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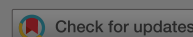
Articles

# Press Release Management around Accelerated Share Repurchases

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Keywords:

- Accelerated share repurchases
- Press release management
- Media coverage
- Negative tone

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## Notes

- 1 I read through available ASR contracts and do not identify any with a floor only.
- 2 There is a legislative reason for the slow buyback in OMR-only repurchase programs. A firm usually conducts OMPs in a manner that avails itself of the Rule 10b-18's safe harbor provisions. The maximum number of shares that a firm can repurchase in a day cannot exceed 2% of the outstanding shares. The maximum number of repurchases is limited to three weeks or only 0.1% of the outstanding shares. The maximum number of repurchases is limited to 510 days on average. The question of whether the repurchases can be made from the program followed subsequent quarter.
- 3 The OMR-only repurchase programs (accelerated stock buyback) or (overnight

share buyback) or (overnight stock buyback) or (forward repurchase transaction) or (discounted share repurchase) or (discounted share buyback) or (discounted stock repurchase) or (discounted stock buyback).

5 Barger et al. ([2011](#)) attribute the decline in ASRs during 2008 and 2009 to the increased stock market volatility during the financial crisis, because the costs of lost flexibility in ASRs increase with the volatility of repurchasing firms' stock prices.

6 Factiva provides a list of covered firms for each news article. I randomly select 100 articles to check whether they are firm-generated. I find that, if an article covers more than five firms, it is usually a note or alert issued by an analyst or a credit rating agency. I also find that an article is usually issued by either of the first two covered firms.

7 If I measure the net tone, the coefficients on PRE1 in Table 5 Panel B will not be significantly positive on a two-tail test (marginally significant on a one-tail test though), suggesting that my main results are sensitive to the tone measurement.

8 Although Henry's ([2008](#)) word list addresses financial text too, it is developed from earnings press releases, a type of press release that accounts for only 10.2% of firm-generated press releases in my sample. Loughran and McDonald's ([2011](#)) word list is developed from 10,160 press releases from 1990 to 2009, which is much larger than both Henry's and my word list. In that both cover both financial and non-financial text, Loughran and McDonald's list is a better fit for my sample. My word list contains 1,000 words, while Henry's contains 1,000 words. In fact, 48 out of 85 words in my list are in Loughran and McDonald's list. In a robustness test, I use Loughran and McDonald's press releases word list. The results are similar.

9 The word list of Davis and Tamaizawa (2010) is also used by authors also note that the timing, frequency, and content of the announcement in the

10 I use the weekly data because there is insufficient daily data. I use weekly data.

- 11 Only 86 out of my sample of 467 ASRs announce a motivation. The language they use is boilerplate in most cases (e.g., 'create shareholder value') and may not be accurate. One may argue that investors would be able to use the same method in this study to infer motivations of ASRs. However, investors may use different data and methods or make divergent judgements. For example, investors may not reach a consensus view on whether a firm is undervalued since this is a subjective judgement.
- 12 I search for takeover rumors using Capital IQ's 'key development-potential transactions and M&A rumors and discussions' function.
- 13 The area under the ROC curve measures the predictive ability of a probit regression model. It ranges from 0.5, corresponding to random guessing, to one, corresponding to perfect prediction. Hosmer et al. ([2013](#)) suggest that a model with an area under the ROC curve of above 0.8 is excellent.
- 14 Because an ASR contract constitutes a material definitive agreement, an ASR firm must file an 8-K, issue a press release, or both to disclose the ASR within four business days after it enters into the contract. In fact, the mean (median) days between the ASR announcement date and the ASR inception date are 0.14 (0) days in my sample.
- 15 The results remain qualitatively unchanged if I use CAR estimated from the standard market model with the period from 16 months prior to the ASR inception date to the ASR inception date.
- 16 When I use the period from 16 months prior to the ASR inception date to the ASR inception date to estimate the CAR, the mean (median) CAR is 0.52% (0.41%) from the ASR inception date to the announcement date.
- 17 In comparison with the period from 16 months prior to the ASR inception date to the ASR inception date, the mean (median) CAR is 0.52% (0.41%) from the ASR inception date to the announcement date. The mean (median) CAR is 0.52% (0.41%) from the ASR inception date to the announcement date. The mean (median) CAR is 0.52% (0.41%) from the ASR inception date to the announcement date.
- 18 Tetlock's model of sentiment is based on the sentiment of news articles. I use the sentiment of news articles to measure the sentiment of news articles. I use the sentiment of news articles to measure the sentiment of news articles. I use the sentiment of news articles to measure the sentiment of news articles.



19 Specifically, the coefficient on PRE1 is significantly positive (0.194 with a p-value of 0.039), and the coefficients on DUR and POST are not significantly different from zero.

## Additional information

### Funding

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