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Even Adults Like "Happy Meals"

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JMDinvestments

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Even Adults Like "Happy Meals"

Higher risk companies, in order to sell bonds at lower interest rates, must often attach "sweetners" to the bond offering. Historically this has included warrants or conversion options. Recently, however, some companies have offered a combination of bonds and a loan of the company's shares, a so-called "Happy Meal." The bond buyers subsequently sell the shares short. If the company fails, the investors lose on the bonds, but make a profit on the short sale. This strategy is typically employed by hedge funds. [See article here, Wall Street Journal.](#)

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