

BEAUTY IS WEALTH: CEO APPEARANCE AND SHAREHOLDER VALUE

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Abstract

This paper examines whether and how the appearance of chief executives officers (CEOs) is related to shareholder value. We obtain a Facial Attractiveness Index of 682 CEOs from the S&P 500 companies based on their facial geometry. CEOs with a higher Facial Attractiveness Index are associated with better returns around their job announcements, and higher acquirer returns upon acquisition announcements. To mitigate endogeneity concerns, we compare stock returns surrounding CEO television news events with those surrounding a matched sample of news article events related to the same CEO. CEOs' Facial Attractiveness Index positively affects the stock returns on the television interview date, but not around the news report date. The findings suggest that CEO appearance matters for shareholder value and provide an explanation why more attractive CEOs receive “beauty premiums” in their compensation.

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This paper examines whether and how chief executive officers (CEOs)' appearance relates to shareholder value. Appearance, measured by sheer beauty, perceived competence, likability, and trustworthiness, is associated with various types of individual outcomes. It predicts candidates' election results (Todorov et al. (2005), among others), individual income, achievements, peer recognition (Hamermesh and Biddle (1994), Kennedy (1990)), and even military ranks (Mazur et al. (1984)). In the finance literature, perceived competence and attractiveness affect managerial compensation (Graham, Harvey and Puri (2010)), personal lending (Duarte, Siegel, and Young (2012), Ravina (2012)), and hedge fund investments (Pareek and Zuckerman (2013)). However, despite the documented effects of appearance on CEO pay and financing activities at the personal level, it is far less clear whether and how appearance is related to shareholder value. Graham, Harvey, and Puri (2010) find no evidence that firms of competent looking CEOs achieve better performance, where performance is measured by return on assets. In a competitive labor market, given the evidence that better looking CEOs receive higher pay, we would expect that more attractive CEOs contribute to shareholder value in some way(s).

To further assess whether and in what channels CEO appearance is associated with shareholder value, we obtain a Facial Attractiveness Index of 682 CEOs of S&P 500 companies based on their facial geometry. We use facial geometry as the measure of CEO attractiveness for the following reasons. First, since the time of ancient Greece, a person's facial geometry, including the golden ratio, has been well documented to relate to beauty and attractiveness.¹ In the psychology literature, Rhodes (2006), among others, finds that facial averageness and symmetry indeed indicate attractiveness in both male and female faces and across cultures. Second, facial geometry, which is a biologically based standard of beauty, appears to be a more

¹ See, for example, the discussion of an ABC News article titled "Britain's "Most Beautiful Face" Reveals Beauty Secrets." (<http://abcnews.go.com/blogs/lifestyle/2012/04/britains-most-beautiful-face-reveals-beauty-secrets/>)

persistent measure of attractiveness and invites less selective perception bias commonly seen in survey-based measures.² Finally, facial geometry based measures are easy to quantify using geometry and mathematics. We obtain each CEO's Facial Attractive Index from Anaface.com, a web-based photo analysis application that computes a facial beauty score according to a person's facial geometry. The construction of this score is based on scientific research, various elements of neoclassical beauty, and statistical analysis.

Our findings are summarized as follows. First, more attractive CEOs are associated with better stock returns around their job announcements. This effect appears to be economically significant: A ten percent increase in CEOs' Facial Attractiveness Index relates to a 1.37% increase in abnormal returns within ten days surrounding the job announcement dates. This result provides the initial evidence that CEO appearance enhances shareholder value and that more attractive CEOs seem to gain a "first impression" advantage in stock prices. We then propose and test two channels through which CEO appearance matters for shareholder value: negotiating and visibility. Existing evidence suggests that more physically attractive people are better communicators and negotiators; they thus receive a greater surplus in negotiation (Chaiken (1979), Rosenblatt (2008)). We examine a key corporate event on which CEOs' interpersonal and negotiating skills are extremely important—mergers and acquisitions (M&As).³ We find a positive and significant relation between CEO attractiveness and acquirer returns around merger announcement dates. In particular, a ten percent increase in CEOs' Facial Attractiveness Index leads to a 1.31% increase in abnormal returns within ten days surrounding the merger announcement dates. This positive relation persists even after one year following the mergers

² For example, using a two-person sequential trust game, DeBruine (2002) finds that subjects are more likely to trust partners who show more facial resemblance to subjects themselves.

³ The Wall Street Journal, 8/21/2006, "Best acquisitions start with charming CEO." The article wrote "There is no substitute for establishing good personal rapport with sellers...As they see it, their biggest edge comes not from what they do in the boardroom, but from getting on the road and wooing possible sellers."

announcement, supporting the argument that more attractive CEOs enhance shareholder value through better negotiating prowess.

Finally, CEO attractiveness may also relate to shareholder value through the visibility channel, in which media attention affects a firm's investor base and stock prices (Merton (1987), Kim and Meschke (2013)). If visibility is an important determinant of stock prices, firms may hire more attractive CEOs, *ceteris paribus*, to help enhance their images. Consistent with the visibility channel, more attractive CEOs are associated with better stock returns on CEO-related television news days. To mitigate potential endogeneity concerns, we compare the effects of facial attractiveness on stock returns around CEOs' television news events to the effect of facial attractiveness on returns surrounding a matched sample of non-television news events for the same group of CEOs. CEO attractiveness has no significant impacts on stock returns around the matched sample of non-television news event dates. This finding helps mitigate endogeneity concerns and further supports the visibility hypothesis. Overall, our findings suggest that more attractive CEOs receive higher compensation for a reason: They create value for shareholders through better negotiating power and visibility.

This paper contributes to the literature on the effects of individuals' physical attributes on economic outcomes. In addition to the aforementioned studies on facial attractiveness, an individual's height, body mass index and other physical features are shown to affect his or her social experiences, wages, labor market outcomes, and investing behavior. For example, Persico, Postlewaite, and Silverman (2004) find that taller workers receive a wage premium. Further, Addoum, Korniotis, and Kumar (2013) show that individuals who are tall and of normal weight relative to their peers are more likely to participate in financial markets and hold riskier portfolios. The existing literature along this line focuses on the relation between physical attributes and

individual level outcomes. In contrast, the current study examines a special group of individuals—CEOs, and finds evidence that an individual’s physical attractiveness may also affect *group* welfare such as shareholder value. Focusing on CEOs provides a good setting for testing the effects of individuals’ attractiveness on social economic outcomes, as CEOs have a considerable influence on corporate policies and thus shareholder value.

Our paper also relates to a large literature on the effects of CEO on corporate outcomes. Existing literature finds that manager fixed effects matter (Bertrand and Schoar (2003), Graham, Li and Qiu (2011)). Further, characteristics of CEOs, including gender (Faccio, Marchica, and Mura (2012)), overconfidence (Malmendier and Tate (2005, 2008), Malmendier, Tate and Yan (2011)), their psychological traits, attitudes (Graham, Harvey, and Puri (2013)), affective states (Mayew and Venkatachalam (2012)), and their various abilities and skills (Kaplan, Klebanov, and Sorensen (2012)), matter for firm investment and success. A broad psychology literature suggests that personality is manifested through appearance (Naumann, Vazire, Rentfrow, and Gosling (2009), among others), but there is much less literature on how appearance affects corporate activities. This paper adds to this literature by providing novel findings that CEO appearance matters for shareholder value through the negotiating and visibility channels.

Finally, the present study contributes to the literature on whether and how media reporting affects stock prices. This line of literature focuses on the informational effects of media.⁴ For example, studies show that stock returns can be predicted by the “tone” of news articles (Tetlock (2007), among others) and that of social media such as Twitter (Chen, Hwang, and Liu (2013)). Focusing on the media effects in television, Kim and Meschke (2013) find abnormal returns around CEOs’ interviews on CNBC and that these returns can also be

⁴ Two notable exceptions are Dougal, Engelberg, Garcia and Parsons (2011), who find that the style of journalists affect stock returns, and Kim and Meschke (2013), who find that stock trading after CEO interviews on CNBC is positively related to attractive anchorwoman and more male viewership.

explained by the tone of CEOs during the interview. Our findings suggest that factors unrelated to informational contents, such as the attractiveness of interviewees on television, matter for stock returns.

The rest of the paper is organized as follows. Section I reviews related literature and develops the hypotheses. Section II describes the data and the construction of CEOs' Facial Attractiveness Index. Section III presents the main results. We report further robustness tests in Section IV. Section V concludes.

I. Literature Review and Hypothesis Development

A. Literature Review

The effects of physical attractiveness have been the central issue of literature in sociology and psychology. Studies along this line aim to address two main issues: First, do more attractive people exhibit different *characteristics* (such as personality traits, skills and behavioral tendencies) than unattractive people? Second, do more attractive people receive different *perceptions* and *treatments* from others than unattractive people? In answering the first issue, a plethora of experimental studies suggest that more attractive people show more socially desirable personalities (Adams (1977), Langlois et al. (2000)), are better able to resist peer pressure (Adams (1977)), are happier (Hamermesh and Abrevaya (2013)), more confident (Mobius and Rosenblatt (2006)), more optimistic (Chaiken (1979)), and are more intelligent (Kanazawa (2011)). As a result, more attractive individuals appear to be more effective communicators (Chaiken (1976)) and negotiators (Rosenblatt (2008)); they receive a greater surplus in negotiating games (Rosenblatt (2008)) and more fundraising success (Price (2008)), possibly due

to the acquisition of social skills developed through more positive attention from parents, caregivers, teachers, and coworkers (Hatfield and Sprecher (1986), Langlois et al. (2000)).

In response to the second issue, Status Characteristics Theory (Berger et al. (1972)) posits that perceptions and expectations of other people are based on observable characteristics, which reflect status in our society—race, age, sex, and attractiveness. Consistent with this theory, more attractive people are *perceived* to have better abilities (Webster and Driskell (1983)), possess greater social influence (Chaiken (1986)), are better recognized by peers (Kennedy (1990)), are evaluated in more positive light, receive better treatment in a variety of settings (Hosoda et al. (2003), Langlois et al. (2000)), and even are viewed as less disturbing when they are maladjusted (Cash et al. (1977)).

Based on the literature summarized above, it is not surprising that the literature finds more attractive people attaining better social and economic achievements, including better academic performance (Jackson, Hunter, and Hodge (1995)), higher income (Hamermesh and Biddle (1994)), and more favorable hiring decisions (Gilmore, Beehr, and Love (1986)). Further, in the finance literature, Pareek and Zuckerman (2013) show that more trustworthy hedge fund managers attract greater fund flows, are more likely to survive, but don't possess better skills. Finally, attractive people also receive more advantages in personal finance. For example, Duarte, Siegel, and Young (2012) and Ravina (2012) find that more trustworthy and/or beautiful borrowers are more likely to secure their loans and pay lower interest rates.

Despite the aforementioned evidence on how appearance affects personal finance and investments, few studies in finance investigate the relation between CEO appearance and corporate outcomes; nor do they provide deterministic findings. In the seminal work, Graham, Harvey and Puri (2010) find that more attractive CEOs receive higher compensation, but don't

seem to improve firm performance. In the psychology literature, by selecting 50 companies that were listed in the Forbes 500 Companies in 2006, Rule and Ambady (2008) find a positive correlation between CEO appearance and corporate profits. The present research contrasts with these studies in the following aspects. First, by studying 682 CEOs from the S&P 500 firms between 2000 and 2012, we conduct a large-sample analysis and thus provide more systematic evidence on the effects of CEO appearance. Further, we perform robustness tests that mitigate potential endogeneity concerns. Finally, we investigate the sources of the CEO appearance effect and find that negotiating and visibility channels help explain these findings.

B. Hypothesis Development

The key question in this article is whether and how more attractive CEOs enhance shareholder value. More attractive CEOs may contribute to shareholders in different ways that reflect their more desirable personality traits, better abilities and perceptions. Accordingly, we develop several hypotheses that form the basis for the empirical tests in the subsequent sections of this article.

The first hypothesis relates to the existence of the value enhancing effects of CEO appearance. Based on the aforementioned review of literature, more attractive people may have, or are perceived to have, certain attributes and abilities that create value. Therefore, investors may infer these attributes and abilities from a CEO's appearance and make investment decisions accordingly. Further, Barberis, Mukherjee, and Wang (2013) show that stock returns can be explained by investors' first impressions. If CEO appearance is indeed factored into investors' assessment and thus affects shareholder value, a natural starting point to gauge this effect is to examine the stock price reaction to the CEO's job announcement date, as many form their first impressions of the CEO at that time. More formally:

Hypothesis 1 More attractive CEOs are associated with better stock returns around their job announcement dates.

The above hypothesis discusses the existence of the value enhancing effect of CEO appearance, if any. But a natural follow-up question is why CEO attractiveness is associated with better shareholder value. The following two hypotheses aim to answer this question.

First, as suggested by the existing literature, attractive individuals show more socially desirable qualities and receive better recognitions and advantages in social interactions; further, they are indeed better communicators and negotiators. Therefore, more attractive CEOs may show better negotiating prowess and enhance shareholder value through corporate events in which interpersonal and negotiation skills are extremely important. Mergers and acquisitions (M&As) provide an ideal setting for testing this negotiating channel, through which attractive CEOs enhance shareholder value, for the following reasons. First, M&As are considered as important and even milestone corporate events that significantly affect firm value. Second, large M&As demand CEOs' considerable involvement; CEOs' interpersonal and negotiating skills are documented to be an important factors in deciding the success of these deals. We therefore hypothesize that more attractive CEOs create value for shareholders in M&As through the negotiating channel:

Hypothesis 2 (Negotiating Channel): More attractive CEOs are associated with better acquirer returns around the announcement of M&A transactions.

The second channel is related to the visibility of CEO attractiveness. The aforementioned Status Characteristics Theory suggests that people are likely to form their perceptions and expectations of an individual based on his or her attractiveness. Indeed, marketing literature shows that more attractive celebrity endorsers are positively associated with consumers'

purchase intentions (Kahle and Homer, (1985)) and that buyer satisfaction is positively associated with the sellers attractiveness (Campbell, Graham, Jolibert and Meissner (1988)). CEOs are often perceived as the embodiment of the firm and are indeed the principal corporate decision makers. Therefore, more attractive CEOs are likely to create better images not only for themselves but also for the firm, thus enhancing shareholder value. A natural testing ground for this visibility channel is the study of stock price reactions on CEOs' television appearances, as Kim and Meschke (2013) find evidence of abnormal returns on the day of CEOs' interviews. If, indeed, visibility is an important channel for attractive CEOs to create positive images about the firm and thus firm value, we should expect a positive relation between CEO appearance and stock prices on days when the CEO's image appears on television. Therefore:

Hypothesis 3 (Visibility Channel): More attractive CEOs are associated with better stock returns when the CEO's image appears on television.

II. Measure of CEO Attractiveness and Sample Description

In this article, we employ different samples to test the aforementioned hypotheses on whether and how CEO appearance relates to shareholder value. In what follows, we first discuss how we measure CEO attractiveness in Subsection A. Subsection B describes the sample used in different tests, including (1) the main CEO sample with their Facial Attractiveness Index, as well as samples used to study CEO attractiveness effects around (2) job announcement (3) M&A announcement, and on (4) CEOs' appearance on television news date. We finally present descriptive statistics in Subsection C.

A. Measuring CEOs' Facial Attractiveness

The effects of perceived facial attractiveness has been well studied in the psychology literature (Cunningham (1986), Cunningham, Barbee, and Pike (1990), Cunningham et al. (1995), Rhodes and Tremewan (1996), Rhodes et al. (1998), Rhodes, Sumich, and Byatt (1999)). A majority of this literature measures facial attractiveness based on ratings given by survey respondents. Recently, biostatisticians have started to use facial geometry calculated from standard images to measure facial attractiveness. For example, using neoclassical canons, symmetry, and golden ratios, Schmid, Marx, and Samal (2008) take facial measurements from different landmarks on the face and compute facial attractiveness scores accordingly.⁵ In this paper, we calculate the Facial Attractive Index (FAI) of CEOs from *anaface.com*, which uses similar techniques to those used by Schmid, Marx, and Samal (2008). The “frequently Asked Questions” section on the website provides the following information regarding how it measures facial geometry:

[*Anaface.com*'s] specific algorithm is proprietary, but we take into account many factors from neoclassical beauty, modern research papers, and our own scientific studies/statistical analysis. Examples include things such as comparing innerocular distance to mouth width and nose width to face height.

Anaface.com requires the user to upload a photograph to the website and place 17 different markers at different facial landmarks on the photograph (see Figure 1 for an example). *Anaface.com* then scores each face based on its proprietary algorithm. As shown in Figure 1, *anaface.com* also provides some guidance on which factors contribute to the overall score: Horizontal symmetry, the ratio of nose to ear length, the ratio of eye width compared to innerocular distance, the ratio of nose width to face width, the ratio of face width to face height,

⁵ We contacted one of the authors in this study for the use of their measure, which was not readily available for distribution.

and the ratio of mouth width to nose width. We present an example on how we obtain the Facial Attractive Index from Anaface.com using the stock photo provided by Anaface.com.

[Figure 1 goes here]

This geometry-based facial attractiveness measure provides the following advantages: (1) this measure is based purely on facial geometry and excludes more subjective criteria such as eye color, skin color, and complexion, thus avoiding potential selective perception bias commonly seen in survey-based measures, and (2) this measure is easy to quantify using geometry and mathematics.

A potential limitation of the measure from the *anaface.com* originates from the precision requirements on the CEO photos. The uploaded CEOs' photos need to have (1) sufficient resolution, (2) the CEOs face is looking directly at the camera, and (3) each of the facial landmarks required by *anaface.com* must be visible.⁶ We collect photographs for each of the 820 CEOs in our initial sample by conducting image searches on *Google.com*. We are able to carefully select a single image for 682 of the 821 CEOs that satisfy the requirement of *anaface.com*'s algorithm. In what follows, we describe the samples and data source in detail.

B. Sample

B1. Main CEO Sample with Facial Attractiveness Index

The selection of our main sample begins with the intersection of the *Execucomp Annual Compensation* file and the *Compustat North America Fundamentals Annual* file. Both data are available on *Wharton Research Data Services (WRDS)*. Because we rely on *Google.com* image searches to compute the Facial Attractiveness Index of CEOs, we restrict the sample period to be between 2000 and 2012 and only include firms that are in the S&P 500 index in *Execucomp*.

⁶ For example, one of the landmarks required by *anaface.com* is the top of the CEO's ears. This is especially problematic for female CEOs with long hair styles.

These two screening procedures ensure that (1) the CEO in question is more likely to be a public figure as he or she is leading a large public company, and (2) images of the CEO are more likely to be available on the Internet following 2000 after its gained general popularity. These screens result in 821 unique firm-CEO combinations. After eliminating observations with missing firm/CEO level data or without CEOs' photos, the final sample consists of 682 CEOs. We further obtain these CEOs' characteristics from *Execucomp*, including their age, gender, as well as the starting and ending dates on the job. Finally, companies' stock price information comes from *CRSP*, and their accounting information comes from *Compustat*. Table I provides definitions of variables used in this paper and their data sources.

[Table I goes here]

B2. Sample on CEOs' Job Announcements

To analyze whether more attractive CEOs are associated with better stock returns around the job announcement dates as predicted in Hypothesis 1, we base our sample on the 682 CEOs with *FAIs* (described in subsection B1) and hand-collect data on their job announcement dates from two sources: *Lexis Nexis* and *Proquest*. From both databases we search all online and print articles related to the CEOs' job announcements. In the vast majority of cases we are able to find unique announcement dates; in cases where we find multiple report dates about a CEOs' job announcement, we select the earliest report dates as the announcement date. We further verify the validity of these announcement dates using CEOs' profiles in Bloomberg Businessweek website and in Forbes.com. In addition, we exclude interim CEOs, cases where the CEO's job announcement date is confounded by another major corporate event such as divestitures or bankruptcies, and if the CEO is a founder. The final sample contains 489 job announcement

dates of 487 CEOs (out of 682 CEOs with Facial Attractiveness Index) between 1984 and 2012 from 289 firms.⁷ This sample is used in Table III.

B3. Sample on Mergers and Acquisitions

To test the Negotiating Hypothesis, in which more attractive CEOs are associated with better acquirer returns around the M&A announcements, we rely on the acquirer information provided by the *Securities Data Company (SDC) Mergers and Acquisition Database*. From this database we identify all acquisition announcements that occurred during tenure of the 682 CEOs in our main sample. We further exclude international acquisitions, acquisitions where the bidder acquired less than 50% of the target's shares, and transactions for which we cannot compute the ratio of transaction value to the bidder's market value of equity (*Transaction value*). Finally, we exclude acquisitions where the transaction value is less than \$5 million or the ratio of the transaction value to the bidder's market value is less than 5% to ensure that we capture M&As that are more likely to have a material impact on the firm and thus substantial CEO involvement. The final sample contains 599 M&As from 1985 to 2012 that are associated with 278 CEOs (in 216 firms).⁸ This sample is used in Table IV.

B4. Sample on CEOs' Television News Dates

The Visibility Hypothesis posits that more attractive CEOs enhance shareholder value through their appearance on television. We identify television news events when the CEO or the image of the CEO appears on television by conducting Internet searches using the video search function from *Google.com*. We further restrict the search to only the news from *CNBC.com*. We

⁷ We find two CEO who switch firms within the sample. Therefore, we have 487 CEOs with 489 job announcement dates. Further, our sample contains CEOs who held their positions during 2000 to 2012, but the job announcement dates of CEOs started as early as 1984.

⁸ Our sample contains CEOs who held their positions during 2000 to 2012, but some CEOs in this sample started their tenure as early as 1985. Since we trace all M&A transactions that occur during a CEO's tenure, we include these transactions from 1985.

search for each CEO by name and record the headline and air date of each television news event. The availability of CEO television news events on *CNBC.com* is limited prior to 2008, so we restrict our sample to be between 2008 and 2012. We additionally require that each television news event air during the CEO's tenure.

To mitigate the endogeneity concerns for analyses on the television news sample, we form a matched sample of non-television news events as control group, i.e., news articles that contain information on the same group of CEOs, but do not include any image of the CEOs. We further restrict that these non-television news events occur within ten days before or after each CEO television news event date. To identify the non-television news events that involve the same group of CEOs, we search *Proquest's ABI/Inform Complete* by CEO name and company.⁹ To ensure that our print news event is not a transcript from television news, we exclude news articles that have the following keywords: "CNBC", "Bloomberg", "CBS", "Fox News", "MSNBC", "CNN", "ABC", "NBC", "TV", "tv", or "television" in the headline, abstract, copyright, or publication title. We further exclude print news articles with CEOs' images. Finally, to ensure that the effects of the visibility of CEOs' attractiveness are not contaminated, we exclude those television (print) news events that occur within +/- 1 day of the print (television) news event. Our final sample of "clean" television (print) news events contain 891 (952) observations. The samples of both television and print news events are used in Table V.

C. Summary Statistics

Panel A of Table II reports the summary statistics. The Average Facial Attractiveness Index (*FAI*) of CEOs in the main sample is 7.26 (The maximum score is 10) and does not materially change across samples of CEO job announcements, mergers announcements, and

⁹ *Proquest's ABI/Inform Complete* is a comprehensive database of news stories including newspapers, magazines, news wires, annual reports, and scholarly reports. We eliminate annual reports and scholarly reports from our searches.

television/print news events (ranging from 7.21 to 7.33). For firm characteristics, the average firm size as proxied by market value of equity ranges from \$15.99 to 49.62 billion across different samples, reflecting our sample selection criteria that focus on large U.S. public companies.

It is possible that certain types of firms or firms in certain industries tend to select more attractive CEOs, raising concerns that the effects of *FAI* on shareholder value are confounded by other firm characteristics. For example, larger companies or companies with worse performing firms may have more resources or incentives to hire more attractive CEOs. To mitigate this concern, In Panel B (Table II) we report regressions results of *FAI* as the dependent variable on the firm-specific control variables in each of the aforementioned samples. We don't find *FAI* to be consistently correlated with these firm characteristics, including firm size, firm value (proxied by firm market-to-book ratio), and stock returns. In unreported results, we do not find that the *FAI* measure is correlated with industry. .

[Table II goes here]

III. Empirical Results

In Section I we develop three sets of hypotheses on the impact of CEO attractiveness. We test these hypotheses in this section. We first analyze the effects of *FAI* on shareholder value around CEOs' job announcements in Subsection A. We next examine the CEO attractiveness effects around M&As in Subsection B. In Subsection C we investigate how *FAI* affects stock returns around CEOs' appearance in television versus print news. Finally, in Subsection D we examine the persistence of the CEO attractiveness effects.

A. CEO Attractiveness and Stock Returns around CEOs' Job Announcement

Hypothesis 1 states that firms with more attractive CEOs receive better stock price reactions around their job announcement dates. Table III presents regressions of cumulative abnormal returns surrounding the announcement dates on *FAI*. To ensure the robustness of the results, we analyze multiple event windows from event window (-1, 1) to event window (-5, 5). Abnormal returns are calculated using the market-model estimated over 255 trading days, ending 46 trading days before the event date. *FAI* has a positive and significant impact on stock returns surrounding the announcement dates. Moreover, this effect appears to be economically significant: For the (-5, 5) event window, a ten percent increase in *FAI* results in a 1.37 % increase in stock returns. These findings suggest that shareholders perceive more attractive CEOs to be more valuable.

In Table III we further extend the analysis to longer event windows, starting from five days before to 60 days after the announcement dates. *FAI* continues to have positive and significant impact on stock returns. Further, the economic significance grows even larger with a longer event window: A ten percent increase in *FAI* corresponds to a 2.08% increase in stock returns for the event windows from five days before to 60 days after the announcement. We further analyze persistence of the CEO attractiveness effect in Subsection D.

Finally, to ensure positive effects of *FAI* are not confounded by other factors, in Table III we control for a number of firm and CEO characteristics variables that are documented to affect announcement stock returns: Firm Size, market-to-book ratio, stock returns, leverage, whether the CEO is female or not, and the age of the CEO. In addition, the nature of CEO turnover event could also affect stock returns and thus confound the effects of *FAI*. For example, if the succession of a new CEO is planned before the announcement, then the new CEO's *FAI* might have been incorporated into stock prices before his or her job announcement. Similarly, the

effects of *FAI* could be confounded by whether the new CEO is selected within or outside the company, whether the company in question hires a new CEO who used to be an executive from another company (i.e., the new CEO is raided from another company), and when there exists a period of power vacuum between the former CEO's departure and the new CEO's announcement (called marathon succession). To control for these potential confounding effects related to CEO turnovers, in all models of Table III we include four dummy variables, namely, *Planned*, *Internal*, *Raided*, and *Marathon*. Controlling for these potential confounding variables does not affect the significance of the *FAI* effects.

[Table III goes here]

B. CEO Attractiveness and Acquirer Returns

The results reported in III.A suggest that more attractive CEOs are associated with better stock returns around job announcement dates, but they do not reveal why more attractive CEOs enhance shareholder value. According to the Negotiating Hypothesis, if more attractive CEOs do indeed have greater negotiating skills, we would expect more attractive CEOs to negotiate larger surpluses from corporate events in which CEOs' interpersonal and negotiating abilities are extremely important, such as M&As. Consequently, we expect acquirers' stock returns surrounding M&A announcements to be positively correlated with *FAI*.

Table IV shows the regression results of abnormal acquirer returns surrounding the M&A announcements on CEOs' Facial Attractiveness Index. We also use multiple event windows to assess the robustness of the results. As before, the abnormal returns are calculated using the market-model estimated over 255 trading days while ending 46 trading days before the event date. Consistent with the Negotiating Hypothesis, we find a positive relation between the acquirers' stock returns and the CEO's *FAI* surrounding the mergers announcement dates.

Specifically, a ten percent increase in *FAI* creates a 1.31% increase in acquirer returns for the event window from five days before to five days after the merger announcement, and a 3.14% increase when we expand event window from five days before to 60 days after announcement. Again, we further examine the persistence of these effects in Subsection III.D.

The positive effects of *FAI* around M&A announcement could be confounded by other firm characteristics variables. For example, Betton, Eckbo, and Thorburn (2008) find that firm size and whether the target firm is publicly listed or not are two important determinants in explaining acquirer returns in M&As. In Table IV We control for these variables and, consistent with Betton, Eckbo, and Thorburn (2008), we find negative effects of these variables on acquirer returns. More importantly, controlling for these factors does not affect the significance of *FAI* effects. Further, since *FAI* is positively correlated with firm size as we reported in Panel B of Table II, this positive relation may in fact induce a downward bias in our estimates of the effect of *FAI*.

The positive effects of *FAI* could also be confounded by the anticipation that an M&A deal will be announced or not. Specially, if the probability that the deal will be announced is somehow correlated with *FAI*, this correlation may render unreliable estimates of the positive *FAI* effects on acquirer returns. We address this concern by including *Initial Bid*, a proxy for the anticipation of merger announcements, in the regressions reported in Table IV (Cai, Song, and Walkling (2011)). *Initial Bid* is a binary variable that takes the value of 1 if no other bids have occurred in the bidders industry over the prior 365 days. We find that controlling for initial bids in our regression analysis does not alter positive *FAI* effects on acquirer returns.

Finally, in Table III and IV, the positive and significant relations between *FAI* and stock returns around CEOs' job and mergers announcements could be driven by additional

characteristics that we do not include in the regressions due to data availability issues.¹⁰ Therefore, though we try to address the potential selection bias in the robustness checks section (in Section IV), we don't claim to find a *causal* relation, but a positive correlation, between FAI and shareholder value in these two tests. We aim to mitigate the endogeneity concerns and build a stronger causal link between CEO attractive and shareholder value in our next test in Subsection C.

[Table IV goes here]

C. CEO Attractiveness and Stock Returns around News Events

This section explores whether more attractive CEOs improve shareholder value through public appearances (The Visibility Hypothesis). Therefore, the first test in this section examines whether CEO attractiveness positively affects the stock returns around television news with his or her presence or image. We acknowledge that this test may also be plagued by the typical endogeneity problem. For example, the visibility of more attractive CEOs might be correlated with unobservable variables that are also correlated with stock returns. In this case, the interpretation of the results that the visibility of more attractive CEOs *causes* a higher shareholder value is misleading. We undertake the following analysis to address this concern.

We first form a matched sample of non-television news events, i.e., news articles that contain information on the same group of CEOs, but do not contain any image of the CEOs. By comparing the effect of CEO attractiveness on stock returns surrounding the television news events to those around matched non-television event dates, we aim to net out any potential unobservable firm and CEO characteristics that could otherwise confound the effects of attractiveness. In addition, if the visibility of more attractive CEOs enhances shareholder value

¹⁰ These characteristics include CEOs' IQ, other physical attributes such as height and BMI as well as additional unobservable CEO and firm characteristics.

through the visibility channel, we would expect *FAI* to have an insignificant effect on stock returns around the matched non-television news days.

Table V presents the OLS regressions of abnormal stock returns surrounding the news announcements on $\text{Log}(\text{FAI})$ for multiple event windows. The relation between stock returns and $\text{Log}(\text{FAI})$ on television news days is positive and statistically significant, while the relation between stock returns and $\text{Log}(\text{FAI})$ on print news days is insignificant. Further, the coefficient on $\text{Log}(\text{FAI})$ in the television news regression is 13.5 times larger in magnitude than the coefficient on $\text{Log}(\text{FAI})$ in the print news regression.¹¹

We also examine the effects of CEO attractiveness on television news days using longer event windows in Table V. *FAI* only has positive and significant impacts on stock returns on event windows (-1, 1) and (-2, 2).

Finally, to ensure that our facial attractiveness measure does not represent an unobservable, time-invariant factor that may drive the above result, in Table V we also investigate the effect of $\text{Log}(\text{FAI})$ on the abnormal returns in the (-1,-1) event window. *FAI* does not significantly affect the stock returns on the date before both the television and print news events, thus greatly reducing the possibility that the CEO attractiveness might proxy for some unobservable factor(s). Overall, the evidence suggests that shareholders respond positively to viewing more attractive CEOs, consistent with more attractive CEOs improving shareholder value through the visibility channel.

[Table V goes here]

D. Long-run Effects of CEO Attractiveness

¹¹ We use a Wald test of the significance of the difference between the marginal effect of *FAI* on television and print news days.

The findings thus far reveal positive and significant relation between CEO attractiveness on shareholder value around their job announcement, acquirer M&A announcement, and television appearances. These results raise a follow-up question: How persistent are these CEO attractiveness effects? Results reported in Table III and Table IV show that *FAI* continues to significantly impact abnormal returns up to 60 days after the CEO's job announcement and M&A announcement. In this section we further investigate whether the CEO attractiveness effects persist for even longer periods.¹² We separate the sample firms into two portfolios—high and low *FAI* portfolios—based on a median split of CEOs' *FAIs*. We then compare the post-event long-run stock performance of each portfolio.

Table VI reports the results. We calculate two measures of long-run stock returns for each portfolio: Buy-and-hold abnormal returns relative to size and book-to-market benchmark portfolios, and monthly (calendar-time) factor-adjusted abnormal returns. These factors include the three factors introduced by Fama and French (1992) and the momentum factor introduced by Carhart (1997). We find no significant difference in abnormal returns between the high and low *FAI* portfolio following the CEOs' job announcement. On the other hand, following the M&A announcements, firms in the high *FAI* portfolio outperform those in the low *FAI* portfolio by 4.7% in buy-and-hold abnormal returns in the six-month window, and up to 15.5% in the two-year window. This difference is statistically significant at the 10% level or lower. In terms of calendar-time abnormal returns, the high *FAI* portfolio outperforms the low *FAI* group by 1% in monthly alphas (or 12% in annual abnormal returns) in the six months following the M&A announcements, and by 0.7% (or 8.4% in annual abnormal returns) within twelve months.

¹² We do not report the long-run effects of CEO attractiveness following their television news events as the media effects on stock prices through television tend to be transitory. Kim and Meschke (2013) find positive abnormal returns around the day of CEOs' interviews on CNBC, but prices experience strong reversal in the following ten days. In Table V, *FAI* fails to significantly impact stock returns more than two days after CEOs' television appearances, consistent with the transitory nature of television media effects.

Overall, the findings seem to suggest that more attractive CEOs create greater long-term values for shareholders through better negotiating prowess in M&A deals.

[Table VI goes here]

IV. Robustness Checks

A. Tests for Selection Bias in the Absence of Control Samples

Sections III.A and III.B provide evidence that CEO appearance is positively associated with stock returns in the context of CEOs' job and M&A announcements. However, these events are firms' voluntary choices and lack observable "control samples". Therefore, it is likely that these events are initiated when firms possess information not fully known to markets, and that the unobservable factors that determine the decisions to replace a CEO and/or undertake an M&A are also correlated with *FAI*. Consequently, the OLS model used in the prior analysis to estimate the relation between announcement returns and *FAI* may result in a potential selection bias (Prabhala (1997)). To address this concern, we follow Eckbo, Maksimovic, and Williams (1990) and estimate the following conditional model using maximum likelihood estimation (MLE) for both the CEO job announcements and M&A announcements tests we report in Table III and IV:

$$E[CAR_i | CAR_i = x_i\gamma_i + \eta_i > 0] = x_i\gamma_i + \omega \frac{\phi(x_i\gamma_i/\omega)}{\theta(x_i\gamma_i/\omega)} \quad (1)$$

where CAR_i is the cumulative abnormal return; x_i is the vector of regressors for manager i , including *FAI*; γ_i is the vector of coefficients; η_i is assumed to be normally distributed with variance ω^2 ; ϕ and θ represent the normal probability density function and cumulative density function, respectively.

Intuitively, (1) accounts for private information that is related to the decision to replace a CEO and the acquisition announcement. In an unreported analysis (available upon request), we find that, after addressing this selection bias in the absence of control events, the coefficients of *FAI* estimated from (1) remain positive and significant; further, both the economic and statistical significance does not materially change from that reported in the OLS regressions in Tables III and IV. These findings further support our main findings.

B. Tests Controlling for Selection Bias in News Events

In our test of the Visibility Hypothesis (reported in Section III.C), we aim to control for potential endogeneity issues due to confounding unobservable firm and CEO characteristics that may be driving our results; Specifically, we compare the difference in the effect of *FAI* on stock returns between CEOs' television news events versus a matched sample of print news events. Doing so enables us to net out any potential firm and CEO unobservable characteristics.¹³ However, this approach does not control for the potential selection bias that *FAI* is correlated with unobservable factors that determine whether a CEO is selected into television or print news events.

To mitigate this potential selection bias, we re-estimate the effects of *FAI* on stock returns during television and print news events using Heckman's (1979) procedure. We estimate outcome and selection models by MLE. In the selection equation, we consider major sports event days as a source of exogenous variation.¹⁴ We hypothesize that CEOs are more likely to appear on CNBC in the days leading up to major sporting events than to appear in print news

¹³ In this test, we assume that these unobservable firm and CEO characteristics remain time invariant within ten days surrounding these events.

¹⁴ We include the following major sporting events: National Football League's (NFL) playoffs, Super Bowl, National Basketball Association's (NBA) playoffs and finals, National Hockey League's (NHL) playoffs and finals, American League Championship Series (ALCS), National League Championship Series (NLCS), World Series (WS), the 2008 and 2012 Summer Olympics, and the 2010 Winter Olympics. If an event occurs on a non-trading day we assign it to the first trading day prior to the event.

events. This is because, for the majority of print news outlets, the business news sections are more likely to compete for space and prominence with sports news sections during major sports events. In contrast, business television stations such as CNBC are less likely to divert to sports news as NBC has its own sports channels. Further, it is unlikely that an individual firm's stock returns are driven by contemporaneous sports news events. Consistent with this conjecture, in unreported results (available upon request), we find that the CEO is less likely to be selected into print news days on the major sports events days.¹⁵

[Table VII goes here]

Table VII reports the results for the estimated outcome equation of abnormal returns on television and print news days on *FAI*, other controls. The coefficient on the IMR is significant in both regressions at the 5% level, indicating that investors' expectations and selection into television and print news are jointly determined. More importantly, the coefficient on *FAI* remains significant and positive at the 5% level on CEO television news days, and its magnitude is nearly double the coefficient reported in the OLS regressions in Table V. Further, the coefficient on *FAI* remains insignificant on print news days. We further perform a test on the difference between the coefficients on *FAI* in the television and in print news events, and find that the difference is significant at the 5% level. Overall the results further support a positive effect of *FAI* on shareholder value through the visibility channel.

V. Conclusion

¹⁵ The coefficients are significant at 10% level during Olympic Games and National Hockey League (NHL) finals days. In addition, we include all other control variables used in the outcome equation in the selection equation except firm and industry fixed effects.

In this paper, we investigate whether and how CEO appearance matters for shareholder value. We calculate the Facial Attractiveness Index of CEOs based on their facial geometry. We first document the existence of the CEO appearance effects on shareholder value by showing that more attractive CEOs are associated with better stock returns around their job announcement dates. We further hypothesize and test two channels through which more attractive CEOs enhance shareholder value: negotiating and visibility. To test the negotiating channel, we examine the stock price reaction around M&A announcement dates and find a positive and significant CEO attractiveness effect on acquirer returns. This positive relation persists after one year following the mergers announcement dates. We test the visibility channel by investigating the stock price reaction around CEO television news event dates and find that more attractive CEOs are associated with better stock returns around CEO-related television news days. However, we find no significant relation between CEO attractiveness and stock returns around a matched sample of non-television news events. This result mitigates endogeneity concerns when interpreting our findings. Overall, our findings suggest that more attractive CEOs receive higher compensation because they create more value for shareholders through better negotiating prowess and visibility.

The findings of this paper shed light on how the appearance of corporate insiders affects corporate decisions and outcomes. It is well established in the asset pricing literature that investors' decisions are likely based on initial, possibly unconscious, impressions and perceptions. Along this line, several studies find evidence of how a "first impression effect" of appearance impacts personal financing. However, less is known about how the first impression effect of appearance of corporate insiders would affect the perceptions and thus decisions of corporate stakeholders. More research is called for to further assess these possibilities.

Appendix. CEO Compensation and FAI

We posit that, in a competitive labor market, given the evidence that better looking CEOs receive higher pay (beauty premium), we expect that more attractive CEOs contribute to shareholder value. This article shows that more attractive CEOs are associated with better shareholder values using the Facial Attractiveness Index (*FAI*) of CEOs, but we does not report that CEOs with higher *FAIs* receive higher pay. To complete the above argument and be in line with existing literature, such as Graham, Harvey, and Puri (2010), who find a positive relation between CEO attractiveness and compensation, in this appendix we examine the relation between *FAI* and CEO pay using panel regressions. The regressions include firm fixed-effects to control for firm specific time-invariant factor(s). From Table A.I, we find a positive relation between *FAI* and *Total compensation*, indicating that more attractive CEOs receive higher annual total compensation. This result is robust to different models using the natural logarithm of *FAI* as the main explanatory variable and/or using the natural logarithm of $1+Total\ compensation$ as the dependent variable.

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Figure 1

This figure presents a screen shot of *anaface.com*. The photograph is the default image provided by *anaface.com*.

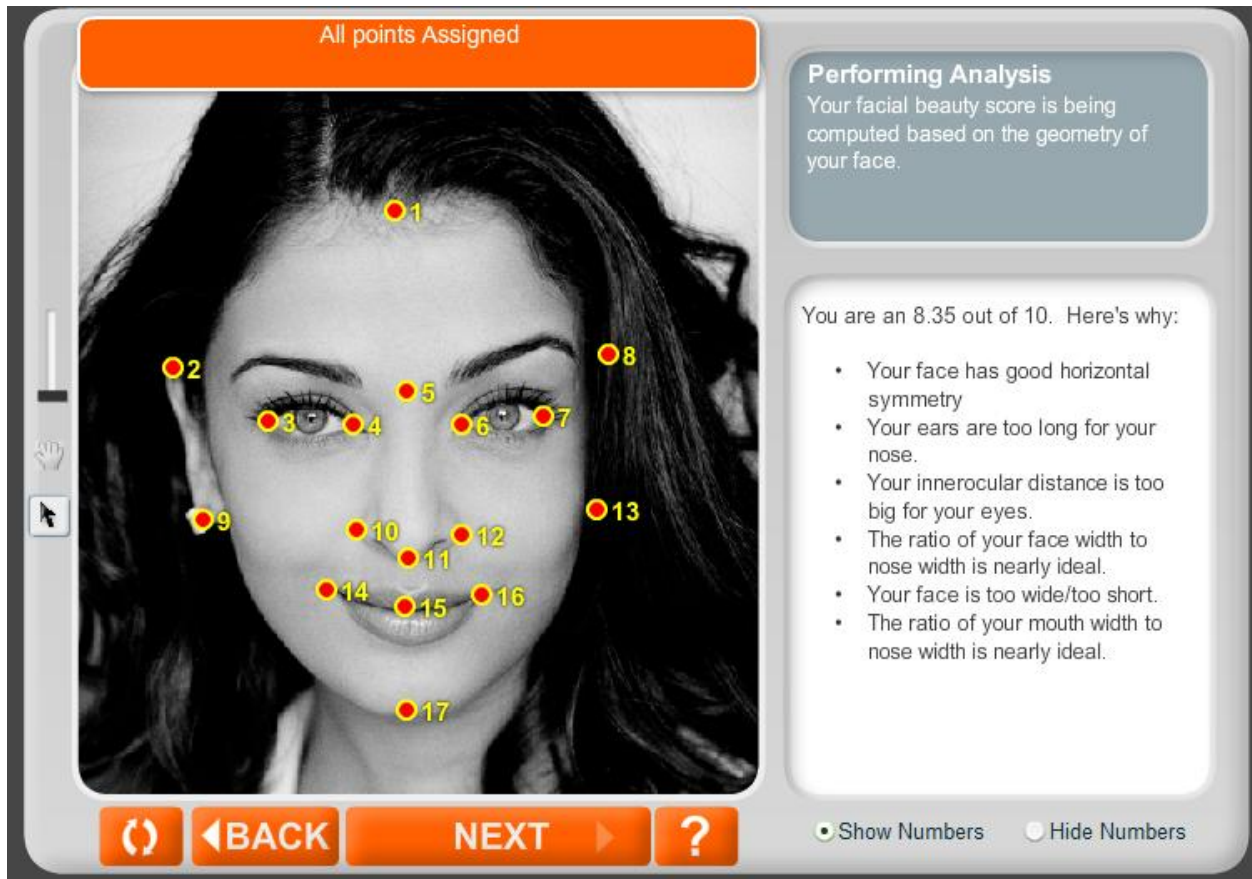


Table I. Variable definitions

Table I reports the main variables used in the paper. The first column presents the variable name we use throughout the paper. The second column provides a brief description of the variable, along with any *Compustat*, *Execucomp*, or *CRSP* data items used to construct the variable. The final column reports the data source(s) used to compute the variable. *SDC* in the final column represents the *Securities Data Corporation*.

Variable	Description	Source
<i>FAI</i>	Facial attractiveness index; the measure of a CEO's facial geometry.	<i>anaface.com</i>
<i>Size</i>	Market value of equity (in millions; CRSP Variable: $ABS(PRC*SHROUT)/1000$).	<i>CRSP</i>
<i>Leverage</i>	The ratio of total liabilities (Compustat Variable: LT) and total assets (Compustat Variable: AT).	<i>Compustat</i>
<i>MTB</i>	Market value equity to book value of equity (Compustat Variable: $CSHO*PRCC_F/(AT-LT)$).	<i>Compustat</i>
<i>Stock Return</i>	The firm's annual stock return measured over the past year.	<i>CRSP</i>
<i>Female</i>	A binary variable equal to one if the CEO is female (Execucomp Variable: GENDER).	<i>Execucomp</i>
<i>Age</i>	The age of the CEO in years (Execucomp Variable: AGE).	<i>Execucomp</i>
<i>Planned</i>	Indicator variable equal to one if CEO departs for reasons other than the following: sudden death, illness, family reasons, or the news article states the turnover was unexpected.	<i>Proquest LexisNexis</i>
<i>Forced</i>	Indicator variable equal to one if the CEO's predecessor was forced out (e.g., the news article states the CEO was forced out or the CEO was under 60 years old and did not take another position either inside or outside the company).	<i>Proquest LexisNexis</i>
<i>Internal</i>	Indicator variable equal to one if the CEO was an employee of the company for at least one year prior to the appointment of CEO.	<i>Proquest LexisNexis</i>
<i>Raided</i>	Indicator variable equal to one if the CEO was an employee of another public company within one year of appointment as CEO.	<i>Proquest LexisNexis</i>
<i>Marathon</i>	Indicator variable equal to one if the CEO's predecessor's retirement date was announced before the current CEO's job announcement date or the CEO's predecessor was an interim CEO.	<i>Proquest LexisNexis</i>

<i>Transaction value</i>	The ratio of the transaction value to the bidder's market value of equity.	<i>SDC</i> <i>CRSP</i>
<i>Public</i>	An indicator variable if the target has a ticker on SDC or the target is in the Compustat file in the year prior to acquisition.	<i>SDC</i> <i>Compustat</i>
<i>Initial bid</i>	An indicator variable equal to one if there has been no other bids in the bidder's industry for the past year.	<i>SDC</i>

Table II. Summary statistics

Table II presents summary statistics for each of the samples used in the paper. Panel A provides summary statistics for the main sample of the 682 CEO observations as well as samples we use in testing each hypothesis. Panel B presents OLS regressions of *FAI* on firm and event characteristics for each sample.

Panel A. Descriptive Statistics

Sample	(1)		(2)		(3)		(4)		(5)	
	Main Sample		CEO Job Announcement		M&A		TV News Events		News Article Events	
Sample period	2000 to 2012		1984 to 2012		1985 to 2012		2008 to 2012		2008 to 2012	
	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>
<i>FAI</i>	7.257	7.340	7.281	7.350	7.224	7.300	7.210	7.040	7.328	7.490
<i>CAR (-1, +1)</i>			0.004	0.003	-0.004	-0.004	0.001	0.000	0.001	0.001
<i>Size (\$Mil)</i>	26502	8442	25378	8421	15985	5180	41132	17057	49619	24947
<i>MTB</i>	4.660	3.241	4.692	3.033	3.975	2.556	2.968	2.496	3.627	2.946
<i>Stock return</i>	0.202	0.108	0.117	0.066	0.312	0.211	0.175	0.123	0.134	0.099
<i>Leverage</i>	0.554	0.559	0.562	0.566	0.542	0.553	0.573	0.571	0.574	0.596
<i>Female</i>	0.025	0.000	0.033	0	0.018	0	0.036	0	0.064	0
<i>Age</i>	54	53	51	51	53	53	56	54	54	54
<i>Planned</i>			0.908	1						
<i>Forced</i>			0.086	0						
<i>Internal</i>			0.771	1						
<i>Raided</i>			0.211	0						
<i>Marathon</i>			0.117	0						
<i>Transaction value</i>					0.332	0.126				
<i>Public</i>					0.489	0				
<i>Initial bid</i>					0.826	1				
<i>N</i>	682		489		599		891		952	
<i>N(firms)</i>	363		289		216		172		121	
<i>N(CEOs)</i>	682		487		278		182		124	

Panel B. Determinants of FAI

	(1)	(2)	(3)	(4)	(5)
	Full Sample	CEO Turnover	M&A	TV	Print
Dep. Variable	<i>Log(FAI)</i>	<i>Log(FAI)</i>	<i>Log(FAI)</i>	<i>Log(FAI)</i>	<i>Log(FAI)</i>
<i>Log(Size)</i>	0.018 (1.288)	-0.001 (-0.303)	0.010** (2.357)	0.007 (0.916)	0.012 (0.870)
<i>MTB</i>	0.000 (0.117)	0.001 (0.920)	-0.001 (-0.733)	0.000 (0.533)	0.002*** (3.052)
<i>Stock return</i>	-0.003 (-0.147)	-0.011 (-0.892)	0.010 (1.405)	0.001 (0.082)	-0.015 (-1.267)
<i>Leverage</i>	0.092 (1.020)	-0.004 (-0.148)	0.019 (0.519)	-0.126** (-2.448)	-0.192*** (-2.997)
<i>Female</i>	-0.020 (-0.428)	0.007 (0.178)	-0.027 (-0.574)	0.074* (1.819)	-0.032 (-0.685)
<i>Age</i>	-0.001 (-0.732)	-0.001 (-0.648)	-0.001 (-0.606)	0.002 (1.146)	0.005** (2.161)
<i>Planned</i>		-0.014 (-0.652)			
<i>Forced</i>		-0.004 (-0.192)			
<i>Internal</i>		0.036 (0.802)			
<i>Raided</i>		0.026 (0.591)			
<i>Marathon</i>		-0.004 (-0.270)			
<i>Transaction value</i>			0.007*** (2.889)		
<i>Public</i>			0.010		

			(0.904)		
<i>Initial bid</i>			0.005		
			(0.251)		
<i>Intercept</i>	1.959***	1.966***	1.927***	1.893***	1.687***
	(10.817)	(21.049)	(36.119)	(17.473)	(10.230)
<i>Industry controls</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Year controls</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>SE clustered (CEO)</i>	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>SE clustered (firm)</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>No</i>	<i>No</i>
<i>N</i>	682	489	599	891	952
<i>R-squared</i>	0.551	0.424	0.288	0.480	0.522

Table III. Stock Price Reactions around CEOs' Job Announcements

Table III presents regression analysis of cumulative abnormal returns (relative to the market-model) surrounding the CEOs' job announcements on the natural logarithm of *FAI* (*Log (FAI)*). Various event windows (-day(s), +day(s)) are reported. Industry is defined as the 2-digit SIC codes. Standard errors are robust to heteroskedasticity and within firm correlation (clustered standard errors); *t-statistics* are reported in the parenthesis where ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels. The control variables are described in Table I.

Dependent Variable: CAR

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Event window (days)							
	(-1,-1)	(0,0)	(-1,1)	(-2,-2)	(-3,3)	(-5,5)	(-5,30)	(-5,60)
<i>Log (FAI)</i>	-0.004 (-0.325)	0.031* (1.678)	0.048* (1.898)	0.095*** (2.785)	0.118*** (3.270)	0.137*** (3.369)	0.136** (2.194)	0.208*** (2.605)
<i>Log(Size)</i>	-0.001 (-0.725)	0.003** (2.175)	0.001 (0.891)	-0.001 (-0.537)	-0.002 (-0.593)	-0.004 (-1.310)	-0.012* (-1.958)	-0.021*** (-2.975)
<i>MTB</i>	0.000*** (2.616)	-0.000 (-1.398)	-0.000 (-0.330)	-0.000 (-0.259)	-0.000 (-1.227)	-0.001 (-1.327)	-0.001* (-1.921)	-0.002 (-1.440)
<i>Stock return</i>	-0.003 (-1.138)	-0.009* (-1.776)	-0.015*** (-2.746)	-0.021** (-2.172)	-0.025** (-2.295)	-0.034** (-2.441)	-0.101*** (-3.936)	-0.147*** (-4.742)
<i>Leverage</i>	-0.008 (-1.013)	0.002 (0.182)	-0.014 (-1.016)	-0.011 (-0.686)	-0.008 (-0.460)	0.001 (0.056)	0.032 (0.859)	0.118* (1.820)
<i>Female</i>	0.010 (1.226)	-0.007 (-0.798)	0.004 (0.263)	0.004 (0.268)	-0.002 (-0.106)	0.001 (0.058)	0.039 (1.505)	0.012 (0.268)
<i>Age</i>	-0.000 (-0.796)	0.000 (0.942)	0.000 (0.808)	0.000 (0.298)	0.001 (0.756)	0.001 (0.847)	-0.000 (-0.100)	-0.001 (-0.738)
<i>Planned</i>	-0.015** (-2.298)	-0.029* (-1.689)	-0.035 (-1.616)	-0.029 (-1.211)	-0.041 (-1.502)	-0.052** (-1.984)	-0.076*** (-2.783)	-0.041 (-1.163)
<i>Forced</i>	0.005 (1.016)	0.005 (0.716)	0.002 (0.152)	0.006 (0.582)	0.008 (0.656)	0.017 (1.116)	-0.004 (-0.235)	0.002 (0.090)
<i>Internal</i>	0.000 (0.024)	-0.015* (-1.734)	-0.004 (-0.299)	-0.004 (-0.336)	-0.010 (-0.763)	-0.005 (-0.322)	-0.023 (-0.962)	0.008 (0.218)

<i>Raided</i>	-0.019*** (-3.061)	-0.010 (-0.557)	-0.011 (-0.484)	-0.008 (-0.296)	-0.017 (-0.592)	-0.025 (-0.903)	-0.040 (-1.362)	-0.011 (-0.277)
<i>Marathon</i>	0.012* (1.897)	-0.008 (-1.089)	0.002 (0.234)	0.007 (0.550)	-0.001 (-0.107)	0.007 (0.485)	-0.023 (-0.945)	-0.020 (-0.634)
<i>Intercept</i>	0.042 (1.330)	-0.074* (-1.676)	-0.078 (-1.252)	-0.147* (-1.910)	-0.197** (-2.551)	-0.220** (-2.424)	-0.072 (-0.485)	-0.175 (-0.831)
<i>Industry controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Year controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>SE clustred (firm)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>N</i>	489	489	489	489	489	489	489	489
<i>R-squared</i>	0.155	0.217	0.235	0.192	0.191	0.220	0.281	0.316

Table IV: CEO Appearance and Acquirer Returns around Mergers Announcements

Table IV presents regression analysis of cumulative abnormal returns (relative to the market-model) surrounding the mergers announcements on the natural logarithm of *FAI* (*Log (FAI)*). Various event windows (-day(s), +day(s)) are reported. Industry is defined as the 2-digit SIC codes. Standard errors are robust to heteroskedasticity and within firm correlation (clustered standard errors); *t-statistics* are reported in the parenthesis where ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels. The control variables are described in Table I.

Dependent Variable: CAR

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Event window (days)							
	(-1,-1)	(0,0)	(-1,1)	(-2,-2)	(-3,3)	(-5,5)	(-5,30)	(-5,60)
<i>Log (FAI)</i>	0.013 (1.510)	0.027 (1.215)	0.063** (2.154)	0.120*** (3.388)	0.109*** (3.034)	0.131*** (3.087)	0.206*** (3.848)	0.314*** (4.278)
<i>Log(Size)</i>	0.000 (0.049)	-0.006*** (-3.027)	-0.007*** (-3.100)	-0.008*** (-3.124)	-0.008*** (-2.738)	-0.008** (-2.471)	-0.022*** (-4.160)	-0.017* (-1.934)
<i>MTB</i>	0.000 (0.694)	0.001 (1.446)	0.000 (0.382)	0.000 (0.347)	0.001 (0.559)	0.000 (0.432)	0.001 (0.380)	0.000 (0.103)
<i>Stock return</i>	0.002 (0.786)	-0.001 (-0.379)	0.007 (1.129)	0.004 (0.392)	-0.004 (-0.555)	-0.013* (-1.949)	-0.056*** (-3.720)	-0.079*** (-4.208)
<i>Leverage</i>	0.003 (0.579)	0.017 (1.259)	0.020 (1.301)	0.022 (1.217)	0.002 (0.095)	-0.008 (-0.317)	0.009 (0.290)	0.056 (1.006)
<i>Female</i>	-0.018*** (-2.656)	-0.031 (-1.395)	-0.036* (-1.694)	-0.013 (-0.439)	-0.003 (-0.131)	-0.002 (-0.070)	0.013 (0.536)	0.022 (0.646)
<i>Age</i>	-0.000 (-0.062)	0.000 (0.252)	0.000 (0.780)	0.000 (0.438)	0.000 (0.569)	0.000 (0.113)	0.001 (0.759)	0.001 (0.762)
<i>Transaction value</i>	0.001 (1.564)	-0.001 (-1.050)	-0.001 (-0.827)	-0.002 (-0.833)	-0.003 (-1.335)	-0.001 (-0.520)	-0.007* (-1.807)	-0.003 (-0.515)
<i>Public</i>	-0.003 (-1.169)	-0.022*** (-4.571)	-0.027*** (-3.908)	-0.031*** (-3.892)	-0.034*** (-3.933)	-0.035*** (-3.840)	-0.036** (-2.339)	-0.039* (-1.940)

<i>Initial bid</i>	0.001 (0.230)	-0.005 (-0.702)	-0.009 (-0.981)	-0.007 (-0.558)	-0.007 (-0.487)	-0.021* (-1.718)	-0.060*** (-2.601)	-0.095*** (-2.806)
<i>Intercept</i>	-0.026 (-1.335)	-0.011 (-0.237)	-0.079 (-1.287)	-0.180** (-2.315)	-0.150* (-1.903)	-0.186** (-1.983)	-0.251** (-2.002)	-0.582*** (-3.417)
<i>Industry controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Year controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>SE clustered (CEO)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>N</i>	599	599	599	599	599	599	599	599
<i>R-squared</i>	0.105	0.237	0.228	0.193	0.187	0.200	0.276	0.263

Table V: CEO Appearance and Stock Price Reactions around News events

Table V reports regression analysis of cumulative abnormal returns (relative to the market-model) surrounding television news events and print news events on the natural logarithm of *FAI* ($\text{Log}(FAI)$). Various event windows (-day(s), +day(s)) are reported. In Panel A, we report CARs on both the television and print news events for event windows (-1,-1) and (0,0). In Panel B, we report CARs around the television news events for longer event windows. Industry is defined using the 2-digit SIC codes. We search television news stories through *Google.com*'s video search function. We further restrict the news results to appear only on *CNBC.com*. We search print news using the *Proquest Complete* database; the matched sample of print news stories are restricted to +/- 10 days surrounding television news events. Television (print) news events that are within +/- 1 day of print (television) news events are removed. Print news stories that contain photographs are also removed. Finally, the sample is restricted to news events between 2008 and 2012. Standard errors are robust to heteroskedasticity and within CEO correlation (clustered standard errors); *t-statistics* are reported in the parenthesis where ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels. The control variables are described in Table I.

Panel A. CARs for Both TV and Print News Events

	(1)	(2)	(3)	(4)
	TV	Print	TV	Print
	Event window (days)			
	(-1,-1)	(-1,-1)	(0,0)	(0,0)
<i>Log (FAI)</i>	-0.009 (-1.382)	-0.002 (-0.162)	0.027** (2.556)	0.002 (0.278)
<i>Log(Size)</i>	0.001 (1.011)	-0.002 (-1.506)	-0.002* (-1.666)	-0.003* (-1.819)
<i>MTB</i>	0.000 (0.888)	-0.000 (-0.777)	0.000 (1.579)	0.000** (2.016)
<i>Stock return</i>	-0.004*** (-3.244)	-0.001 (-0.330)	0.000 (0.106)	-0.002 (-0.777)
<i>Leverage</i>	-0.001 (-0.273)	0.012 (1.258)	0.019*** (3.784)	0.001 (0.081)
<i>Female</i>	0.001 (0.376)	-0.005 (-0.964)	-0.007* (-1.800)	-0.004 (-0.758)

<i>Age</i>	-0.000 (-0.284)	0.000 (1.125)	0.000 (0.378)	0.000 (0.289)
<i>Intercept</i>	0.020 (1.357)	-0.013 (-0.381)	-0.051** (-2.471)	0.019 (1.075)
<i>Industry controls</i>	Yes	Yes	Yes	Yes
<i>Year controls</i>	Yes	Yes	Yes	Yes
<i>SE clustered (CEO)</i>	Yes	Yes	Yes	Yes
<i>N</i>	891	952	891	952
<i>R-squared</i>	0.102	0.068	0.097	0.048

Panel B. CARs for TV News Events with Longer Windows

	(1)	(2)	(3)	(4)	(5)	(6)
	Event window (days)					
	(-1,1)	(-2,2)	(-3,3)	(-5,5)	(-5,30)	(-5,60)
<i>Log (FAI)</i>	0.025* (1.788)	0.031* (1.723)	0.023 (1.157)	0.026 (1.069)	-0.013 (-0.226)	0.058 (0.698)
<i>Log(Size)</i>	-0.003 (-1.521)	-0.005** (-2.314)	-0.007** (-2.584)	-0.010*** (-3.136)	-0.029** (-2.389)	-0.049** (-2.133)
<i>MTB</i>	0.000 (1.514)	0.000*** (3.740)	0.000** (2.489)	0.000** (2.516)	0.000 (0.893)	0.000 (1.318)
<i>Stock return</i>	-0.002 (-0.866)	-0.009** (-2.301)	-0.009 (-1.217)	-0.023** (-2.497)	-0.084*** (-7.534)	-0.150*** (-11.101)
<i>Leverage</i>	0.017* (1.796)	0.018 (1.605)	0.013 (0.993)	0.000 (0.006)	-0.035 (-1.048)	-0.066 (-1.009)
<i>Female</i>	-0.000 (-0.046)	-0.007 (-0.499)	-0.004 (-0.269)	0.003 (0.197)	0.032 (1.156)	0.065 (1.414)
<i>Age</i>	-0.000 (-0.003)	0.000 (0.288)	0.000 (0.035)	-0.000 (-0.509)	0.000 (0.388)	0.001 (0.561)
<i>Intercept</i>	-0.036 (-0.975)	-0.022 (-0.525)	0.007 (0.137)	0.045 (0.852)	0.286* (1.709)	0.315 (0.981)
<i>Industry controls</i>	Yes	Yes	Yes	Yes	Yes	Yes
<i>Year controls</i>	Yes	Yes	Yes	Yes	Yes	Yes
<i>SE Clustered (CEO)</i>	Yes	Yes	Yes	Yes	Yes	Yes
<i>N</i>	891	891	891	891	891	891
<i>R-squared</i>	0.089	0.127	0.103	0.099	0.149	0.234

Table VI: CEO Appearance and Long-run Returns

Table VI reports the relation between FAI and long-run stock returns following CEOs' job announcements and mergers announcements. Panel A reports the average long-run buy and hold abnormal returns and calendar-time portfolio returns for various event windows following CEOs' job announcements. Panel B reports the average long-run buy and hold abnormal returns and calendar-time portfolio returns for various event windows following M&A announcements. Events are sorted into high and low FAI based on the median split. ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels.

Panel A: Long-run return following CEOs' Job Announcement

(1)	(2)	(3)	(4)	(5)
		Buy and Hold Portfolios		Calendar-Time Portfolios
<i>Months</i>	<i>FAI</i>	<i>N</i>	<i>BAHR</i>	<i>Alpha</i>
6	<i>High</i>	241	0.041	0.009
6	<i>Low</i>	243	0.080	0.007
	<i>p(High - Low)</i>		0.223	0.617
12	<i>High</i>	241	0.104	0.008
12	<i>Low</i>	243	0.145	0.005
	<i>p(High - Low)</i>		0.524	0.511
18	<i>High</i>	241	0.154	0.005
18	<i>Low</i>	243	0.183	0.006
	<i>p(High - Low)</i>		0.711	0.831
24	<i>High</i>	241	0.163	0.004
24	<i>Low</i>	243	0.209	0.006
	<i>p(High - Low)</i>		0.591	0.346

Panel B: Long-run returns following Mergers Announcements

(1)	(2)	(3)	(4)	(6)
Buy and Hold			Calendar-Time Portfolios	
<i>Months</i>	<i>FAI</i>	<i>N</i>	<i>BAHR</i>	<i>Alpha</i>
6	<i>High</i>	284	0.039	0.009
6	<i>Low</i>	290	-0.008	-0.001
	<i>p(High - Low)</i>		0.098*	0.036**
12	<i>High</i>	284	0.119	0.008
12	<i>Low</i>	290	0.033	0.001
	<i>p(High - Low)</i>		0.079*	0.047**
18	<i>High</i>	284	0.199	0.006
18	<i>Low</i>	290	0.032	0.004
	<i>p(High - Low)</i>		0.011**	0.494
24	<i>High</i>	284	0.194	0.005
24	<i>Low</i>	290	0.039	0.004
	<i>p(High - Low)</i>		0.055*	0.754

Table VII: Television and News Events Controlling for Selection

Table VII reports the results from an outcome regression including the Inverse Mills Ratio to control for the selection of CEOs into the television news events and the print news events. The coefficients on Inverse Mills Ratio (unreported) are significant at the 5% level in both regressions. A test of the difference between the coefficient on FAI in CEOs' television news events and that in the CEOs' print news samples is significant at the 5% level. t-statistics are reported in the parenthesis where ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels. The control variables are described in Table I.

	(1)	(2)
	TV	Print
Event window (days)		
	(0,0)	(0,0)
<i>Log (FAI)</i>	0.041** (2.470)	0.013 (0.812)
<i>Log(Size)</i>	-0.001 (-0.836)	-0.002 (-0.933)
<i>MTB</i>	0.000 (0.704)	0.000* (1.732)
<i>Stock return</i>	-0.001 (-0.273)	-0.003 (-1.130)
<i>Leverage</i>	0.022** (2.568)	0.003 (0.317)
<i>Female</i>	-0.003 (-0.404)	-0.002 (-0.255)
<i>Age</i>	-0.000 (-0.837)	-0.000 (-0.594)
<i>Intercept</i>	-0.065* (-1.892)	-0.007 (-0.191)
<i>Industry controls</i>	Yes	Yes
<i>Year controls</i>	Yes	Yes
<i>SE cluster (firm)</i>	Yes	Yes
<i>N</i>	891	952

Table AI: CEO Appearance and Executive Compensation

In this table, we report a panel regression of the natural logarithm of $1+Total\ compensation$ ($Log(1+Total\ Compensation)$) on the natural logarithm of FAI ($Log(FAI)$) and control variables, controlling for firm fixed effects. $Total\ compensation$ is CEOs' total compensation (obtained from Execucomp variable TDC1) in thousands. Standard errors are robust to heteroskedasticity and within CEO correlation (clustered standard errors); t -statistics are reported in the parenthesis where ***, **, and * signify statistical significance at the 1%, 5%, and 10% levels. The control variables are described in Table I.

	(1)	(2)
	<i>Log(1+Total compensation)</i>	<i>Total compensation</i>
<i>Log (FAI)</i>	0.637** (2.117)	5489.161* (1.852)
<i>Log(Size)</i>	0.000 (0.078)	-0.011 (-0.138)
<i>MTB</i>	-0.000 (-1.147)	-2.237 (-0.618)
<i>Stock return</i>	-0.003 (-0.046)	-832.501 (-1.036)
<i>Leverage</i>	-1.200*** (-3.801)	-7048.028*** (-2.962)
<i>Female</i>	-0.085 (-0.743)	-694.869 (-0.593)
<i>Age</i>	0.006 (0.735)	28.774 (0.389)
<i>Intercept</i>	7.619*** (7.098)	6105.334 (0.518)
<i>Industry controls</i>	Yes	Yes
<i>Year controls</i>	Yes	Yes
<i>Firm controls</i>	Yes	Yes
<i>SE clustered (CEO)</i>	Yes	Yes
<i>N</i>	3802	3802
<i>N(firms)</i>	363	363

<i>N(CEOs)</i>	682	682
<i>R-squared</i>	0.564	0.303
