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Wealth effects of convertible-bond and warrant-bond offerings: a meta-analysis

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6. Another type of non-typical companies is 'financials'. Most studies in our sample eliminate financial companies, because they have different considerations when choosing their capital structure compared to industrial companies and utilities.

7. A problem with our analysis is that we treat the choice between CBs and WBs as exogenous. If unobservable factors determining the decision to issue convertibles versus warrant bonds also influence stock price reactions to these offerings' announcements, then the dummy variable capturing CB versus WB will be biased. Ideally, we would like to use a two-step Heckman ([1979](#)) procedure to verify whether our results are robust for controlling for endogeneity of the choice between hybrid instruments. Unfortunately, this procedure is not possible for us since we do not have access to the data used in the original individual analyses.

8. The definition of equity-like, debt-like, and mixed-like is not the same in each paper. Burlacu ([2000](#)) uses the factor $N(d_1)$ (delta) from the Black-Scholes model and defines convertibles with a delta between 0 and 0.33 as debt-like, between 0.33 and 0.66 as mixed-like, and between 0.66 and 1 as equity-like. Lewis, Rogalski, and Seward ([2003](#)) use the factor $N(d_2)$ from the Black-Scholes model (probability of conversion) and define a bond as debt-like if the probability is less than 40%, as mixed-like (called hedge-like in their paper) if the probability is between 40% and 60%, and as equity-like if the probability is higher than 60%. Suchard ([2007](#)) uses the same probability of

conversion with a probability of equity-like. Loncarski uses a delta with a delta lower than 0.33 as debt-like, between 0.33 and 0.66 as mixed-like, and higher than 0.66 as equity-like. Most studies do not distinguish between debt-like and mixed-like as 'mixed-like'.

9. The sample includes large firms and small firms. The sample size is the sum of the number of firms. [1996](#) define firm size as the sum of the number of employees and the number of assets.

10. In either case, the probability of conversion is (1, 1), in two cases (1, 1) and (2, 1).



11. One very small ($n=4$) sub-sample with was identified as an outlier during the CAR-based regression diagnostic tests, so is excluded from the CAR regressions; however, it is included in the t-statistic-based regressions.

12. Interestingly, when we use publication in the top-3 finance journals as an alternative proxy for publication bias, we find (in models not reported in the tables) no significant effects. This lack of significance seems to stem partly from a lower mean effect size and partly from reduced power, reflecting smaller sample size for 'Top 3'.

13. Firm size effects cannot be investigated in the 2-day event window models as the three original studies, investigating the effects use longer than 2-day windows in their analysis (see Section 3.8).

14. However, this result needs careful interpretation as the comparator group (omitted dummy variable) in several comparisons includes studies that do not identify the specific characteristic under test (e.g. high credit rating). This means that the comparator group may actually include an unknown number of companies having the specific characteristic. If true, this would bias the tests against finding significant coefficients.

15. Detailed results on the estimated numbers of unique and overlapping observations are available from the authors on request.

16. The is evident as the c k-oriented countries non-US market a e difference between nificant at the 10% t in the t-stat-b



17. De for these announced (0.32%) is significant 7%). We are more int erwijmeren (2011). s than 90% of their sar like to know the exact

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