

Debt specialization indices

To compute the normalized Herfindahl-Hirschman Index (henceforth referred to as *HHI*) of debt type usage we first calculate

$$SS_{i,t} = \left(\frac{CP_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{DC_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{TL_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{SBN_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{SUB_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{CL_{i,t}}{TD_{i,t}}\right)^2 + \left(\frac{Other_{i,t}}{TD_{i,t}}\right)^2 \quad (1)$$

where $SS_{i,t}$ is the sum of the squared seven debt type ratios for firm i in year t ; CP , DC , TL , SBN , SUB , CL , and $Other$ refer to commercial paper, drawn credit lines, term loans, senior bonds and notes, subordinated bonds and notes, capital leases, and other debt, respectively; while TD refers to total debt (Debt in current liabilities, Compustat Item #34, plus Long-term debt, Compustat item #9). Then, we obtain

$$HHI_{i,t} = \frac{SS_{i,t} - 1/7}{1 - 1/7}. \quad (2)$$

Excl90 is computed as follows:

$$Excl90_{i,t} = 1 \quad \text{if a firm obtains at least 90\% of its debt from one debt type,} \\ = 0 \quad \text{otherwise} \quad (3)$$

Data labels

Excl90, debt specialization index as in (3)

HHI, debt specialization index as in (2)

fyear, fiscal year (from Compustat)

gvkey, firm identifier (from Compustat)