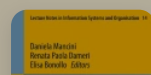


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# Management Discussion and Analysis in the US Financial Companies: A Data Mining Analysis

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between 1995 and 2011, different financial conditions, namely: (1) companies which filed for Chap. [11](#), thus having a high risk of bankruptcy; (2) companies not filing for Chap. [11](#), but with a medium risk of bankruptcy according to their economic and financial performance ratios; (3) companies not filing for Chap. [11](#), with a healthy financial situation. Empirical results reveal some interesting findings regarding the association between the bankruptcy risk levels and the content of the MD&A. This research also provides useful statistical instruments in supporting the stakeholders to investigate the reliability of the MD&As, examining the language used by the companies (effect), as response to financial conditions (cause). Text mining analysis allows to reveal some information that would otherwise remain implicit or even hidden behind complex periods and sentences. Contrary to our expectations, results suggest that companies experiencing high risk of bankruptcy use more positive words than those with medium and low bankruptcy risk. Also, findings show that companies with medium and low

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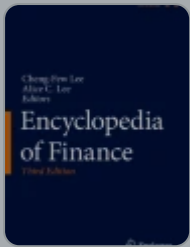
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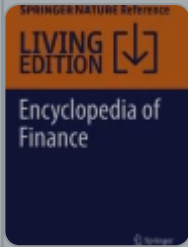
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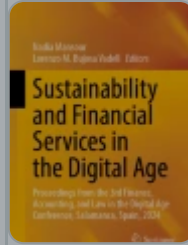
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