Appendix

for "Proprietary Knowledge Protection and Product Market Performance"
Available online and not for publication

Table A1. Timing of Decisions on the Inevitable Disclosure Doctrine by US State Courts

State	Case	Date	Decision
Arkansas	Southwestern Energy v. Eickenhorst, 955 F. Supp. 1078 (1997).	Mar. 18, 1997	Adopt
California	Electro Optical Indus., Inc. v. Stephen White, 90 Cal. Rptr. 2d 680 (1999), 76 Cal. App. 4th 653	Nov. 30, 1999	Adopt
California	Supreme Court Overrule	Apr. 12, 2000	Reject
California	Whyte v. Schlage Lock Co., No. G028382 (Ct. of App. of California 2002)	Sep. 12, 2002	Reject
Connecticut	Branson Ultrasonics Corp. v. Stratman, 921 F. Supp. 909 (D. Conn. 1996)	Feb. 28, 1996	Adopt
Delaware	E.I. DuPont de Nemours & Co. v. American Potash and Chemical Corp., 200 A. 2d 428 (Del Ch. 1964)	May 5, 1964	Adopt
Florida	Fountain v. Hudson Cush-N-Foam Corp., 122 So. 2d 232, 234 (Fla. Dist. Ct. App. 1960)	July 11, 1960	Adopt
Florida	Del Monte Fresh Produce Co. v. Dole Food Co., 148 F. Supp. 2d 1326 (S.D. Fla. 2001)	May 24, 2001	Reject
Iowa	Barilla Am., Inc. v. Wright, No. 4-02-CV-90267, 2002 U.S. Dist. Lexis 12773 (S.D. Iowa 2002)	July 5, 2002	Adopt
Illinois	PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1272 (7th Cir. 1995)	May 11, 1995	Adopt
Indiana	Ackerman v. Kimball Int'l, Inc., 652 N.E.2d 507, 510-11 (Ind. 1995).	July 12, 1995	Adopt
Indiana	Bridgestone/Firestone, Inc. v. Lockhart, 5 F. Supp. 2d 667 (S.D. Ind. 1998)	May 7, 1998	Reject
Kansas	Bradbury Co. v. Teissier-Ducros, 413 F. Supp. 2d 1203, 1209 (D. Kan. 2006)	Feb. 2, 2006	Adopt
Massachusetts	Marcam Corp. v. Orchard, 885 F. Supp. 294, 298-300 (D. Mass. 1995)	Apr. 3, 1995	Adopt
Massachusetts	U.S. Elec. Servs. v. Schmidt, Civil Action No. 12-10845-DJC (U.S. Dist. CT. for the Dist. of Mass. 2012)	June 19, 2012	Reject
Michigan	Allis-Chalmers Manufacturing Co. v. Continental Aviation & Engineering Corp., 255 F. Supp. 645, 654 (E.D. Mich.1966)	Feb. 17, 1966	Adopt
Michigan	CMI International Inc. v. Intermet Inter. Corp., 649 N.W.2d 808 (Mich. Ct. App.2002)	Apr. 30, 2002	Reject
Minnesota	Surgidev Corp. v. Eye Tech., Inc., 648 F. Supp. 661 (D. Minn. 1986)	Oct. 10, 1986	Adopt
Minnesota	IBM Corp. v. Seagate Tech., Inc., 941 F. Supp. 98 (D. Minn. 1992)	Apr. 21, 1992	Reject
Minnesota	La Calhene, Inc. v. Spolyar, 938 F. Supp. 523 (W.D. Wis. 1996)	Aug. 23, 1996	Adopt
Missouri	H&R Block Eastern Tax Services, Inc. v. Enchura, 122 F.Supp. 2d 1067 (W.D.Mo. 2000).	Nov. 2, 2000	Adopt
New Jersey	National Starch and Chem. Corp. v. Parker Chemical Corp., 530 A.2d 31 (N.J. Super. Ct. App. Div. 1987)	Apr. 27, 1987	Adopt
New York	DoubleClick, Inc. v. Henderson, No. 116914/97, 1997 N.Y. Misc. Lexis 577 (Sup. Ct. N.Y. Co. Nov. 7, 1997)	Nov. 7, 1997	Adopt
New York	EarthWeb, Inc. v. Schlack, 71 F. Supp. 2d 299 (S.D.N.Y. 1999)	Oct. 27, 1999	Reject

North Carolina	Travenol Labs., Inc. v. Turner, 228 S.E.2d 478, 483 (N.C. Ct. App. 1976)	Oct. 6, 1976	Adopt
North Carolina	Merck & Co. v. Lyon, 941 F. Supp. 1443 (M.D.N.C. 1996)	Sep. 11, 1996	Adopt
North Carolina	RCR Enters., LLC v. McCall, 14 CVS 3342 (N.C. Sup. Ct. 2014)	Dec. 19, 2014	Reject
Ohio	Procter & Gamble Co., v. Stoneham, 747 N.E.2d 268 (Ohio Ct. App. 2000)	Sep. 29, 2000	Adopt
Pennsylvania	Air Products & Chemical, Inc. v. Johnson, 442 A.2d 1114 (Pennsylvania Superior Ct. 1982)	Feb. 19, 1982	Adopt
South Carolina	Nucor Corp. v. Bell, C/A No. 2: 06-CV-02972-DCN (U.S. Dist. Ct. for the Dist. of South Carolina 2008)	Mar. 14, 2008	Adopt
Texas	Rugen v. Interactive Bus. Sys., Inc., 864 S.W.2d 548, 551 (Tex. App. 1993)	May 28, 1993	Adopt
Texas	Cardinal Health Staffing Network Inc. v. Bowen, 106 S.W.3d 230 (Tex. App. 2003)	Apr. 3, 2003	Reject
Utah	Novell, Inc. v. Timpanogos Research Group, Inc., 46 U.S.P.Q.2d 1197 (Utah Dist. Ct. 1998).	Jan. 30,1998	Adopt
Washington	Solutec Corp, Inc. v. Agnew, 1997 WL 794496, 8 (Wash. Ct. App.)	Dec. 30, 1997	Adopt

Table A2. Robustness Check: Baseline Model with Additional Control Variables

The sample period is from 1980 (two years before PA adopted the IDD in 1982) - 2016 (two years after NC adopted the IDD in 2014). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. ACQ is the amount spent in acquisitions (cash) scaled by total assets. ROA is the ratio of operating income before depreciation and amortization expenses scaled by total assets. R&D is research and development expenditure scaled by total assets. CAPEX is capital expenditure scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The regression models in columns 2, 4, and 6 also include the one-year lag of the dependent variable . The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	SG	MSG_SIC	MSG_FF
	(1)	(2)	(3)
IDD	0.024**	0.022*	0.023**
	(2.16)	(1.99)	(2.06)
LN_ASSET$_{t-1}$	−0.152***	−0.148***	−0.151***
	(24.88)	(24.39)	(24.77)
MTB$_{t-1}$	0.005**	0.005**	0.005**
	(2.57)	(2.54)	(2.55)
CASH$_{t-1}$	0.662***	0.654***	0.660***
	(17.36)	(17.52)	(17.28)
LEV$_{t-1}$	−0.086***	−0.084***	−0.086***
	(4.70)	(4.57)	(4.66)
ACQ$_{t-1}$	0.218***	0.218***	0.219***
	(5.63)	(5.57)	(5.58)
ROA$_{t-1}$	−0.128***	−0.127***	−0.128***
	(9.27)	(9.26)	(9.44)
RD$_{t-1}$	−0.261***	−0.246***	−0.255***
	(3.44)	(3.36)	(3.40)
CAPEX$_{t-1}$	0.153***	0.147***	0.151***
	(2.12)	(2.13)	(2.12)
LN_STATEGDP$_{t-1}$	−0.059	−0.039	−0.050
	(1.00)	(0.68)	(0.87)
STATEGDP_GROWTH$_{t-1}$	−0.039	0.010	−0.029
	(0.20)	(0.05)	(0.15)
LN_STATEGDP_CAP$_{t-1}$	0.031	0.043	0.036
	(0.27)	(0.41)	(0.32)
SG$_{t-1}$	−0.059***		
	(8.31)		
MSG_SIC$_{t-1}$		−0.058***	
		(8.10)	
MSG_FF$_{t-1}$			−0.059***
			(8.23)
Observations	108,747	108,747	108,747
Adjusted R-squared	0.134	0.118	0.120
Industry×Year FEs	Y	Y	Y
Firm FEs	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A3. Robustness Checks: Alternative Fixed Effects and Long-run Product Market Outcomes

The sample period is from 1980 (two years before PA adopted the IDD in 1982) - 2016 (two years after NC adopted the IDD in 2014). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. The following control variables are not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of head-quarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Firm and Year Fixed Effects						
	SG		MSG_SIC		MSG_FF	
IDD	0.024**	0.018*	0.022***	0.015*	0.023**	0.015*
	(2.62)	(1.83)	(2.75)	(1.68)	(2.67)	(1.66)
Observations	108,747	108,747	108,747	108,747	108,747	108,747
Adjusted R-squared	0.090	0.128	0.082	0.119	0.083	0.120
Control variables	N	Y	N	Y	N	Y
Firm FEs	Y	Y	Y	Y	Y	Y
Year FEs	Y	Y	Y	Y	Y	Y
Panel B: State, Industry and Year Fixed Effects						
	SG		MSG_SIC		MSG_FF	
IDD	0.018**	0.018*	0.016**	0.014*	0.017**	0.015*
	(2.32)	(1.98)	(2.29)	(1.84)	(2.44)	(1.93)
Observations	108,747	108,747	108,747	108,747	108,747	108,747
Adjusted R-squared	0.015	0.058	0.007	0.049	0.008	0.050
Control variables	N	Y	N	Y	N	Y
State FEs	Y	Y	Y	Y	Y	Y
Industry FEs	Y	Y	Y	Y	Y	Y
Year FEs	Y	Y	Y	Y	Y	Y
Panel C: Alternative Industry×Year fixed effects						
	SG		SG		SG	
IDD	0.024***	0.022*	0.021**	0.021*	0.021**	0.021*
	(2.68)	(1.93)	(2.52)	(1.93)	(2.55)	(2.01)
Observations	108,747	108,747	108,747	108,747	108,747	108,747
Adjusted R-squared	0.087	0.125	0.084	0.121	0.095	0.133
Control variables	N	Y	N	Y	N	Y
Firm FEs	Y	Y	Y	Y	Y	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Industry definition	3-digit SIC		4-digit SIC		Fama-French 49	

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A4. Robustness Checks: Alternative Specifications Involving Product Market Outcome Measures

The sample period is from 1980 (two years before PA adopted the IDD in 1982) - 2016 (two years after NC adopted the IDD in 2014). In Panel A, SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. In Panel B, the above variables are computed using sales growth rate from year t to year $t + 2$ (three-year growth rate). IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. The following control variables are not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)

Panel A: Lag sales growth removed from the set of control variables

IDD		0.021*		0.020*		0.021*
		(2.01)		(1.84)		(1.92)
Observations		108,747		108,747		108,747
Adjusted R-squared		0.127		0.111		0.113

Panel B: Long-run product market outcomes

IDD	0.013*	0.014*	0.012*	0.013*	0.013*	0.014*
	(1.88)	(1.88)	(1.78)	(1.70)	(1.82)	(1.81)
Observations	98,531	98,531	98,531	98,531	98,531	98,531
Adjusted R-squared	0.302	0.361	0.286	0.345	0.288	0.348
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A5. Heterogeneity in the IDD effect across firm size and age: results based on interaction terms

The sample period is from 1980 (two years before PA adopted in 1982) - 2016 (two years after NC adopted in 2014). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state is contiguous to at least one of the states recognizes the inevitable disclosure doctrince in a given year. SMALL_FIRM (YOUNG_FIRM) is the indicator for whether a firm has above-median total assets (firm age) in a given year. The main-effect coefficients of IDD and SMALL_FIRM (YOUNG_FIRM) are not reported. The following control variables are also not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. t-statistics are reported in parentheses and computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)
IDD × SMALL_FIRM	0.017*		0.018**		0.017*	
	(1.95)		(2.01)		(1.95)	
IDD × YOUNG_FIRM		0.009*		0.007		0.010*
		(1.73)		(1.49)		(1.74)
Observations	108,747	108,747	108,747	108,747	108,747	108,747
Adjusted R-squared	0.133	0.117	0.118	0.133	0.117	0.118
Control variables	Y	Y	Y	Y	Y	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

6

Table A6. Robustness Checks: Placebo Analysis Comparing Neighboring-state and Non-neighboring-state Control Firms

This analysis is run on a sub-sample of firm-years where the firm's head-quarter state does not adopt the IDD. The sample period is from 1980 (two years before PA adopted in 1982) - 2016 (two years after NC adopted in 2014). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD_PLACEBO is the indicator for whether a firm's headquarter state is contiguous to at least one of the states that recognizes the IDD. The following control variables are not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. t-statistics are reported in parentheses and computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)
IDD_PLACEBO	−0.010	0.018	−0.015	0.009	−0.010	0.016
	(0.55)	(0.87)	(0.88)	(0.45)	(0.58)	(0.81)
Observations	72,481	72,481	72,481	72,481	72,481	72,481
Adjusted R-squared	0.103	0.145	0.086	0.129	0.089	0.131
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A7. Financial Strengths of Rival Firms: Robustness Check on Rated Firms

The sample excludes the pre-1985 period due to the lack of credit rating information. Panel A only includes long-term rated firms (firms with a long-term S&P credit rating). Panel B only includes short-term rated firms (those with a short-term S&P credit rating). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. In each Panel below, IDD is interacted with one of the following measures. RIVAL_LCR is the average long-term credit ratings of the firm's rated rivals in the same four-digit SIC industry. RIVAL_SCR is the average short-term credit ratings of the firm's rated rivals in the same four-digit SIC industry. The other control variables (measured with one year lag) are as follows. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. For brevity, the regression coefficients of all the variables above are not reported, except those of the interaction terms. The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Analysis of firms with a long-term S&P credit rating						
IDD × RIVAL_LCR	0.037***	0.041**	0.039***	0.044***	0.038***	0.042**
	(2.92)	(2.52)	(3.33)	(2.81)	(3.12)	(2.67)
Observations	18,489	18,299	18,489	18,299	18,489	18,299
Panel B: Analysis of firms with a short-term S&P credit rating						
IDD × RIVAL_SCR	0.016	−0.001	0.023*	0.009	0.023*	0.005
	(1.14)	(0.07)	(1.73)	(0.54)	(1.79)	(0.38)
Observations	5,024	4,660	5,024	4,660	5,024	4,660
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y
State×year FEs	N	Y	N	Y	N	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A8. Robustness Checks: Alternative IDD constructions

The sample period is from 1980 (two years before PA adopted the IDD in 1982) - 2016 (two years after NC adopted the IDD in 2014). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. In Panel A, states' IDD adoption follows the coding of precedent setting cases by Klasa et al. (2018). In Panel B, the sample excludes firms headquartered in California and North Carolina - the two states where the precedent setting cases are open to interpretation. The following control variables are not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: IDD construction based on Klasa et al. (2018)						
IDD	0.015**	0.013*	0.015**	0.013*	0.014**	0.012*
	(2.23)	(1.82)	(2.66)	(1.77)	(2.19)	(1.74)
Observations	109,773	109,773	109,773	109,773	109,773	109,773
Adjusted R-squared	0.100	0.138	0.086	0.123	0.087	0.126
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y
Panel B: Sample excluding CA and NC headquartered firms						
IDD	0.026***	0.026**	0.024***	0.024**	0.025**	0.025**
	(2.73)	(2.33)	(2.71)	(2.21)	(2.66)	(2.26)
Observations	88,486	88,486	88,486	88,486	88,486	88,486
Adjusted R-squared	0.095	0.133	0.078	0.116	0.080	0.118
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A9. Robustness Checks: Historical Headquarter Locations

Panel A utilizes the subsample of firms, for which historical headquarter location information is collected by Bai et al. (2019) (available from 1980 to 2003). Panel B utilizes historical headquarter locations collected by Loughran and McDonald (2016) (available from 1994 to 2016). SG is a firm's sales growth rate from year t - 1 to year t. MSG_SIC is SG minus the industry median SG for the same year (with each industry being defined as a four-digit SIC code). MSG_FF is computed in the same way as MSG_SIC but with each industry being defined as one of the Fama-French 49 industries. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. The other control variables (measured with one year lag) are as follows. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. The t-statistics (in parentheses) are computed using standard errors clustered at the state level.

	SG		MSG_SIC		MSG_FF	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: IDD construction based historical locations from Bai et al. (2019) (1980-2003)						
IDD	0.013*	0.016**	0.012*	0.014*	0.013*	0.015**
	(1.93)	(2.20)	(1.77)	(1.91)	(1.81)	(2.03)
Observations	66,398	66,398	66,398	66,398	66,398	66,398
Adjusted R-squared	0.115	0.170	0.096	0.152	0.099	0.156
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y
Panel B: IDD construction based historical locations from Loughran and McDonald (2016) (1994-2016)						
IDD	0.018**	0.020*	0.019**	0.020**	0.019**	0.021**
	(2.23)	(2.00)	(2.76)	(2.19)	(2.53)	(2.16)
Observations	74,798	74,798	74,798	74,798	74,798	74,798
Adjusted R-squared	0.107	0.145	0.090	0.128	0.092	0.131
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.

Table A10. IDD Effect on Treated Firms' Geographic and Business Segments

In Panel A, GEOSEG_1Y, GEOSEG_2Y, GEOSEG_3Y are the average number of geographic segments that a firm reports for the periods of one year, two years, and three years following the focal year. In Panel B, FSG is a firm's foreign sales growth rate from year t - 1 to year t. FSG_SIC is FSG minus the industry median FSG for the same year (with each industry being defined as a four-digit SIC code). FSG_FF is computed in the same way as FSG_SIC but with each industry being defined as one of the Fama-French 49 industries. In Panel C, BUSSEG_1Y, BUSSEG_2Y, BUSSEG_3Y are the average number of business segments that a firm reports for the same corresponding periods. IDD is the indicator for whether a firm's headquarter state recognizes the inevitable disclosure doctrine in a given year. The following control variables are not reported. LN_ASSET is the log of total assets. MTB is market-to-book (assets) ratio. CASH is total cash holdings scaled by total assets. LEV is total debt scaled by total assets. LN_STATEGDP is the natural logarithm of headquarter state GDP. STATEGDP_GROWTH is headquarter state GDP growth rate. LN_STATEGDP_CAP is the natural logarithm of per capita state GDP. The above control variables are measured with one year lag. The t-statistics (in parentheses) are computed using standard errors clustered at the state level

	(1)	(2)	(3)	(4)	(5)	(6)

Panel A: Number of Reported Geographic Segments

	GEOSEG_1Y		GEOSEG_2Y		GEOSEG_3Y	
IDD	0.052*	0.047**	0.052*	0.048*	0.050*	0.046*
	(2.00)	(2.07)	(1.94)	(2.01)	(1.86)	(1.94)
Observations	95,729	95,729	96,841	96,841	97,414	97,414
Adjusted R-squared	0.710	0.713	0.739	0.742	0.762	0.765
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

Panel B: Growth in Foreign Sales Relative to Rivals

	FSG		FSG_SIC		FSG_FF	
IDD	0.044**	0.033*	0.038*	0.028	0.043*	0.032*
	(2.07)	(1.89)	(1.86)	(1.60)	(1.98)	(1.79)
Observations	37,711	34,873	37,711	34,873	37,711	34,873
Adjusted R-squared	0.110	0.093	0.080	0.060	0.090	0.068
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

Panel C: Number of Reported Business Segments

	BUSSEG_1Y		BUSSEG_2Y		BUSSEG_3Y	
IDD	−0.031	−0.037	−0.032	−0.039	−0.034	−0.041
	(0.80)	(1.12)	(0.83)	(1.17)	(0.91)	(1.25)
Observations	104,301	104,301	104,634	104,634	104,782	104,782
Adjusted R-squared	0.647	0.655	0.681	0.688	0.708	0.714
Control variables	N	Y	N	Y	N	Y
Industry×Year FEs	Y	Y	Y	Y	Y	Y
Firm FEs	Y	Y	Y	Y	Y	Y

*, ** and *** indicate significance at the 10, 5, and 1% levels, respectively.