of the exposed firms.

Table IA13: Proportion of local peers in explicit RPE plans

	Equity plans			Cash plans		
	N	Mean	Median	N	Mean	Median
N.local peers in RPE/ N.peers in RPE	1,817	9.35%	3.45%	653	10.34%	0.00%
N.local peers in RPE/ N.local peers	1,301	23.98%	11.11%	515	17.79%	5.88%
N.local peers in RPE	1,817	1.1	1.0	653	1.0	0.0
N.peers in RPE	1,972	14.2	13.0	720	12.1	10.0
N.local peers	1,972	9.9	2.0	720	11.7	3.0

Notes: This table reports the summary statistics on the composition of benchmark group for the explicit relative performance evaluation (RPE) plans granted to CEOs from 2008 to 2017. Specifically, we report the proportion of local peers among the explicit RPE benchmark group, the proportion of local peers among all the local peers in the product market, the number of local peers in the RPE benchmark group, number of product market peers in the RPE benchmark group, and the total number of local peers. We define product market peer firms as the ones with Hoberg-Phillips product similarity score within the top 70%, and local firms as the ones headquartered within 200 miles. All the variables are winsorized at the 0.5% and 99.5% levels.

Table IA14: Compensation level and structure

Panel A: Level and incentive measures

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Ln(Total compensation)		New stock delta		New option delta		Holding delta	
ΔDistance x Post	-0.008**	-0.010**	-0.242**	-0.183	0.136	0.177	-18.847***	-20.997***
	(-2.140)	(-2.361)	(-2.10)	(-1.58)	(0.72)	(1.04)	(-4.382)	(-5.127)
$Size_{t-1}$	0.270***	0.267***	5.710***	5.592***	5.355**	4.634**	149.581***	135.319***
	(10.136)	(8.639)	(5.35)	(4.91)	(2.40)	(2.14)	(4.135)	(3.671)
Sales growth$_{t-1}$	0.010	0.004	-0.075	-0.159	0.998	0.760	31.146*	31.606*
	(0.523)	(0.191)	(-0.14)	(-0.25)	(1.47)	(1.10)	(1.767)	(1.720)
Ln(Tenure)$_t$	0.037***	0.031**	-1.063**	-0.842*	-1.573**	-1.246*	273.163***	255.581***
	(2.760)	(2.392)	(-2.65)	(-1.87)	(-2.02)	(-1.73)	(5.563)	(5.765)
Constant	6.022***	6.060***	-28.258***	-27.878***	-20.686	-15.870	-1,072.059***	-928.546**
	(29.343)	(25.520)	(-3.50)	(-3.19)	(-1.26)	(-0.99)	(-2.964)	(-2.611)
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	NO	YES	NO	YES	NO	YES	NO
SIC2 x Year FE	NO	YES	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.757	0.759	0.411	0.407	0.529	0.514	0.722	0.726
N	10,180	10,108	7,144	7,047	7,144	7,047	9,535	9,457

Panel B: Compensation composition

|	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Salary		Other cash incentive		Equity incentive		Other compensation	
	(as percentage of total compensation)							
ΔDistance x Post	0.003***	0.003**	-0.002**	-0.001	-0.003**	-0.004**	0.002***	0.002***
	(2.708)	(2.283)	(-2.117)	(-0.868)	(-2.268)	(-2.479)	(5.017)	(4.340)
$Size_{t-1}$	-0.018*	-0.019*	-0.045***	-0.040***	0.061***	0.057***	0.002	0.001
	(-1.948)	(-1.864)	(-5.157)	(-6.131)	(7.376)	(6.236)	(0.726)	(0.373)
Sales growth$_{t-1}$	-0.006	-0.003	0.009**	0.006	0.000	0.000	-0.003	-0.003
	(-1.380)	(-0.690)	(2.183)	(1.532)	(0.007)	(0.023)	(-1.374)	(-1.252)
Ln(Tenure)$_t$	0.005*	0.006**	0.001	-0.000	-0.019***	-0.019***	0.012***	0.012***
	(1.742)	(2.406)	(0.663)	(-0.019)	(-3.902)	(-3.616)	(5.002)	(4.976)
Constant	0.397***	0.400***	0.588***	0.547***	0.009	0.040	0.004	0.013
	(5.504)	(5.132)	(8.303)	(10.371)	(0.133)	(0.549)	(0.170)	(0.563)
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	NO	YES	NO	YES	NO	YES	NO
SIC2 x Year FE	NO	YES	NO	YES	NO	YES	NO	YES
Adjusted R^2	0.573	0.580	0.380	0.404	0.483	0.483	0.314	0.312
N	10,147	10,075	10,147	10,075	10,147	10,075	10,147	10,075

Notes: This table reports the test results of the impact of DoJ field office closure on compensation level and structure. In Panel A, the dependent variables are the natural logarithm of one plus total compensation, the delta measure of CEO holdings (Core and Guay (2002) and Coles et al. (2006)), and delta measures of new stock and option grants. In Panel B, the dependent variables are salary, other cash incentive pay, equity incentive pay, and other compensation as percentages of total compensation. Post is a dummy variable that equals one if the year is on or after 2012, and zero otherwise. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles. Size is the natural logarithm of one plus total assets. Sales growth is the annual percentage change in sales. Ln(Tenure) is the natural logarithm of one plus the years since the executive assumes their CEO position. Firm FE and Year FE are the firm- and year-fixed effects. SIC2 x Year FE is the joint fixed effect between year and SIC 2-digit industry. All the variables are winsorized at the 0.5% and 99.5% levels. We define local peer firms as the ones with a Hoberg-Phillips product similarity score within the top 70% and headquartered within 200 miles from the focal firm. The data includes firms with local peers and spans from 2008 to 2017. Robust t-statistics based on standard errors clustered at the state level are reported in parentheses.

Figure IA1: Geographic distribution of firm exposure

Panel A: State average change in distance to DoJ office
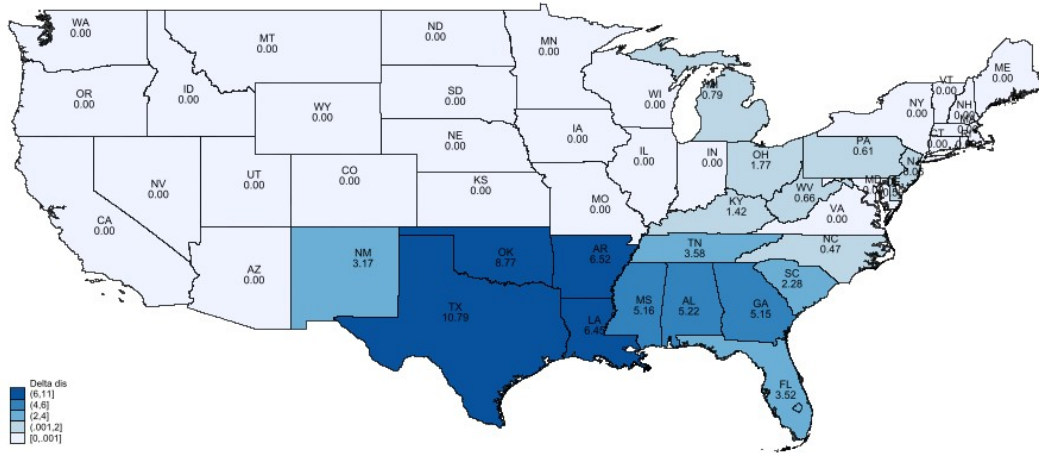

Panel B: Percent of firms with local peers
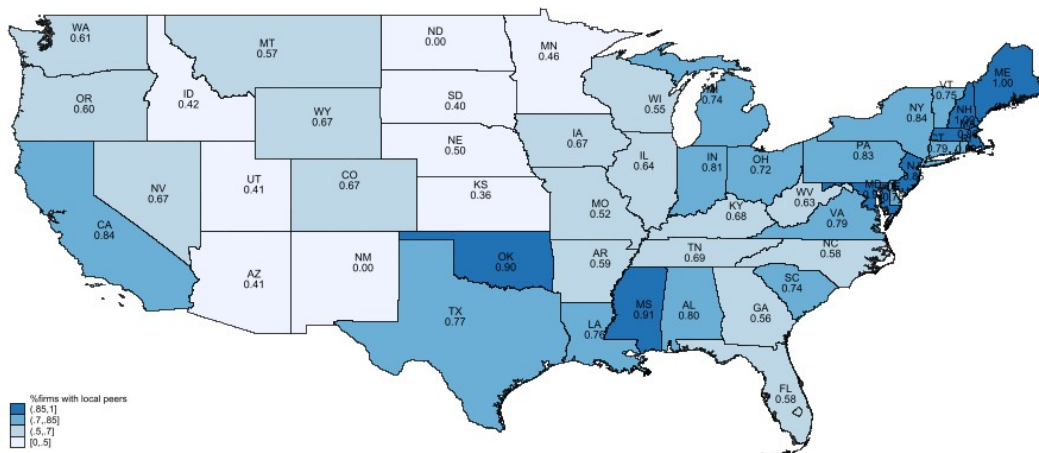
Notes: These figures show the geographic distribution of firms' exposures to DoJ reform. Panel A shows the average change in distance ($\Delta Distance$) of each state. Panel B shows the fraction of public firms with local peers. The states with more positive values of the metric are shown with darker shades. ΔDistance is the increase in geographical distance between a firm's headquarter and its governing antitrust office after the closure of four field offices (Atlanta, Cleveland, Dallas, and Philadelphia) in 100 miles.

Figure IA2: Economic trends of the affected and unaffected states
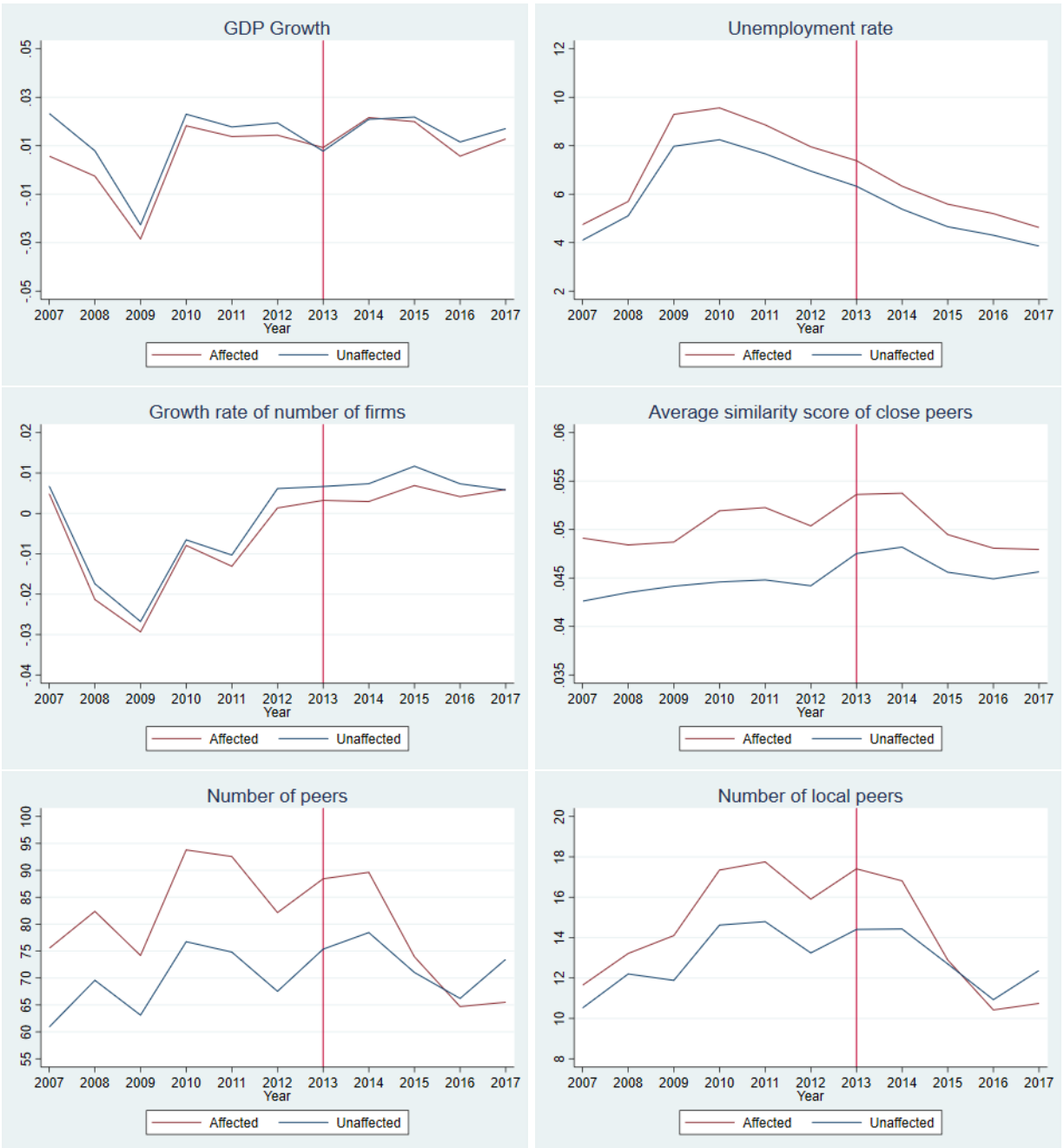
Notes: These figures show the trends of economic and competition conditions of the affected and unaffected states. States are affected if the firms headquartered there experienced an increase in distance to the covering DoJ office on average after the reform, and the unaffected states are the other states. The first three graphs show the average state-level 1) GDP growth rate (real GPD based on 2012 dollar value), 2) unemployment rate, and 3) net growth of the number of firms, respectively. The next three graphs show the following metrics constructed using the Hoberg-Phillips product similarity scores. For each firm, we calculate 4) the average similarity score of the 10 geographically closest peers, 5) the number of peers with similarity scores exceeding 0.1, and 6) the number of local peers (headquartered within 200 miles) with similarity scores exceeding 0.1. Graphs plot the mean value of each metric within a year in affected or unaffected states. The blue solid lines plot the average of each characteristic in affected states. The red solid lines plot the average of each characteristic in unaffected states. The vertical dashed line indicates the year of field office closure in 2013.

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Figure IA3: Firm characteristics

Panel A: $\Delta Distance > 0$ vs. $= 0$
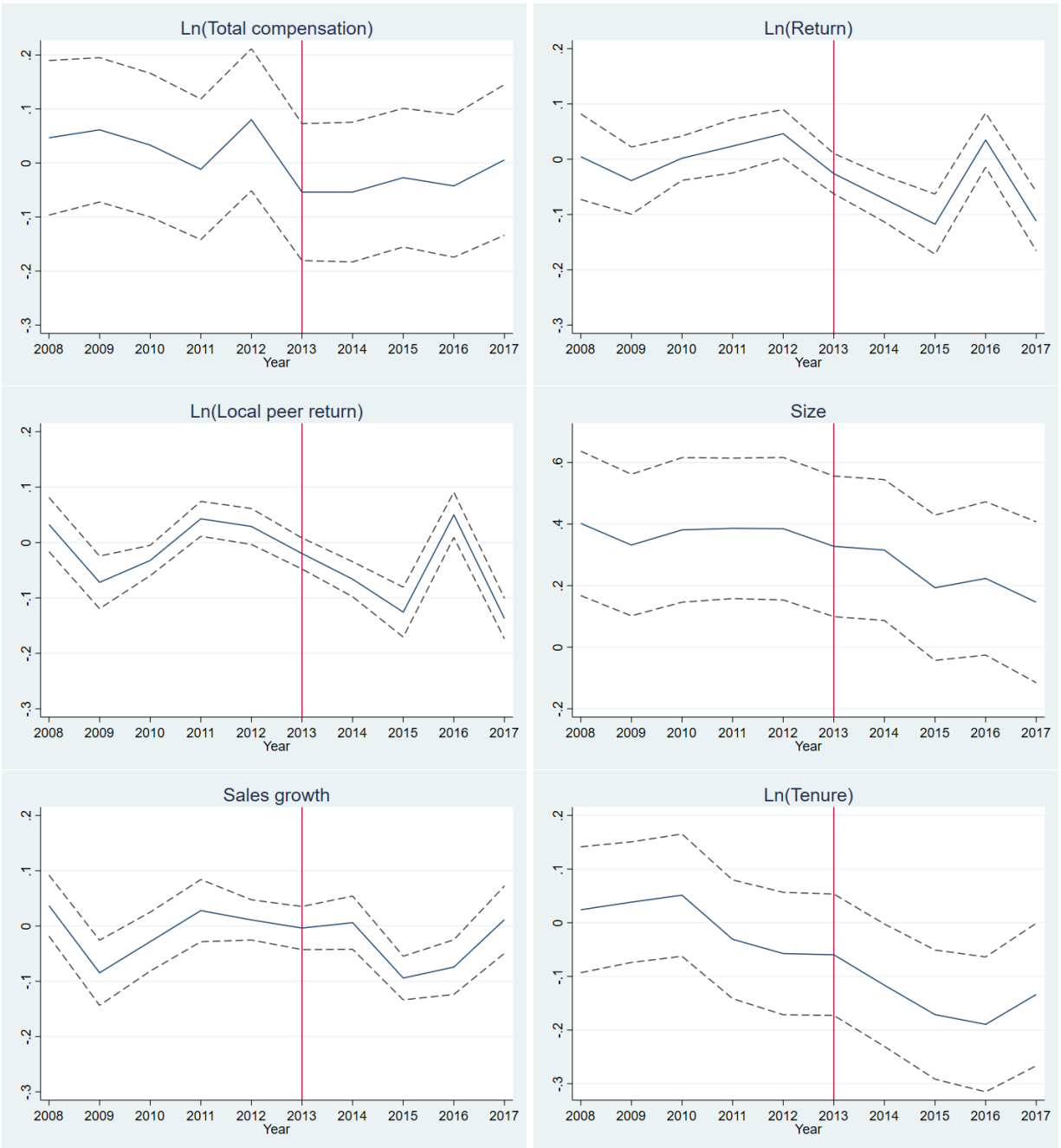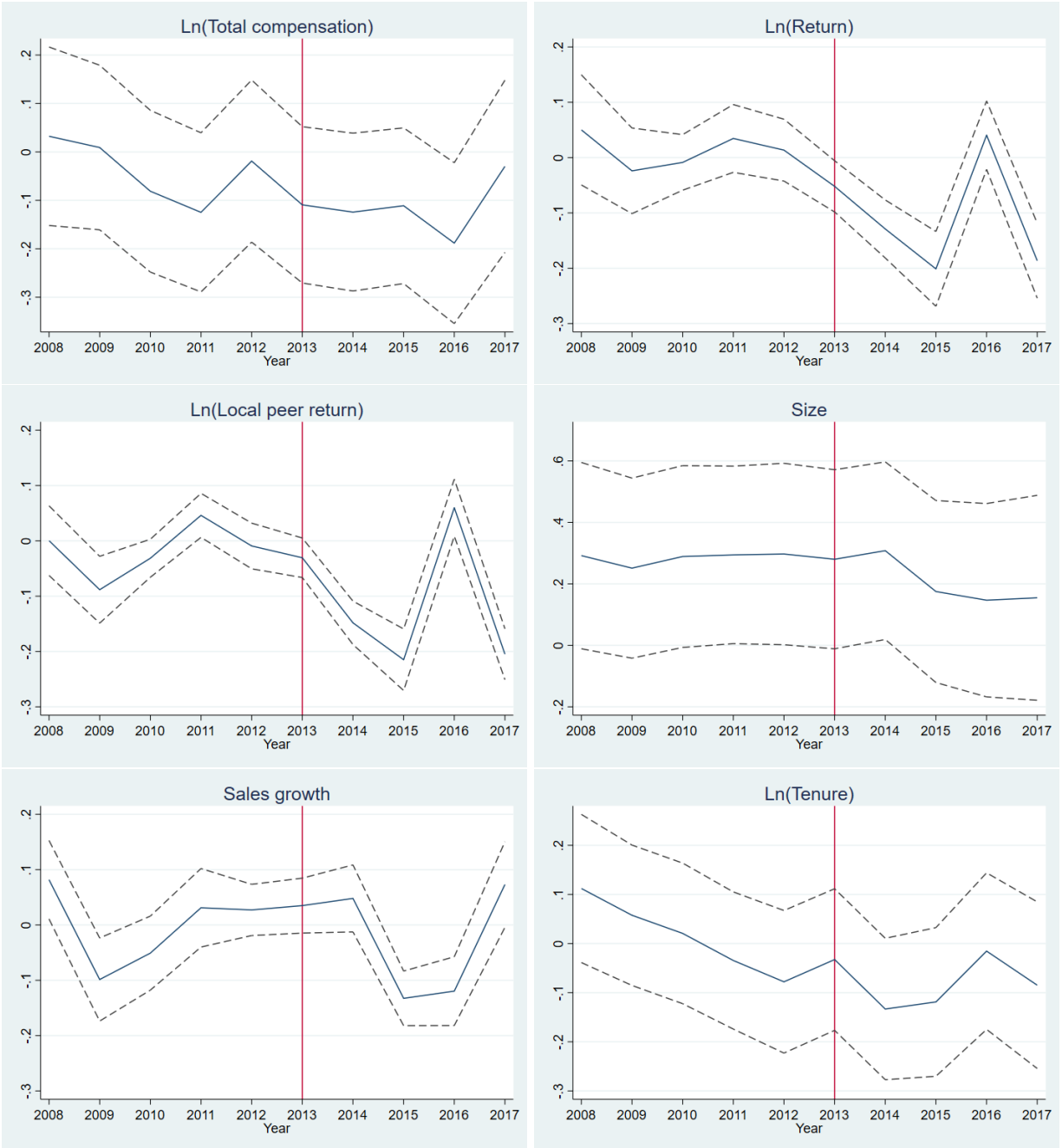
Panel B: $\Delta Distance > 400$ vs. ≤ 400

Notes: These figures show the differences in average firm characteristics between the treated and control firms in each year from 2007 to 2017. In Panel A, we define treated firms as the ones that experienced an increase in distance to covering DoJ field office and the other firms as the control firms. In Panel B, we define treated firms as the ones that experienced an increase in distance to covering DoJ field office more than 400 miles and the other firms as the control firms. The solid lines plot the difference in the annual mean values between the treated and control firms. The dashed lines plot the 95% confidence intervals of the t-tests on group differences. The vertical solid line indicates the year of field office closure in 2013. All variables are winsorized at 0.5% and 99.5% levels. The sample spans from 2008 to 2017 and contains Execucomp firms with local peers.

**Figure IA4:** Quality of propensity score matching
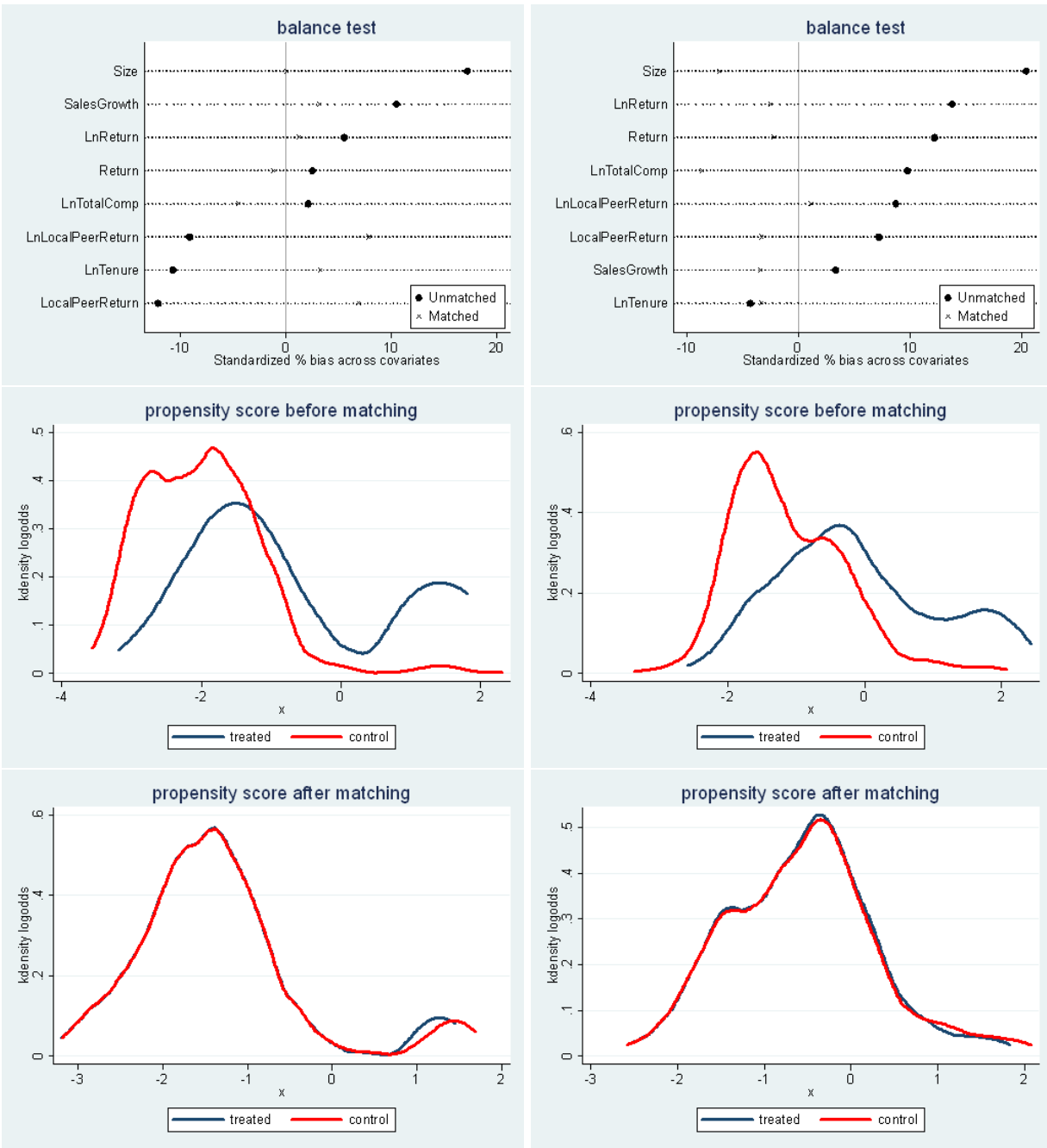
Notes: These figures show the quality of propensity score matching. The figures in the left column show the quality of matching between the firms with $\Delta Distance > 400$ and $\Delta Distance \leq 400$, and the ones in the right column show the quality of matching between the firms with $\Delta Distance > 0$ and $\Delta Distance = 0$. The upper figures present the mean difference value of each variable between the treated and control firms both before and after matching. The middle (lower) figures present the fitted density of the propensity score in the full (matched) sample. The propensity scores are estimated using the same procedure as for Internet Appendix Table IA3.

Figure IA5: Firm characteristics in matched sample

Panel A: $\Delta Distance > 0$ vs. $= 0$
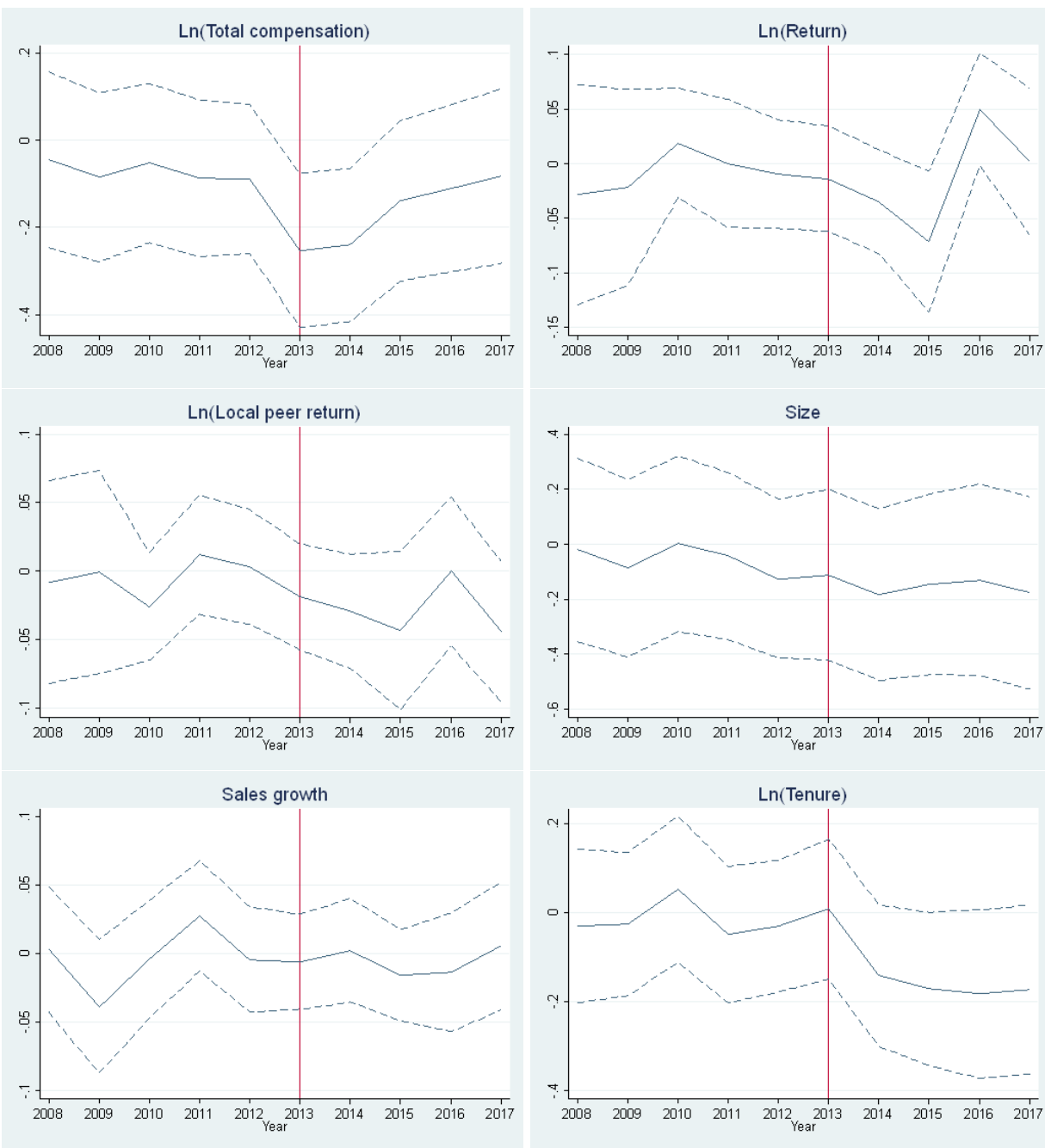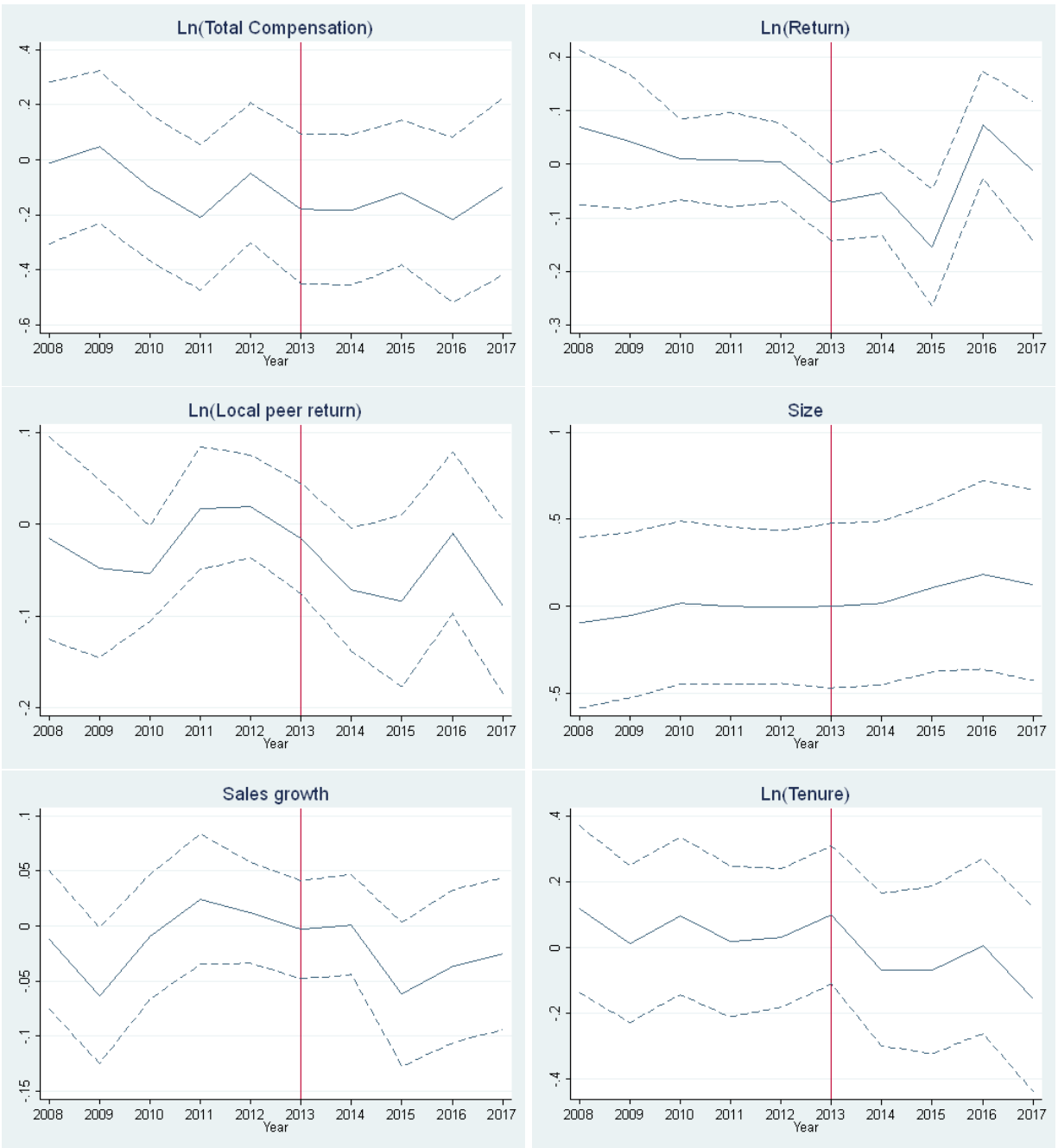
Panel B: $\Delta Distance > 400$ vs. ≤ 400

Notes: These figures show the differences in average firm characteristics between the treated and control firms in the matched sample for Internet Appendix Table IA3. In Panel A, we define treated firms as the ones that experienced an increase in distance to covering DoJ field office, and conduct propensity score matching on logged own return, logged local peer return, firm size, logged tenure, and sales growth of 2012. In Panel B, we define treated firms as the ones that experienced an increase in distance to covering DoJ field office more than 400 miles, and conduct propensity score matching on own return, local peer return, firm size, logged tenure, and sales growth of 2012. The solid lines plot the difference in the annual mean values between the treated and matched control firms. The dashed lines plot the 95% confidence intervals of the t-tests on group differences. The vertical dashed line indicates the year of field office closure in 2013. All variables are winsorized at 0.5% and 99.5% levels. The sample spans from 2008 to 2017 and contains Execucomp firms with local peers.

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