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**Stouffer Madison Hotel  
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June 25-28, 1989**



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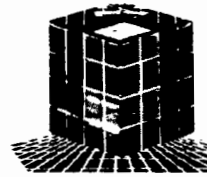
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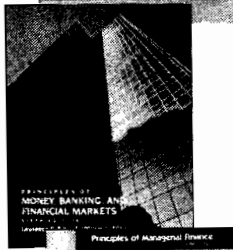
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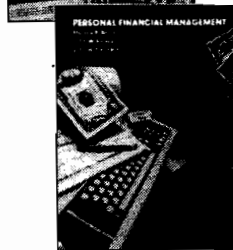
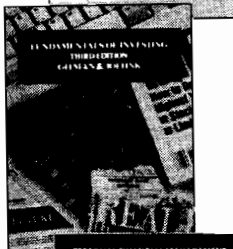
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Correspondence regarding membership and other business aspects of the Association should be addressed to:

Professor Michael J. Joehnk  
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A call for papers and participants for the 1990 conference of the Western Finance Association appears on the program's final page.



REGISTRATION INFORMATION

All sessions will be held at Stouffer Madison Hotel, Seattle, Washington. 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 25.

PRE-REGISTRATION

Pre-registration is urged and the enclosed form is to be used. Mail to:

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Monday, June 26, 8:00 a.m. — 5:00 p.m.  
Tuesday, June 27, 8:00 a.m. — 12:00 noon

Registration for the Chicago Board of Trade Breakfast Seminar will take place on-site in the meeting registration area.

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**PROGRAM SUMMARY**

**Sunday, June 25**

4:00-8:00 p.m. **REGISTRATION**

5:30-7:30 p.m. No-Host Cocktails

**Monday, June 26**

7:00-8:15 a.m.

**Chicago Board of Trade Breakfast Seminar:** Options On  
Treasury Bond Futures: A Trader’s Perspective.

8:30-10:15 a.m.

Capital Structure Theory

Asset Pricing Theory

Futures Contracts

Anomalies in Financial Markets

10:30 a.m.-12:45 p.m.

Symposium The Intertemporal Behavior of Asset Prices I

Capital Structure: Evidence

Corporate Control: Evidence I

Trading and Price Volatility I

2:30-4:45 p.m.

Symposium The Intertemporal Behavior of Asset Prices II

International Finance

Managerial Contracts and Performance

Financial Intermediation

5:00-6:30 p.m.

**WFA Executive Committee and Board of Directors Meeting**

5:30-7:30 p.m.

No-Host Cocktails

**Tuesday, June 27**

8:30-10:15 a.m.

Dividends

Corporate Structure I

Trading and Price Volatility II

Investment Banking and New Issues

Event Studies

10:30 a.m.-12:15 p.m.

Corporate Control Theory

Microstructure I

Asset Pricing Tests I

Taxes and Finance

12:30-2:15 p.m.

**Annual Meeting and Luncheon:**

WFA will honor William F. Sharpe, Stanford University, on the

Twenty-Fifth Anniversary of the Capital Asset Pricing Model.

Featured speaker: Fred Grauer, Chairman, Wells Fargo Invest-  
ment Advisors

2:30-4:15 p.m.

Corporate Control: Evidence II

Predictability of Asset Returns

Options

Financial Signalling

Term Structure

4:30-5:30 p.m.

Panel: Perspectives on the Savings and Loan Insurance Mess

5:30-7:30 p.m.

No-Host Cocktails

*(Continued on next page)*

8:30-10:15 a.m.  
Dynamic Financial Strategies  
Corporate Structure II  
Asset Pricing Tests II  
Microstructure II  
Empirical Methods in Finance

10:30 a.m.-12:15 p.m.  
Initial Public Offerings  
Fixed Income Securities  
Asset Pricing Tests III  
Corporate Control: Evidence III

**Treftz Award Winners**

Roni Michaely, New York University  
“Ex-Dividend Day Stock Price Behavior: The Case of the 1986 Tax Re-  
form Act”

Jonathan M. Paul, Stanford University  
“Informationally Incomplete Markets and Capital Structure”

**American Association of Individual Investors Award**

Andrew Lo, Massachusetts Institute of Technology  
and  
Craig Mackinlay, University of Pennsylvania  
“When Are Contrarian Profits Due to Stock Market Overreaction?”

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**Sunday, June 25**

4:00-8:00 p.m. **REGISTRATION**  
5:30-7:30 p.m. No-Host Cocktails

**Monday, June 26** 7:00-8:15 a.m.  
**Chicago Board of Trade Breakfast Seminar:** Options on  
Treasury Bond Futures: A Trader’s Perspective. Pre-registration  
required.

**Monday, June 26** 8:30-10:15 a.m.

**CAPITAL STRUCTURE THEORY** — South Room  
Chair: Kose John, New York University

**The Design of Securities** — Milton Harris, University of  
Chicago and Artur Raviv, Northwestern University

**Monitoring and Optimal Financial Contracts** — Joseph Williams,  
University of British Columbia

**Informationally Incomplete Markets and Capital Structure** —  
Jonathan Paul, Stanford University

**Discussants:**

Franklin Allen, University of Pennsylvania  
Robert Vishny, University of Chicago  
Chester Spatt, Carnegie-Mellon University

**ASSET PRICING THEORY — North Room**

Chair: Richard Green, Carnegie-Mellon University

**Introduction of Derivative Securities: A General Equilibrium Approach** — Joan Ketterer and Albert Marcet, Carnegie-Mellon University

**Monetary Policy and Financial Markets** — Glenn Boyle, Louisiana State University and Leslie Young, University of Texas-Austin

**Risk Aversion and the Intertemporal Behavior of Asset Prices** — R.C. Stapleton, Cambridge University and Marti Subrahmanyam, New York University

Discussants

David Backus, Federal Reserve Bank of Minneapolis  
Debbie Lucas, Northwestern University  
Narayana Kocherlakota, Northwestern University

**FUTURES CONTRACTS — West Room**

Chair: Robert Jarrow, Cornell University

**General Equilibrium Stock Index Futures Prices: Theory and Empirical Evidence** — Michael Hemler, Duke University and Francis Longstaff, Ohio State University

**Equilibrium Futures Prices in the Presence of Implicit Delivery Options: Theory and Application to the T-Bond Futures Contract** — Gerald Gay, Georgia State University and Steven Manaster, University of Utah

**Delivery Uncertainty and the Efficiency of Futures Markets** — Avraham Kamara, University of Washington

Discussants:

Susan Cheng, Columbia University  
Peter Carr, Cornell University  
Clifford Ball, University of Michigan

**ANOMALIES IN FINANCIAL MARKETS — East Room**

Chair: Marc Reinganum, University of Iowa

**When are Contrarian Profits due to Stock Market Overreaction?** — Andrew Lo, Massachusetts Institute of Technology and Craig MacKinlay, University of Pennsylvania

**Anomalous Price Behavior Around Repurchase Tender Offers** — Josef Lakonishok, University of Illinois at Urbana-Champaign and Theo Vermaelen, INSEAD

**The Seemingly Anomalous Price Behavior of Royal Dutch/Shell and Unilever N.V./PLC** — Leonard Rosenthal and Colin Young, Bentley College

Discussants:

Werner DeBondt, University of Wisconsin-Madison  
Ken Martin, University of Iowa  
Bart Broadman, Arizona State University

**Monday, June 26** 10:30 a.m.-12:45 p.m.

**SYMPOSIUM (JOINT WITH SFS (Society for Financial Studies) ): THE INTERTEMPORAL BEHAVIOR OF ASSET PRICES I — South Room**

Chair: Mark Rubinstein, University of California, Berkeley

**Expectations and Volatility of Long-Horizon Stock Returns** — Shmuel Kandel, University of Chicago and Robert Stambaugh, University of Pennsylvania

**Theoretical Relations Between Risk Premiums and Conditional Variances** — David Backus, Federal Reserve Bank of Minneapolis and Allan Gregory, Queen's University, Canada

**Components of Short-Horizon Individual Security Returns** — Jennifer Conrad, University of North Carolina, Gautam Kaul and M. Nimalendran, University of Michigan

*(Continued On Next Page)*

**The Pricing Errors Implied by the Autocovariances in Short-Term Stock Returns** — Joel Hasbrouck, New York University

Discussants:

Stephen Brown, New York University  
Campbell Harvey, Duke University  
Wayne Ferson, University of Chicago  
Richard Green, Carnegie-Mellon University

**CAPITAL STRUCTURE: EVIDENCE** — North Room

Chair: Ronald Masulis, Southern Methodist University

**Taxes and Capital Structure: Evidence From Firms' Response to the Tax Reform Act of 1986** — Dan Givoly, Tel Aviv University and Northwestern University, Carla Hayn, Northwestern University, Aharon Ofer and Oded Sarig, Tel Aviv University

**Tests of Earnings Information in Capital Structure Announcements** — Larry Dann, University of Oregon, Ronald Masulis, Southern Methodist University, and David Mayers, Ohio State University

**An Empirical Investigation of Valuation Effects for Firms in Reorganization in Chapter XI** - Julian Franks, London Business School and Walter Torous, University of California-Los Angeles

**Management-Borne Bankruptcy Costs: Evidence on Executive Turnover during Corporate Financial Distress** — Stuart Gilson, University of Texas-Austin

Discussants:

Robert Dammon, Carnegie-Mellon University  
Jonathan Karpoff, University of Washington  
Jerold Warner, University of Rochester  
Ralph Walkling, Ohio State University

**CORPORATE CONTROL: EVIDENCE I** — West Room

Chair: Andrew Chen, Southern Methodist University

**Corporate Takeovers and Interest Rates** — Omesh Kini, Pennsylvania State University, William Kracaw and John McConnell, Purdue University

**Corporate Acquisitions by NYSE and ASE Firms: The Experience of a Sample of 10,000-Plus** — Claudio Loderer, Purdue University and Kenneth Martin, University of Iowa

**The Benefits of Toehold Acquisitions and the Consequences of SEC 13D Disclosure Rules** — Dosoung Choi, State University of New York at Buffalo

**Shareholder Suits and Shareholder Welfare: Some Evidence from the Stock Market** — Jeffrey Jaffe, University of Pennsylvania and Randolph Westerfield, University of Southern California

Discussants:

K.C. Chan, Ohio State University  
Gershon Mandelker, University of Pittsburgh  
James Bicksler, Rutgers University  
Rex Thompson, Southern Methodist University

**TRADING AND PRICE VOLATILITY I** — East Room

Chair: Jack Francis, Baruch College

**Trading Volume and Changes in Heterogeneous Expectations** — Larry Lang, Ohio State University and Robert Litzenberger, University of Pennsylvania

**Noise Trading and Efficiency in Behavioral Finance** — Hersh Shefrin and Meir Statman, Santa Clara University

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**Noise and Backwardation in Futures Markets** — Catherine Shalen, University of Illinois-Chicago

**The Tax Reform Act of 1986 and Tax-Induced Trading Around Ex-Dividend Days** — Mark Fedenia and Theoharry Grammatikos, University of Wisconsin-Madison

Discussants:

Anil Makhija, University of Pittsburgh  
Chang Ahn, University of Texas-Dallas  
Gerald Bierwag, University of Arizona  
Richard Smith, Arizona State University

**Monday, June 26** 2:30-4:45 p.m.

**SYMPOSIUM (JOINT WITH SFS): THE INTERTEMPORAL BEHAVIOR OF ASSET PRICES II** — South Room

Chair: Stephen Brown, New York University

**Private Information, Trading Volume, and Stock Return Variations** — Michael Barclay, University of Rochester, Robert Litzenberger, University of Pennsylvania, and Jerold Warner, University of Rochester

**Correlations in Price Changes and Volatility Across International Stock Markets** — Yasushi Hamao, University of California-San Diego and Ronald Masulis, Southern Methodist University

**Return Seasonality in Stocks and Their Underlying Assets: Tax Loss Selling Versus Information Explanations** — Gregory Brauer, University of Washington and Eric Chang, University of Maryland

**Rational Finite Bubbles** — Franklin Allen and Gary Gorton, University of Pennsylvania

Discussants:

Mark Weinstein, University of Southern California  
Josef Lakonishok, University of Illinois at Urbana Champaign  
Christopher Barry, Texas Christian University  
Peter Bossaerts, Carnegie-Mellon University

**INTERNATIONAL FINANCE** — North Room  
Chair: Vihang Errunza, McGill University

**Pricing Physical Assets Internationally** — Bernard Dumas, University of Pennsylvania

**Real Exchange Rates: Heteroscedasticity and Reversion Toward PPP** — Jack Glenn, University of Pennsylvania

**Transfer Pricing in a Multinational Enterprise under Asymmetric Information** — Neal Stoughton, University of California-Irvine and Eli Talmor, Tel Aviv University and University of California-Irvine

**Empirical Investigation of Asset Pricing with a Constraint on the Foreign Equity Ownership** — Clas Bergstrom and Kristian Rydqvist, Stockholm School of Economics

Discussants:

René Stulz, Ohio State University  
James Bodurtha, University of Michigan  
Arthur Moreau, McGill University  
Simon Wheatley, University of Washington

**MANAGERIAL CONTRACTS AND PERFORMANCE** — East Room  
Chair: Dennis Logue, Dartmouth College

**Performance Measurement Under Asymmetric Information and Investment Constraints** — Michel Gendron and Christian Genest, Université Laval

**Managerial Reputation, Project Choice and Debt** — David Hirshleifer, University of California-Los Angeles and Anjan Thakor, Indiana University

**Managerial Incentives and Corporate Takeovers** — Bart Broadman, Arizona State University and USC

**The PBGC's Flat Fee Schedule, Moral Hazard, and Promised Pension Benefits** — Gregory Niehaus, University of Michigan

Discussants:

Seha Tinic, University of Texas-Austin  
Bulent Gultekin, University of Pennsylvania  
Steven Raymar, Indiana University  
T. Craig Tapley, University of Florida

## FINANCIAL INTERMEDIATION — West Room

Chair: Alan Hess, University of Washington

**Asymmetric Information, Bank Lending, and Implicit Contracts: A Stylized Model of Continuing Relationships** — Steven Sharpe, Federal Reserve Board

**Collateral, Loan Quality, and Bank Risk** — Allen Berger, Federal Reserve Board and Gregory Udell, Federal Reserve Board and New York University

**Corporate Financial Policy and the Theory of Financial Intermediation** — James Seward, Dartmouth College

**Technological Change and Production Economies in Large U.S. Commercial Banks** — William Hunter, Federal Reserve Bank of Atlanta and Emory University and Stephen Timme, Georgia State University

Discussants:

Anjan Thakor, Indiana University  
Randall Pozdna, Federal Reserve Bank of San Francisco  
Aris Protopapadakis, Claremont Graduate School  
Gerald Hanweck, George Mason University

**Tuesday, June 27** 8:30-10:15 a.m.

## DIVIDENDS — South Room

Chair: Franklin Allen, University of Pennsylvania

**Ex-Dividend Day Stock Price Behavior: The Case of the 1986 Tax Reform Act** — Roni Michaely, New York University

**Dividend Capture in NASDAQ Stocks** — Jonathan Karpoff, University of Washington and Ralph Walkling, Ohio State University

**Managerial Incentives and Corporate Dividend Policy** — George Kanatas, Indiana University and Aharon Ofer, Tel Aviv University

Discussants:

Steven Raymar, Indiana University  
Craig Lewis, Vanderbilt University  
James Seward, Dartmouth College

## CORPORATE STRUCTURE I — West Room

Chair: Robert Taggart, Boston University

**Corporate Structure, Liquidity, and Investment: Evidence from Japanese Panel Data** — Takeo Hoshi, University of California-San Diego, Anil Kashyap, Federal Reserve Board, and David Scharfstein, Massachusetts Institute of Technology

**Limited Liability, Corporate Leverage, and Public Policy** — Kose John, New York University and Lemma Senbet, University of Wisconsin-Madison

**Corporate Spinoffs in an Agency Framework** — Debra Aron, Northwestern University

Discussants:

James Hodder, Stanford University  
Christopher Barry, Texas Christian University  
Anjan Thakor, Indiana University

## TRADING AND PRICE VOLATILITY II — North Room

Chair: Chester Spatt, Carnegie-Mellon University

**Trade and the Revelation of Information through Prices and Direct Disclosure** — Bruce Grundy and Maureen McNichols, Stanford University

**Trading Within the Spread: An Examination of Interday and Intraday Behavior** — Dave Porter, Marquette University

**Program Trading and Price Movement Around the October 1987 Market Crash** — Dean Furbush, Securities and Exchange Commission

Discussants:

Ananth Madhavan, University of Pennsylvania  
Mark Weinstein, University of Southern California  
Duane Seppi, Carnegie-Mellon University



**INVESTMENT BANKING AND NEW ISSUES — East Room**  
Chair: Amir Barnea, Tel Aviv University and UW-Madison

**The Effect of Information Releases on the Pricing and Timing of Equity Issues: Theory and Evidence** — Robert Korajczyk, Deborah Lucas and Robert McDonald, Northwestern University

**On the Timing of Seasoned Common Stock Issues: Theory and Evidence** — Hyuk Choe, University of Chicago, Ronald Masulis, Southern Methodist University and Vikram Nanda, University of Southern California

**Rights Versus Underwriting: Optimality of Equity Issue Strategies** — Sankar De and Prafulla Nabar, Southern Methodist University

Discussants:

Ehud Ronn, University of Texas-Austin  
Yakov Amihud, Tel Aviv University and New York University  
Tom Noe, Georgia State University

**EVENT STUDIES — Washington Room**  
Chair: Michael Rozeff, University of Iowa

**The Effect of Stock Splits on Dividend Changes on Stock and Bond Prices** — A. Aweidat, University of Garyounis, Libya, Upinder Dhillon, SUNY-Binghamton, and Herb Johnson, University of California-Davis

**New Evidence on the Behavior of Canadian Stock Prices in the Days Surrounding the Ex-Dividend Day** — George Athanassakos, Wilfrid Laurier University and David Fowler, York University

**Partially Anticipated Convertible Calls and Timing of Call Decisions** — K.C. Chen, California State University and Ji-Chai Lin, Louisiana State University

Discussants:

Clifford Ball, University of Michigan  
Ronald Singer, University of Houston  
Paul Schultz, University of Iowa

**Tuesday, June 27**      10:30 a.m.-12:15 p.m.

**CORPORATE CONTROL THEORY — South Room**  
Chair: Joseph Williams, University of British Columbia

**Transaction Costs and Corporate Control** — Laurie Bagwell, Northwestern University and Kenneth Judd, Stanford University

**The Mode of Acquisition in Takeovers: Taxes and Signalling** — David Brown, University of Florida

**Optimal Pre-Tender Offer Share Acquisition Strategy in Takeovers** — Bhagwan Chowdhry and Narasimhan Jegadeesh, University of California-Los Angeles

Discussants:

Naveen Khanna, University of Michigan  
David Hirschleifer, University of California-Los Angeles  
Ronald Giammarino, University of British Columbia

**MICROSTRUCTURE I — West Room**  
Chair: Hans Stoll, Vanderbilt University

**Exogenous Demand Shocks and Trading Volume: A Model of Intraday Bids and Asks** — William Brock, University of Wisconsin-Madison and Allan Kleidon, Stanford University

**The Bid Ask Spread and the Cost of Transacting** — Seymour Smidt, Cornell University

**Trading Volume of the NYSE during the Twentieth Century: A Daily and Hourly Analysis** — Mason Gerety, Clemson University and J. Harold Mulherin, Securities and Exchange Commission

Discussants:

Joel Hasbrouck, New York University  
Kalman Cohen, Duke University  
Werner DeBondt, University of Wisconsin-Madison

## **ASSET PRICING TESTS I — North Room**

Chair: Wayne Ferson, University of Chicago

**Restrictions on Intertemporal Marginal Rates of Substitution Implied by Asset Prices** — Lars Hansen, University of Chicago and Ravi Jagannathan, Northwestern University

**Testing the Arbitrage Pricing Theory: Predictive Distributions, Posterior Distributions and Odds Ratios** — Robert McCulloch and Peter Rossi, University of Chicago

**Testing Asset Pricing Models with Infrequently Measured Factors** — Simon Wheatley, University of Washington

Discussants:

Mark Rubinstein, University of California, Berkeley  
Bruce Lehman, Columbia University  
Campbell Harvey, Duke University

## **TAXES AND FINANCE — East Room**

Chair: Eli Talmor, Tel Aviv University and UC-Irvine

**Consistent Valuation and Cost of Capital Expressions with Corporate and Personal Taxes** — Robert Taggart, Boston University

**Tax-Adjusted Discount Rates** — Gordon Sick, University of Calgary

**Tax Shields, Sample Selection Bias, and the Informational Content of Convertible Bond Calls** — Cynthia Campbell and Louis Ederington, Washington University and Prashant Vankudre, Citibank Corporation

Discussants:

Robert Dammon, Carnegie-Mellon University  
Amir Barnea, Tel Aviv University and UW-Madison  
Kenn Dunn, Miller, Anderson & Sherrerd

**Tuesday, June 27**

**2:30-4:15 p.m.**

## **CORPORATE CONTROL: EVIDENCE II — South Room**

Chair: Robert Vishny, University of Chicago

**The Distribution of Target Ownership and the Division of Gains in Successful Takeovers** — Moon Song, California State University-San Diego, and René Stulz and Ralph Walkling, Ohio State University

**Stock Trading Before the Announcement of Tender Offers: Insider Trading or Market Anticipation?** — Gregg Jarrell, University of Rochester and Annette Poulsen, University of Georgia

**Competition in the Bidding Market and Its Effects on Target and Acquiring Firm Shareholder Wealth** — Richard Boebel, University of North Carolina-Chapel Hill and Robert Harris, University of Virginia

Discussants:

Michael Fishman, Northwestern University  
Claudio Loderer, Purdue University  
Naveen Khanna, University of Michigan

## **PREDICTABILITY OF ASSET RETURNS — North Room**

Chair: Robert Stambaugh, University of Pennsylvania

**Nonstationary Expected Returns: Implications for Tests of Market Efficiency and Serial Correlation in Returns** — Ray Ball and S. Kothari, University of Rochester

**Mean Reversion in Equilibrium Asset Prices** — Stephen Cecchetti, Pok-sang Lam and Nelson Mark, Ohio State University

**Time Varying Term Premia on U.S. Treasury Bills and Bonds** — Robert Klemkosky, Indiana University and Eugene Pilotte, The University of Wyoming

Discussants:

Nai-fu Chen, University of Chicago  
Shmuel Kandel, University of Chicago  
Beni Lauterbach, Bar Ilan University

**OPTIONS — Washington Room**

Chair: Robert Whaley, Duke University

**Method of Moments Tests of Contingent Claims Asset Pricing Models** — Peter Bossaerts, Carnegie-Mellon University and Pierre Hillion, INSEAD

**Option Theory and Fixed Rate Mortgages** — James Epperson, James Kau, Donald Keenan, and Walter Muller, University of Georgia

**Convertible Debt: Valuation and Conversion in Complex Capital Structures** — Craig Lewis, Vanderbilt University

Discussants:

Robert Whaley, Duke University  
Alex Triantis, Massachusetts Institute of Technology  
David Emanuel, Emanuel Macbeth and Associates

**FINANCIAL SIGNALLING — West Room**

Chair: Artur Raviv, Northwestern University

**Strategic Insider Trading Around Dividend Announcements: Theory and Evidence** — Kose John, New York University and Larry Lang, Ohio State University

**The Role of Debt and Preferred Stock as a Solution to Adverse Investment Incentives** — Robert Heinkel and Josef Zechner, University of British Columbia

**Market Reaction to Seasoned Equity Issues: The Impact of Asymmetric Information** — Ronald Lease, Tulane University, Ronald Masulis, Southern Methodist University, John Page and S. David Young, Tulane University

Discussants:

Kathleen Hagerty, Northwestern University  
Milton Harris, University of Chicago  
Robert Korajczyk, Northwestern University

**TERM STRUCTURE — East Room**

Chair: Kenneth Dunn, Miller, Anderson & Sherrerd

**Arbitrage-Based Estimation of Non-Stationary Shifts in the Term Structure of Interest Rates** — Robert Bliss, University of Chicago and Ehud Ronn, University of Texas-Austin

**Variability and Stationarity of Term Premia** — Ramon DeGennaro and James Moser, Michigan State University

**Testing the Cox, Ingersoll and Ross Model on British Government Index-Linked Securities** — Roger Brown and Stephen Schaefer, London Business School

Discussants:

Kenneth Dunn, Miller, Anderson & Sherrerd  
Robert Jarrow, Cornell University  
Steve Heston, Carnegie-Mellon University

**Tuesday, June 27** 4:30-5:30 p.m.

**PERSPECTIVES ON THE SAVINGS AND LOAN INSURANCE MESS**

— Invited Panel — South Room

Moderator: Alan Hess, University of Washington

Panelists: Edward Kane, Ohio State University  
James Barth, Federal Home Loan Bank  
Lawrence Connell, United Savings

**Wednesday, June 28** 8:30-10:15 a.m.

**DYNAMIC FINANCIAL STRATEGIES — North Room**

Chair: Robert Heinkel, University of British Columbia

**Dynamic Equilibrium in a Competitive Credit Market: Intertemporal Contracting as Insurance Against Rationing** — Arnoud Boot, University of Limburg and Anjan Thakor, Indiana University

**Multiperiod Agency Problems and Financial Contracting** — S. Venkataraman, University of Florida

*(Continued on next page)*

**Financial Policy and a Firm's Reputation for Product Quality —**  
Vojislav Maksimovic, University of British Columbia and  
Sheridan Titman, University of California-Los Angeles

Discussants:

Gordon Sick, University of Calgary  
Richard Green, Carnegie-Mellon University  
Michael Fishman, Northwestern University

**CORPORATE STRUCTURE II — East Room**

Chair: Robert Haugen, University of California-Riverside

**Capital and Ownership Structure, and the Market for Corporate Control —** Ronen Israel, Northwestern University

**Efficiency and Organizational Structure: A Study of Reverse LBO's —** Chris Muscarella and Michael Vetsuypens, Southern Methodist University

**The Effects of Financial Policy and Ownership Structure on Agency Costs: Evidence from the Oil Industry —** John Byrd, Washington State University

Discussants:

Neil Stoughton, University of California-Irvine  
Josef Lakonishok, University of Illinois at Urbana-Champaign  
Jin Duan, McGill University

**MICROSTRUCTURE II — West Room**

Chair: Seha Tinic, University of Texas-Austin

**Intertemporal Price Discovery by Market Makers: Active versus Passive Learning —** J. Chris Leach and Ananth Madhavan, University of Pennsylvania

**Factors Influencing Bid-Ask Quote Revisions: An Exploratory Analysis —** Hasung Jang and P. Venkatesh, University of Houston

**A Market Microstructure Explanation of Ex-Day Abnormal Returns —** David Dubofsky, Texas A&M University

Discussants:

Paul Laux, University of Texas-Austin  
Mustafa Gultekin, University of North Carolina  
Dennis Logue, Dartmouth College

**ASSET PRICING TESTS II — South Room**

Chair: Gregory Connor, University of California, Berkeley

**Is the Expected Compensation for Market Volatility Constant through Time? —** Campbell Harvey, Duke University

**Asset Prices, Market Fundamentals, and Long Term Expectations: Some New Tests of Present Value Models —** Louis Scott, University of Illinois at Urbana-Champaign

**Tests of CAPM with Time Varying Covariances: A Multivariate GARCH Approach —** Lilian Ng, University of Pennsylvania

Discussants:

Peter Rossi, University of Chicago  
K.C. Chan, Ohio State University  
Marc Reinganum, University of Iowa

**EMPIRICAL METHODS IN FINANCE — Washington Room**

Chair: James Hodder, Stanford University

**Insiders' Decision of Corporate Events: A Simple Measure of Expected Abnormal Return, Conditional on Outsiders' Prior Information —** Sankarshan Acharya, New York University

**Empirical Properties of Stock Returns Evolving in Local Time: Volume versus GARCH Effects —** Christopher Lamoureux and William Lastrapes, Louisiana State University

**Estimating the Variance of Intra-Day Stock Returns: Time-Scaled Variance Estimators —** D. Chinhung Cho and Edward Frees, University of Wisconsin-Madison

Discussants:

William Lanen, University of Pennsylvania  
Dan Nelson, University of Chicago  
Allan Kleidon, Stanford University

Wednesday, June 28 10:30 a.m.-12:15 p.m.

**INITIAL PUBLIC OFFERINGS — West Room**

Chair: Jay Ritter, University of Michigan

**Bringing New Issues to Market: A Theory of Underwriting** — Lawrence Benveniste, Northwestern University and Paul Spindt, Federal Reserve Board

**The Pricing of Best Efforts New Issues** — Ann Guenther, University of Wisconsin-Madison

**The Pricing of Initial Public Offerings: A Dynamic Model with Information Production** — Thomas Chemmanur, Columbia University

Discussants:

David Mauer, University of Wisconsin-Madison  
Kathleen Weiss, University of Michigan  
Ivo Welch, University of Chicago

**ASSET PRICING TESTS III — North Room**

Chair: Richardson Pettit, University of Houston

**On the Power of Multivariate Tests of Mean Variance Efficiency** — Robert Grauer, Simon Fraser University

**A Synthesis of Two Approaches to Factor Estimation** — Gregory Connor and Robert Whianer, University of California, Berkeley

**Multivariate Regression Tests of Financial Models: An Instrumental Variable Approach** — Andrew Chen, Southern Methodist University, C.F. Lee, Rutgers University-New Brunswick, and K.C. John Wei, University of Miami

Discussants:

Roger Huang, Vanderbilt University  
David Brown, Indiana University  
Narasimhan Jegadeesh, UCLA

**FIXED INCOME SECURITIES — East Room**

Chair: Willard Carleton, University of Arizona

**Bond Covenants and the Valuation of Risky Debt: A New Approach** — Michael Brennan, University of California-Los Angeles, Avner Kalay, Tel Aviv University and University of Utah, and Jerome Detemple, Columbia University

**Intertemporal Behavior of Bond Prices in Stationary Markov Economies: Theory and Empirical Tests** — Hossein Kazemi and Nikolaos Milonas, University of Massachusetts-Amherst

**A Random Variance Model of Default-Free Discount Bonds** — William Foote, Syracuse University

Discussants:

Gerry Suchanek, University of Iowa  
Walter Torous, University of California-Los Angeles  
David Nachman, Georgia Institute of Technology

**CORPORATE CONTROL: EVIDENCE III — South Room**

Chair: Larry Dann, University of Oregon

**You Can Fool Some of the People All of the Time: The Proxy Voting Process and Antigreemail Charter Amendments**: Sanjai Bhagat, University of Utah and University of Chicago and Richard Jefferis, University of Utah

**Takeover Threats, Antitakeover Amendments and Stock Price Reaction** — Beni Lauterbach, Bar Ilan University, Ileen Malitz, University of Illinois-Chicago, and Joseph Vu, DePaul University

**An Empirical Investigation of Leveraged Recapitalizations: A New Takeover Defense Strategy** — Puneet Handa and A. Radhakrishnan, New York University

Discussants:

David Scharfstein, Massachusetts Institute of Technology  
Edward Rice, University of Washington  
Robert Comment, University of Rochester

**CALL FOR PAPERS AND PARTICIPANTS**  
**1990 ANNUAL MEETINGS OF**  
**THE WESTERN FINANCE ASSOCIATION**  
**JUNE 17-20, 1990**  
**FESS PARKER'S RED LION RESORT**  
**SANTA BARBARA, CALIFORNIA**

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 1990 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 **November 17, 1989**. Each paper should include an abstract that will assist the Program Chairman in classifying it. Papers will be sorted and mailed, absent author identification, to the Program Committee immediately thereafter. Papers arriving too late for the mailing will be attended to, if at all, as time permits. Authors will be notified of the Program Committee's decision regarding their paper in late February, 1990. **Multiple submissions by the same author reduce the chance that any of the author's papers will be accepted.**

**Best Paper Awards:**

Treftz Award of \$1,000 to best student paper.

American Association of Individual Investors Award of \$1,000 to best paper in investments.

**Program Chairman:**

Professor Eduardo Schwartz  
WFA Program Chairman  
Anderson Graduate School of Management  
University of California-Los Angeles  
Los Angeles, CA 90024

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