This study empirically examines the Information content of the announcement of open-market stock repurchases, controlling for changes in dividend payments and the percentage changes in the targeted shares relative to the previous repurchase announcement. Extensive research have examined the impact of the announcement of stock repurchases and have developed several hypotheses. In the case companies announcing multiple repurchase programs, repurchase programs with a relatively higher (lower) percentage of targeted shares compared to prior such activity can have positive (negative) information content. Notably, Grullon and Michaely (2004) and Lie (2005) do not control for the changes in the percentage of targeted shares relative to prior announcements. I control for this in my study. Gong et al. (2008) show that, while managers deflate earnings around open-market repurchase announcements, the downward earnings management is observed only for firms that actually repurchase shares shortly after the repurchase announcements, and there’s no evidence of downward earnings management for firms that announce repurchases but do not actually buy back shares. However, Lie (2005) and Gong et al. (2008) do not control for the substitution effect of dividends. I also address this omission. The first significant innovation of my study is examining the information content of repurchase programs that are not associated with the changes in dividend payments during the year of the announcement of repurchase programs controlling for number of shares bought back (completion rate of the program), and changes in dividends; increase/decrease/no change and percentage bought in targeted shares relative to prior repurchase announcements.

That is, in examining the information content of repurchase program we control for changes in dividend; increase/decrease and no change and actual shares bought back.