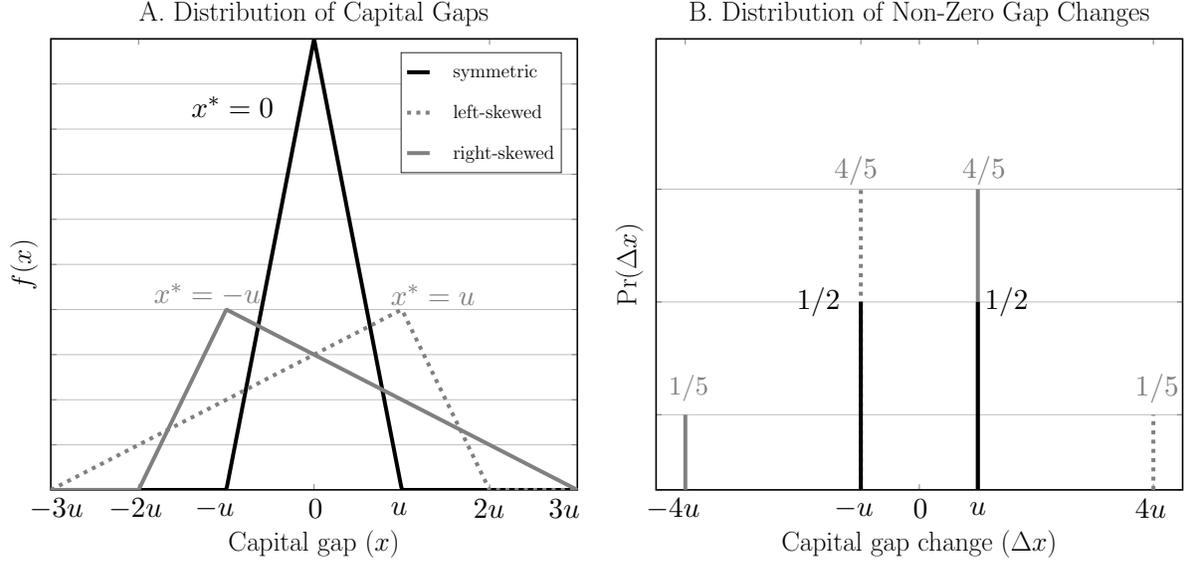


Figure 1: Reset State, Capital Gaps, and Capital Gap Changes ( $\nu = \lambda = 0$ )



Notes: Panel A plots three distributions of capital gaps  $x$  in the Bernoulli fixed-cost model without drift and free adjustments. The symmetric distribution (black solid line) is generated by the policy  $(x^-, x^*, x^+) = (-u, 0, u)$ ; the left-skewed distribution (gray dotted line) is generated by  $(x^-, x^*, x^+) = (-3u, u, 2u)$ ; and the right-skewed distribution (gray solid line) is generated by  $(x^-, x^*, x^+) = (-2u, -u, 3u)$ . Panel B shows the corresponding three distributions of non-zero capital gap changes.