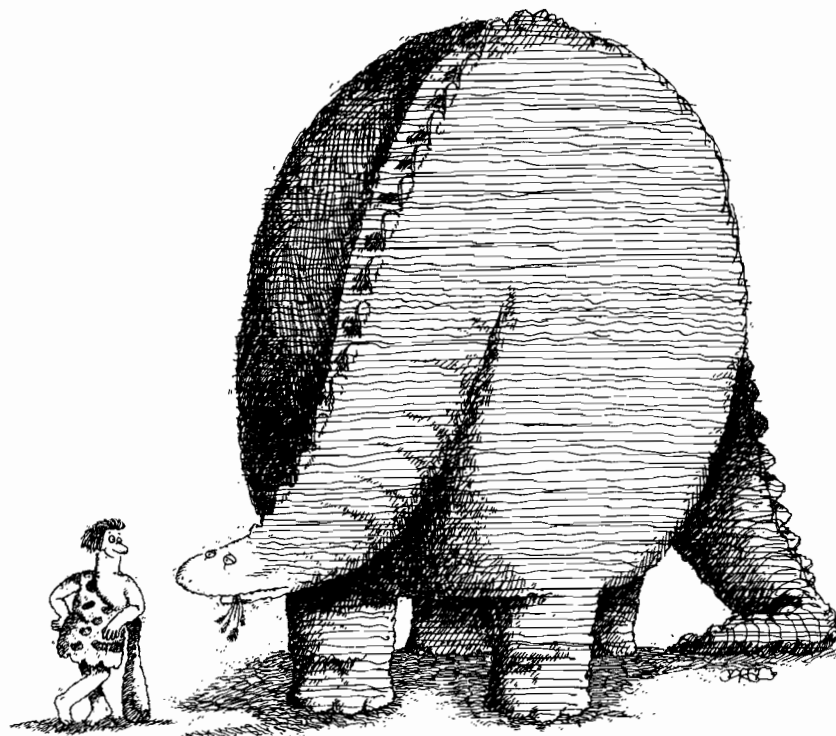


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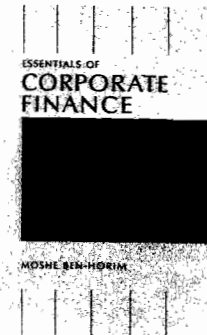
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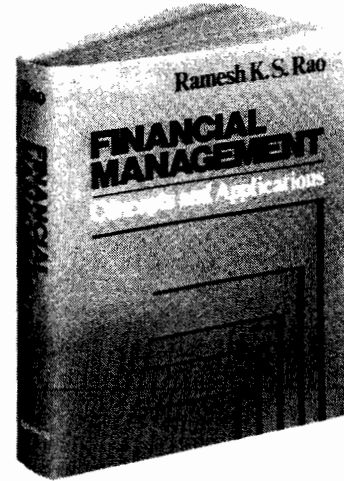


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A call for papers and participants for the 1988 conference of the Western Finance Association appears on the program's final page.

REGISTRATION INFORMATION

All meetings will be held at the San Diego Hilton. Use the enclosed reservation card to obtain convention rates and mail as directed.

On-site registration will be located in the foyer during the conference beginning at 4:00 p.m. Sunday, June 21.

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Sunday, June 21 4:00 p.m. to 8:00 p.m.

Monday, June 22 8:00 a.m. to 5:00 p.m.

Tuesday, June 23 8:00 a.m. to 11:00 a.m.

**PROGRAM SUMMARY**

**Sunday, June 21**

4:00-8:00 **REGISTRATION**

6:00-8:00 No-Host Cocktails, Monte Carlo Room

**Monday, June 22**

8:25-10:10

CAPITAL STRUCTURE AND BANKRUPTCY

TAX TIMING OPTIONS

ANOMALIES IN SECURITY RETURNS 1

FUTURES AND FORWARD CONTRACTS

10:20-12:35

INTERTEMPORAL ASSET CHOICE AND VALUATION

INVESTMENTS

INVESTMENT BANKING

EMPIRICAL EVIDENCE ON MARKETS FOR CORPORATE

CONTROL

3:30-5:45

MUTUAL FUND PERFORMANCE AND PORTFOLIO

DIVERSIFICATIONS

BID-ASK SPREADS AND DISCRETE PRICE QUOTES

INSIDER TRADING

PRICING OPTIONS

5:50-7:50

WFA EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS

MEETING



**Tuesday, June 23**

7:00-8:15  
CHICAGO BOARD OF TRADE BREAKFAST SEMINAR: Stock  
Index Futures

8:25-10:10  
FIXED INCOME SECURITIES STRATEGIES  
GOLDEN PARACHUTES AND GREENMAIL  
STOCK INDEX FUTURES  
INTERNATIONAL BORROWING AND LENDING

10:20-12:05  
DEBT, TAXATION AND EQUILIBRIUM  
TERM STRUCTURE  
OVER-REACTION AND EXCESS VOLATILITY  
INTERNATIONAL EQUITY RETURN

12:15-2:05  
ANNUAL MEETING AND LUNCHEON  
DISTINGUISHED SPEAKER: Ed J. Kane, Ohio State Univ —  
“Reining in Depository Insurance Subsidies”

3:30-5:15  
BANK LENDING  
CAPITAL STRUCTURE THEORY  
TESTS OF ASSET PRICING MODELS 1  
VALUATION OF MORTGAGES AND FIXED INCOME  
SECURITIES

6:00-8:00  
NO-HOST COCKTAILS, MONTE CARLO ROOM

**Wednesday, June 24**

8:25-10:10  
CORPORATE DEBT: EMPIRICAL EVIDENCE  
RISK ESTIMATIONS  
MANAGERIAL COMPENSATION CONTRACTS AND  
PERFORMANCE  
ANOMALIES IN SECURITY RETURNS 2

10:20-12:05  
DIVIDENDS  
CURRENCY EXCHANGE RATES  
BANKING STRUCTURE  
TESTS OF ASSET PRICING MODELS 2

1:15-3:00  
MICRO-STRUCTURE  
CORPORATE SIGNALLING  
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## Sunday, June 21

4:00-8:00 p.m. **REGISTRATION**  
6:00-8:00 p.m. No-Host Cocktails, Monte Carlo Room

## Monday, June 22 8:25-10:10

**CAPITAL STRUCTURE AND BANKRUPTCY** - Capri Room  
Chairman: Alan Kraus, Queens Univ. and Univ. of British Columbia

**Optimal Capital Structure in Repeated Oligopolies** — Vojislav Maksimovic, Univ. of British Columbia

**Claimholder Incentive Conflicts in Reorganization: A Game Theoretic Analysis of the Role of Bankruptcy Law** — David T. Brown, Univ. of Florida, Gainesville

**Financial Distress and Corporate Capital Structure: A New Perspective** — Jayant Kale, Georgia State Univ. and Thomas Noe, Univ. of Texas, Austin

### Discussants:

Sheridan Titman, UCLA  
Gordon Sick, Univ. of Alberta and Univ. of British Columbia  
Richard Smith, Arizona State Univ.

**TAX TIMING OPTIONS** - Acapulco Room  
Chairman: George Constantinides, Univ. of Chicago

**The Tax Timing Option and the Discounts on Closed-End Mutual Funds** — Steven Manaster and James Schallheim, Univ. of Utah and James Brickley, Univ. of Rochester

**Tax Timing Options on Futures Contracts and the 1981 Economic Recovery Act** — Raymond Chiang and Dennis Lasser, Univ. of Miami

**Contemporary Volume and Historic Volume at Differential Price Levels** — Stephen Ferris, Virginia Polytechnic Institute; Robert Haugen, Univ. of Illinois; Anil Makhija, Univ. of Pittsburgh

### Discussants:

Sudipto Bhattacharya, Univ. of Michigan  
Anand Vidy, Univ. of Southern California  
Chester Spatt, Carnegie-Mellon Univ.

**ANOMALIES IN SECURITY RETURNS 1** - St. Moritz Room  
Chairman: Marc Reinganum, Univ. of Southern California

**Size, the E/P Ratio and Seasonality: A Further Examination** — Donald Keim, Jeffrey Jaffee and Randolph Westerfield, Univ. of Pennsylvania

**Day-of-the-Week Effects in Financial Futures: An Analysis of GNMA, T-Bond and T-Bill Contracts** — Elizabeth T. Johnston, Univ. of Utah; William Kracaw and John McConnell, Purdue Univ.

**Seasonalities in Security Returns: The Case of Earnings Announcements** — V.V. Chari, Northwestern Univ., Ravi Jagannathan, Univ. of Minnesota and Northwestern Univ. and Aharon Ofer, Northwestern Univ. and Tel Aviv Univ.

### Discussants:

Michael Rozeff, Univ. of Iowa  
Lawrence Harris, Univ. of Southern California  
Joseph Lakonishok, Cornell Univ.

**FUTURES AND FORWARD CONTRACTS** - South Pacific Room  
Chairman: Michael Joehnk, Arizona State Univ.

**Valuing Forward Purchase Contracts Using Auction Models with An Application to Natural Gas Take-or-Pay Contracts** — John Parsons, Massachusetts Institute of Technology

**Commodity Futures Hedging and Price Bias: A Mean-Variance Synthesis** — David Hirshleifer, UCLA

**Requiem for a Market: An Analysis of the Rise and Fall of the GNMA CDR Futures Contract** — Elizabeth T. Johnston, Univ. of Utah

Discussants:

Giovanni Barone-Adesi, Univ. of Alberta  
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**Monday, June 22** 10:20-12:35

**INVESTMENT BANKING** - Capri Room  
Chairman: Avner Kalay, NYU and Tel Aviv Univ.

**Rights vs. Underwritten Stock Offerings: An Empirical Analysis** — B. Espen Eckbo, Univ. of British Columbia and Ronald W. Masulis, Southern Methodist Univ.

**The Choice of Issuance Procedure and the Cost of Competitive and Negotiated Underwriting** — Richard Smith, Arizona State Univ.

**The Price Elasticity of Demand for Common Stocks: An Empirical Test** — Claudio Loderer, Purdue Univ. and Leonard Van Drunen, Univ. of Utah

**An Empirical Investigation of the Agreement Among Underwriters and the Selling Contract: The Effects of SEC Rule 415** — F. Douglas Foster, Duke Univ.

Discussants:

Artur Raviv, Northwestern Univ. and Tel Aviv Univ.  
Stephen Brown, NYU  
Ahron Rosenfeld, Univ. of Pittsburgh  
Eli Talmor, Tel Aviv Univ.

**INVESTMENTS** - Acapulco Room  
Chairman: Maurice Joy, Univ. of Kansas

**On the Return of the Contrarian Investment Strategy** — K.C. Chan, Ohio State Univ.

**Capital Market Factor Structure: Identification Through Cross Validation** — Marc Reinganum, Univ. of Southern California and Delores Conway, Univ. of Chicago

**The Relative Information Content of Composite Analysts' Earnings Forecast Revisions** — Elizabeth Strock, Boston College

**Market Models in Behavioral Finance: Part 1 - Prospect Theory, CAPM, and APT** — Hersh Shefrin and Meir Statman, Santa Clara Univ.

Discussants:

Don Panton, Univ. of New Mexico  
Thomas Schwarz, Univ. of Nevada-Las Vegas  
Jevons Lee, Univ. of Pennsylvania  
Bruce Lehmann, Columbia Univ.

**INTERTEMPORAL ASSET CHOICE AND VALUATION** -  
St. Moritz Room  
Chairman: Chi-fu Huang, MIT

**Intertemporal Arbitrage Pricing Theory** — Haim Reisman, Univ. of Minnesota

**Aggregation and Efficiency in Sequentially Complete Markets with Random Lifetimes and Nonmarketable Income** — David P. Brown, Indiana Univ.

**Discrete Versus Continuous Trading In Securities Markets With Net Worth Constraints** — Kerry Back, Northwestern Univ. and Stanley Pliska, Univ. of Illinois

**Valuation of Marketable Assets when the State Variables are Governed by a Combined Markovian Ito and Markovian Jump Processes** — Rachid Laraqui, SUNY at Buffalo

Discussants:

Avi Bick, NYU  
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Andrew Lo, Univ. of Pennsylvania  
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**EMPIRICAL EVIDENCE ON MARKETS FOR CORPORATE CONTROL** - South Pacific Room  
Chairman: Gershon Mandelker, Univ. of Pittsburgh

**Determinants of the Division of Gains in Corporate Acquisitions: Evidence from the Banking Industry** — Peggy Wier and Christopher James, Univ. of Oregon

**The Effects of Share Transferability Restrictions on Firm Performance and Decision Making: Evidence from the ANCSA Corporations** — Jonathan Karpoff, Univ. of Washington and Edward Rice, Univ. of Washington and Univ. of Chicago

**Poison Pill Securities: Stockholder Wealth, Profitability and Ownership Structure** — Paul Malatesta, Univ. of Washington and Ralph Walkling, Ohio State Univ.

**The Pricing Effects of Interfirm Cash Tender Offers** — Sanjai Bhagat, Univ. of Utah, James Brickley, Univ. of Rochester and Univ. of Utah and Uri Lowenstein, Univ. of Utah

Discussants:

Robert Haugen, Univ. of Illinois  
Michael Rozeff, Univ. of Iowa  
Anil Makhija, Univ. of Pittsburgh  
Anup Agrawal, Baruch College-CUNY

Monday, June 22 3:30-5:45

**MUTUAL FUND PERFORMANCE AND PORTFOLIO DIVERSIFICATION** - Capri Room  
Chairman: Lemma Senbet, Univ. of Wisconsin

**The Attributes, Behavior and Performance of U.S. Mutual Funds** — Gregory Connor, Univ. of California-Berkeley and Robert Korajczyk, Northwestern Univ.

**Optimal Contracts For Security Analysts and Portfolio Managers** — Richard Kihlstrom, Univ. of Pennsylvania

**Should Investors Hold Well-Diversified Portfolios?** — Robert Grauer, Simon Fraser Univ. and Michael J. Best, Univ. of Waterloo

**Adverse Risk Incentives and the Design of Performance-Based Contracts** — Mark Grinblatt and Sheridan Titman, UCLA

Discussants:

Stephen Brown, NYU  
Ramasastry Ambarish, Univ. of Wisconsin  
Mark Weinstein, Univ. of Southern California  
Richard Green, Carnegie-Mellon

**BID-ASK SPREADS AND DISCRETE PRICE QUOTES** - Acapulco Room  
Chairman: Kalman J. Cohen, Duke Univ.

**Direct Tests of Bid/Ask Spread Models** — Mihir Bhattacharya, Univ. of Southern California

**Interday Variations in Volumes and Spreads: A Theoretical Model** — F. Douglas Foster and S. Viswanathan, Duke University

**The Impact of Earnings Announcements on the Bid/Ask Spread** — Mel Jameson and William Wilhelm, Louisiana State Univ.

**Security Price Estimation Bias Induced by Discrete Observations** — Clifford Ball, Univ. of Michigan

Discussants:

William M. Taylor, Northwestern Univ.  
Joel Hasbrouck, NYU  
Robert A. Wood, Penn State Univ.  
Robert A. Schwartz, NYU

**INSIDER TRADING** - St. Moritz Room  
Chairman: Edward Dyl, Univ. of Wyoming

**Private Information Dissemination and Insider Profits in  
Laboratory Asset Markets** — Susan Watts, Univ. of Iowa

**Market Efficiency and Insider Trading: New Evidence** — Michael  
Rozeff, Univ. of Iowa and Mir A. Zaman, Loyola Univ.

**Insider Trading Around Announcements of Capital Structure  
Changes: Evidence on Information Signalling** — Jonathan Karpoff  
and Daniel Lee, Univ. of Washington

**Pre-Event Trading: Exception or Rule?** — Michael Berry, Univ. of  
Virginia and Dwight Grant, Univ. of New Mexico

Discussants:

Jerry Suchanek, Univ. of Arizona  
Maurice Joy, Univ. of Kansas  
Van Harlow, Univ. of Arizona  
John Schatzberg, Univ. of Arizona

**PRICING OPTIONS** - South Pacific Room  
Chairman: Robert Jarrow, Cornell Univ.

**A Unified Approach to the Risk Neutral Valuation of Contingent  
Claims in Discrete Time** — Stephen D. Smith, Univ. of Florida

**A New Option Spread Arbitrage Condition: Theory, Tests and  
Investment Strategies** — Ehud Ronn and Aimee Gerbarg Ronn, Univ.  
of California-Berkeley

**Option Hedging and Stochastic Volatility** — Ian Cooper, London  
Business School, Costas Kaplanis, Salomon Bros. Anthony Neuberger  
and Stephen Schaefer, London School of Business

**Robust Estimators of Scale: An Application to Option Pricing** —  
Robert Geske and Walter Torous, UCLA

Discussants:

Avi Bick, NYU  
Herb Johnson, Univ. of California-Davis  
Jim Wiggans, Cornell Univ.  
Robert Whaley, Duke Univ.

**Tuesday, June 23** 8:25-10:10

**FIXED INCOME SECURITIES STRATEGIES** - Capri Room  
Chairman: George Kaufman, Loyola Univ.

**Interest Rate Swaps: An Alternative Explanation** — Marcelle Arak,  
Laurie Goodman, Andrew Silver, Citicorp Investment Bank and Arturo  
Estrella, General Motors

**Bond Portfolio Immunization: Tests of Maturity, One- and Two-  
Factor Duration Matching Strategies** — Gerald Bierwag, Univ. of  
Arizona, George Kaufman, Loyola Univ. of Chicago, Cynthia Latta,  
Data Resources

**The Micromechanics of the Federal Funds Market: Implications for  
Day-of-the-Week Effects in Funds Rate Variability** — J. Ronald  
Hoffmeister, Arizona State Univ. and Paul Spindt, Federal Reserve  
Board of Governors

Discussants:

Gary Koppenhaver, Federal Reserve of Chicago  
Richard McEnally, Univ. of North Carolina  
Anthony Saunders, NYU

**GOLDEN PARACHUTES AND GREENMAIL** - Acapulco Room  
Chairman: Chester Spatt, Carnegie-Mellon Univ.

**A Theory of Acquisition Markets - Mergers vs. Tender Offers;  
Golden Parachutes and Greenmail** — Elazar Berkovitch and Naveen  
Khanna, Univ. of Michigan

**Why Good Managers Pay Greenmail: The Economics of Targeted  
Share Repurchases** — Sanjai Bhagat and Richard Jefferis, Univ. of  
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**Anti-Takeover Measures, Golden Parachutes, and Target Firm  
Shareholder Welfare: A Case of Agency Benefits** — Ellie Glennon  
Harris, Indiana Univ.

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Barton Litman, Carnegie-Mellon Univ.  
Kenneth Eades, Univ. of Michigan  
Michael Fishman, Northwestern Univ.

**STOCK INDEX FUTURES** - St. Moritz Room  
Chairman: Brad Cornell, UCLA

**Optimal Arbitrage Strategies Under Basis Variability** — Eduardo  
Schwartz and Michael J. Brennan, UCLA

**Volume Determination in Stock and Stock Index Futures Markets:  
An Analysis of Arbitrage and Volatility Effects** — John Merrick,  
Federal Reserve Bank of Philadelphia and NYU

**Pricing of Stock Index Futures and Options on Stock Index Futures**  
— Rachid Laraoui, SUNY at Buffalo

Discussants:

Greg Hawkins, Salomon Brothers  
Walter Torous, UCLA  
Dennis Draper, Univ. of Southern California

**INTERNATIONAL BORROWING AND LENDING** - South Pacific  
Room

Chairman: James Hodder, Stanford Univ.

**Domestic Versus Euromarket Bond Sale: A Case of Issuing  
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John Trimble, Univ. of Tennessee

**Financial Contracts and International Lending** — Maureen O'Hara,  
Cornell Univ.

**Syndicated Euro-Credit Sovereign Risk Assessments and Market  
Efficiency** — John Doukas, Concordia Univ.

Discussants:

Eugene Flood, Stanford Univ.  
Gerard Gennotte, Univ. of California-Berkeley  
John Lipsky, Salomon Bros.

**Tuesday, June 23** 10:20-12:05

**DEBT, TAXATION AND EQUILIBRIUM** - Capri Room  
Chairman: James Scott, Columbia Univ.

**International Capital Structure Equilibrium** — James Hodder,  
Stanford Univ. and Lemma Senbet, Univ. of Wisconsin

**The Interaction of Corporate and Government Financing in  
General Equilibrium** — Simon Benniga, Hebrew Univ. and Eli  
Talmor, Tel Aviv Univ.

**A Multiperiod Theory of Corporate Financial Policy under  
Taxation** — Craig M. Lewis, Vanderbilt Univ.

Discussants:

Steven Raymar, Indiana Univ.  
Ivan Brick, Rutgers Univ.  
Matthew Spiegel, Columbia Univ.



**TERM STRUCTURE** - Acapulco Room  
Chairman: Terence Langetieg, Salomon Bros.

**Transactions Costs and Term Premiums** — Robert Brooks, Auburn Univ.; Haim Levy, Hebrew Univ. and Univ. of Florida and Miles Livingston, Univ. of Florida

**Jump-Diffusion Processes and the Term Structure of Interest Rates** — Chang Mo Ahn, Univ. of Wisconsin-Eau Claire and Howard E. Thompson, Univ. of Wisconsin-Madison

**The Term Structure of Interest Rates: Empirical Evidence** — Michael Gibbons, Stanford Univ. and Krishna Ramaswamy, Univ. of Pennsylvania

Discussants:

Gilford Babcock, Univ. of Southern California  
Walter Torous, UCLA  
Philip Dybvig, Yale Univ.

**OVER-REACTION AND EXCESS VOLATILITY** - St. Moritz Room  
Chairman: John A. Haslem, Univ. of Maryland

**Does the Stock Market Overreact? Additional Evidence** — Edward Dyl and Kenneth Maxfield, Univ. of Wyoming

**Excess Volatility in the Stock Market: An Examination of Unbiased Test Methodology** — Gary S. Shea, Pennsylvania State Univ.

**Reaction to the Overreaction Hypothesis** — Steven L. Jones, Purdue Univ.

Discussants:

Dennis McConnell, Univ. of Maine-Orono  
Thomas McInish, Univ. of Texas-Arlington  
Mustafa Gultekin, Univ. of North Carolina

**INTERNATIONAL EQUITY RETURN** - South Pacific Room  
Chairman: Gerard Gennotte, Univ. of California-Berkeley

**International Transmission of Stock Market Movements** — Cheol E. Eun, Univ. of Maryland and Sangdal Shin, Hunter College

**An Empirical Investigation of International Asset Pricing** — Robert Korajczyk, Northwestern Univ. and Claude J. Viallet, INSEAD

**Sources of Risk in International Equity Pricing** — James N. Bodurtha, Jr., Ohio State Univ., D. Chinhung Cho and Lemma Senbet, Univ. of Wisconsin

Discussants:

Eugene Flood, Stanford Univ.  
Arthur Warga, Columbia Univ.  
Raj Aggarwal, Univ. of Toledo

**Tuesday, June 23** 3:30-5:15

**BANK LENDING** - Capri Room  
Chairman: Eli Talmor, Tel Aviv Univ.

**Bank Lending and Initial Public Offerings** — Myron B. Slovin and John E. Young, Univ. of Colorado

**Intertemporal Bank Asset Choice with Private Information about Loan Quality** — Robert McDonald and Deborah Lucas, Northwestern Univ.

**Competivity, Risk Neutrality and Loan Commitments** — Arnoud Boot and Anjan Thakor, Indiana Univ. and Gregory Udell, NYU

Discussants:

Christopher James, Univ. of Oregon  
George Pennacchi, Univ. of Pennsylvania  
Dwayne Seppi, Carnegie-Mellon Univ.

**CAPITAL STRUCTURE THEORY** - Acapulco Room  
Chairman: Rich Castanias, Univ. of California-Davis

**Incentive Conflicts, Bundling Claims and the Interaction among Financial Claimants** — Chester Spatt, Carnegie-Mellon Univ. and Frederick Sterbenz, Univ. of Wyoming and Ohio State Univ.

**Investment Efficiency and the Choice of Finance** — Steven Raymar, Indiana Univ.

**Costless Financing Policies under Asymmetric Information** — Michael J. Brennan, UCLA

Discussants:

Herb Johnson, Univ. of California-Davis  
Richard Green, Carnegie-Mellon Univ.  
to be announced

**TESTS OF ASSET PRICING MODELS 1** - St. Moritz Room  
Chairman: Stephen Brown, NYU

**Seasonality in Consumption-Based Asset Pricing: An Analysis of Linear Models** — Wayne Ferson, Univ. of Chicago and Campbell Harvey, Duke Univ.

**Variations in Ex Ante Risk Premiums on Capital Assets** — Gerard Genotte, Univ. of California-Berkeley and Terry A. Marsh, Stanford Univ. and Massachusetts Institute of Technology

**Tests of Asset Pricing Models with Changing Expectations** — Wayne Ferson, Univ. of Chicago and Stephen Foerster and Donald Keim, Univ. of Pennsylvania

Discussants:

Mark Weinstein, Univ. of Southern California  
Joel Hasbrouck, NYU  
Dave Modest, Columbia Univ.

**VALUATION OF MORTGAGES AND FIXED INCOME SECURITIES** - South Pacific Room  
Chairman: Michael Brennan, UCLA

**Valuation of Corporate Fixed Income Securites** — In Joon Kim, NYU, Krishna Ramaswamy, Univ. of Pennsylvania and Suresh Sundaresan, Columbia Univ.

**The Valuation and Analysis of Adjustable Rate Mortgages** — James Epperson, James B. Kau, Donald Keenan, Walter Muller, Univ. of Georgia

**Valuing Commercial Mortgages: An Empirical Investigation of the Contingent Claims Approach to Pricing Risky Debt** — Sheridan Titman and Walter Torous, UCLA

Discussants:

Eduardo Schwartz, UCLA  
Robert Van Order, UCLA  
Pat Henderschott, Ohio State Univ.

**Wednesday, June 24** 8:25-10:10

**CORPORATE DEBT: EMPIRICAL EVIDENCE** - Capri Room  
Chairman: Mark Weinstein, Univ. of Southern California

**Default Risk and Relative Security Supply As Determinants of Corporate Bond Yields** — Enrique Arzac and James H. Scott, Columbia Univ.

**Dynamic Capital Structure Choice: Theory and Tests** — Edwin Fischer, Univ. of Graz; Robert Heinkel and Josef Zechner, Univ. of British Columbia

**Maturing Debt and the Capital Structure Decision** — Michael Mazzeo, Indiana Univ.

Discussants:

Stephen Brown, NYU  
Sheridan Titman, UCLA  
Lawrence Harris, Univ. of Southern California

**RISK ESTIMATIONS** - Acapulco Room  
Chairman: Dwight Grant, Univ. of New Mexico

**Intertemporal Cross-Covariances Among Securites Which Trade Daily** — John E. Gilster, Jr., Michigan State Univ.

**General Equilibrium Pricing and Portfolio Composition In The Presence Of Uncertain Parameters And Estimation Risk** — Jeffrey Coles and Uri Lowenstein, Univ. of Utah

**Estimating Systematic Risk With Errors In Prices** — Michel Gendron, Univ. of British Columbia and Piet de Jong, Universite Laval

Discussants:

David Weeks, Univ. of New Mexico  
Chris Barry, Southern Methodist Univ.  
Robert Whaley, Duke Univ.

**MANAGERIAL PERFORMANCE AND COMPENSATION CONTRACTS** - St. Moritz Room  
Chairman: Artur Raviv, Northwestern Univ. and Tel Aviv Univ.

**Learning, Corporate Control and Performance Requirements in Venture Capital Contracts** — Yuk-Shee Chan, Northwestern Univ. and Univ. of Southern California; Daniel Siegel, Northwestern Univ. and Anjan Thakor, Indiana Univ.

**Capital Structure and Compensation: Theory and Evidence** — Sreenivas Kamma, Indiana Univ. and Frank C. Jen, SUNY Buffalo

**Performance and Managerial Compensation in the Regulated Firm: Empirical Evidence on Public Utilities** — Anup Agrawal, Baruch College and Anil Makhija and Gershon Mandelker, Univ. of Pittsburgh

Discussants:

Chester Spatt, Carnegie-Mellon Univ.  
Avner Kalay, NYU  
Michael Fishman, Northwestern Univ.

**ANOMALIES IN SECURITY RETURNS 2** - South Pacific Room  
Chairman: Don Keim, Univ. of Pennsylvania

**Financial Anomalies Under Rational Expectations: A Theory of the Annual Size and Related Effects** — Joseph Williams, NYU

**The Seasonality of Market Risk** — Erik Sirri, UCLA

**Are Seasonal Anomalies Real? A Ninety-Year Perspective** — Josef Lakonishok and Seymour Smidt, Cornell Univ.

Discussants:

Alan Kleidon, Stanford Univ.  
Craig MacKinlay, Univ. of Pennsylvania  
Marc Reinganum, Univ. of Southern California

**Wednesday, June 24** 10:20-12:05

**DIVIDENDS** - Capri Room  
Chairman: Richard Kihlstrom, Univ. of Pennsylvania

**Optimality of Intertemporal Smoothing of Dividends** — Kose John, NYU and Univ. of Chicago and David Nachman, Georgia Institute of Technology

**On Multiperiod Dividend Policies under Symmetric Information** — Jerome Detemple and Oded Sarig, Columbia Univ.

**Tax Rationality and the Demand for Dividends** — Susan Chaplinsky and H. Nejat Seyhun, Univ. of Michigan

Discussants:

Mark Grinblatt, UCLA  
Fredrick Sterbenz, Ohio State Univ. and Univ. of Wyoming  
Robert Dammon, Carnegie-Mellon Univ.

**CURRENCY EXCHANGE RATES** - Acapulco Room  
Chairman: Ken Dunn, Carnegie-Mellon Univ.

**The Valuation of the Early Exercise Premium in the Foreign Currency Options Market** — Neal Stoughton, Univ. of California-Irvine and Philippe Jorion, Columbia Univ.

**Forecasting Exchange Rates: The Message From Yield Curves** — Richard Sweeney, Claremont McKenna College and Dennis Logue, Dartmouth Univ. and Georgetown Univ.

**Exchange Rate Changes and the Profitability of U.S. Industries** — Eugene Flood, Stanford Univ. and Cathy Mann, Federal Reserve Board of Governors

Discussants:

Peter Bassaerts, Carnegie-Mellon Univ.  
Bob Cumby, NYU  
Robert Korajczyk, Northwestern Univ.

**BANKING STRUCTURE** - St. Moritz Room  
Chairman: Donald Fraser, Texas A&M Univ.

**The Effect of Capital Adequacy Guidelines on Large Bank Holding Companies** — David Peterson, Florida State Univ. and Larry Wall, Federal Reserve of Atlanta

**The Effects of Interstate Banking on Shareholder Return: The Evidence** — Sankar De, Southern Methodist Univ. and Diane Duplichan, Texas Commerce Bank

**The Intermediation Profit Margin and Market Share of Savings and Loan Associations** — Alan Hess, Univ. of Washington

Discussants:

Benton Gup, Univ. of Alabama  
Robert Rogowski, Kates Consulting Analysts  
Neil Murphy, Univ. of Connecticut

**TESTS OF ASSET PRICING MODELS 2** - South Pacific Room  
Chairman: Gregory Connor, Univ. of California-Berkeley

**Stock Market Prices Do Not Follow Random Walks: Evidence From A New Specification Test** — Andy Lo and A. Craig MacKinlay, Univ. of Pennsylvania

**Residual Risk Revisited** — Bruce Lehmann, Columbia Univ. and NBER

**Security Returns With Capital Gains Taxes: Theory and Empirical Evidence** — Narasimhan Jegadeesh, Columbia Univ.

Discussants:

Ravi Jagannathan, Northwestern Univ. and Univ. of Minnesota  
K.C. Chan, Ohio State Univ.  
Robert McDonald, Northwestern Univ.

**Wednesday, June 24** 1:15-3:00

**MICRO-STRUCTURE** - Capri Room  
Chairman: Robert A. Wood, Pennsylvania State Univ.

**A Day-End Transaction Price Anomaly** — Lawrence Harris, Univ. of Southern California

**An Empirical Study of the Impact of Rule 19c-3** — Kalman Cohen, Duke Univ. and Robert Conroy, Univ. of North Carolina

**Order Arrival, Quote Behavior, and the Return Generating Process** — Joel Hasbrouck and Thomas S. Y. Ho, NYU

Discussants:

Eric Terry, Stanford Univ. and Univ. of Pennsylvania  
Hans Stoll, Vanderbilt Univ.  
Gerard Gennotte, Univ. of California-Berkeley

**CORPORATE SIGNALLING** - Acapulco Room  
Chairman: Robert Heinkel, Univ. of British Columbia

**Strategic Information Transmission and the Agency Theory of the Firm** — Praveen Kumar, Carnegie-Mellon Univ.

**The LIFO/FIFO Choice: An Asymmetric Information Approach** — Patricia Hughes and Eduardo Schwartz, UCLA

**Reaction of Prices of Stocks and Bonds to Investment Announcements: Theory and Evidence** — Kose John, NYU and Univ. of Chicago; Banikanta Mishra, Univ. of Florida

Discussants:

Vojislav Maksimovic, Univ. of British Columbia  
Masako Darrough, Columbia Univ.  
Paul Malatesta, Univ. of Washington

**DYNAMIC PORTFOLIO STRATEGIES** - St. Moritz Room  
Chairman: Richard C. Green, Carnegie-Mellon Univ.

**Inefficient Dynamic Portfolio Strategies** — Philip Dybvig, Yale Univ.

**A Variational Problem Arising in Financial Economics with an Application to A Portfolio Turnpike Theorem** — John Cox and Chi-fu Huang, Massachusetts Institute of Technology

**Returns on Portfolios of Stocks, Bonds, and Bills: The Empirical Distribution Approach with an Inflation Adapter**— Robert Grauer, Simon Fraser Univ. and Nils Hakansson, Univ. of California-Berkeley

Discussants:

Alan Kraus, Queens Univ. and Univ. of British Columbia  
Jerome Detemple, Columbia Univ.  
Peter Bassaerts, Carnegie-Mellon Univ.

**REAL INTEREST RATES** - South Pacific Room  
Chairman: Alan Hess, Univ. of Washington

**Inflation Futures and a Riskless Real Interest Rate** — Bjorn Flesaker and Ehud I. Ronn, Univ. of California-Berkeley

**Demographic Influences on Real Interest Rates** — Jerome B. Baesel, Oakley-Sutton Management Corporation and Henry McMillan, Univ. of California-Irvine

**A Test for the Darby Effect: An Event Study** — Yea-Mow Chen, San Francisco State Univ.

Discussants:

Richard Sweeney, Claremont McKenna College  
Paul Spindt, Federal Reserve Board of Governors  
Alan Hess, Univ. of Washington

**CALL FOR PAPERS AND PARTICIPANTS  
1988 ANNUAL MEETINGS OF  
THE WESTERN FINANCE ASSOCIATION  
JUNE 19-22, 1988  
EMBASSY SUITES, NAPA, CA**

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 1988 Annual Meetings. Papers on any topic related to financial economics will be considered.

**Submission of Papers:**

Send **four (4)** copies of the paper to the program chairman no later than Nov. 25, 1987. Completed papers are preferable; but dtailed abstracts will be accepted. Please attach a separate sheet indicating author's name, affiliation, title of paper and willingness to serve as a discussant or as a session chairman. All papers will be reviewed by the program committee. Authors will be notified in early 1988.

**Annual Awards for Best Papers:**

Trefftz Award: Best Student Paper. \$1000 and possible publication in the JFQA. Send papers to program chairman, indicating it is a student paper.

American Association of Individual Investors Award: \$1000 prize for the best paper in investments. Paper must be considered for publication in JFQA. Send four copies of paper with cover letter by Nov. 25, 1987, to program chairman.

**Program Chairman:**

Prof. Bradford Cornell  
Program Chairman, WFA  
Graduate School of Management, GM 16  
University of California, Los Angeles  
Los Angeles, California 90024

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