36th Annual Conference  
of the  
Western Finance Association  

Loews Ventana Canyon Resort  
Tucson, Arizona  

June 20-23, 2001
WESTERN FINANCE ASSOCIATION

...a professional society administered in the United States and Canada for academicians and practitioners with a scholarly interest in the development and application of theory in finance.

Its purposes are (1) to serve as a focal point for communication among members, (2) to improve teaching and scholarship, and (3) to provide for the dissemination of information, including the holding of meetings and the support of publications.

The Association is an international organization with membership open to individuals from both the academic and professional community, and to institutions. Membership includes subscriptions to any occasional and regular publications sponsored or co-sponsored by the Association. Two classes of membership are available: lifetime membership ($100.00) and three-year membership ($30.00). Members of the Association are entitled to receive (a) notice of the annual meetings and a copy of the annual program, and (b) a reduction in the registration fee at the annual meetings.

Information on the Association and membership application is available on our web site (at http://www.westernfinance.org).

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

Professor Robert Dammon
Secretary-Treasurer, WFA
Graduate School of Industrial Administration
Carnegie Mellon University
Pittsburgh, PA 15213
email: dammon@cmu.edu
telephone: (412) 368-3606

A call for papers and participants for the 2002 Conference of the Western Finance Association appears at the end of this program.
REGISTRATION AND HOTEL INFORMATION

All sessions and conference functions will be held at the Loses Ventana Canyon Resort. The Western Finance Association has reserved limited blocks of rooms for the conference at the resort. Please contact the facility as soon as possible to make reservations. See the WFA's web site at www.westernfinance.org, or call the resort directly at 1 (800) 234-5117.

On-site registration for the conference will be located in Foyer – East at the Loses Ventana Canyon Resort, beginning at 2:00 pm, Wednesday, June 20, 2001.

PRE-REGISTRATION

Pre-registration is being handled this year via our web site, which can be found at http://www.westernfinance.org. Those who pre-register are entitled to a discount on registration fees, and students who pre-register can do so without charge. To qualify for these discounts you must pre-register before June 1. See the web site for details or send your check to the Secretary Treasurer at the address shown on the previous page.

FEE SCHEDULE:

<table>
<thead>
<tr>
<th>Pre-Registration</th>
<th>On-site Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>WFA member</td>
<td>$60</td>
</tr>
<tr>
<td>Non-members</td>
<td>$80</td>
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<tr>
<td>Student</td>
<td>No charge</td>
</tr>
<tr>
<td>Annual meeting and lunch</td>
<td>$34</td>
</tr>
</tbody>
</table>

ON-SITE REGISTRATION

Wednesday, June 20, Foyer – East, 2 pm–7 pm
Thursday, June 21, Foyer – East, 8 am–4 pm
Friday, June 22, Foyer – East, 8 am–12 noon

Registration for the NASDAQ Breakfast, the Journal of Financial Services Research Breakfast, MIT Press/Oxford University Press Breakfast and the New York Stock Exchange Luncheon will take place on-site in the meeting registration area.

SOCIETY FOR FINANCIAL STUDIES MEMBERSHIP MEETING

All members of the SFS are invited to attend the Annual Meeting to be held on Tuesday, June 22 from 5:00-6:00 pm at the Kiva Ballroom. All subscribers to the Review of Financial Studies are members of the SFS.

WESTERN FINANCE ASSOCIATION

Officers and Executive Committee – 2000–2001

President: Wayne Ferson, University of Washington
President-Elect: Douglas W. Diamond, University of Chicago
Vice President: Philip H. Dybvig, Washington University – St. Louis
Secretary-Treasurer: Robert Dammon, Carnegie Mellon University
Past President: Richard C. Green, Carnegie Mellon University
Directors: Hank Reesemheder, Emory University
Jennifer Conrad, University of North Carolina - Chapel Hill
Peter DeMarco, Stanford University
Vojislav Makmumovic, University of Maryland
Mar Spiegel, Yale University
Laura Starks, University of Texas – Austin

Presidents of the Western Finance Association 1965-2001

<table>
<thead>
<tr>
<th>Year</th>
<th>President</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>Kenneth L. Treffitz</td>
<td>University of Southern California</td>
</tr>
<tr>
<td>1966-67</td>
<td>Edward Reed</td>
<td>University of Oregon</td>
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<tr>
<td>1967-68</td>
<td>Robert Carr</td>
<td>Fresno State College</td>
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<tr>
<td>1968-69</td>
<td>Burton Kolb</td>
<td>University of Colorado</td>
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<tr>
<td>1969-70</td>
<td>Lester Jackler</td>
<td>Oregon State University</td>
</tr>
<tr>
<td>1970-71</td>
<td>Harold Stevenson</td>
<td>Arizona State University</td>
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<tr>
<td>1971-72</td>
<td>W. Scott Bauman</td>
<td>University of Oregon</td>
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<tr>
<td>1972-73</td>
<td>David Eiteman</td>
<td>University of California Los Angeles</td>
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<tr>
<td>1973-74</td>
<td>James Watt</td>
<td>University of Arizona</td>
</tr>
<tr>
<td>1974-75</td>
<td>George Kaufman</td>
<td>University of Oregon</td>
</tr>
<tr>
<td>1975-76</td>
<td>John Herring</td>
<td>Sonoma State University</td>
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<tr>
<td>1976-77</td>
<td>A. Baine Huntman</td>
<td>University of Utah</td>
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<tr>
<td>1977-78</td>
<td>David Pyle</td>
<td>University of California at Berkeley</td>
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<tr>
<td>1978-79</td>
<td>Guilford Babcock</td>
<td>University of Southern California</td>
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<tr>
<td>1979-80</td>
<td>Donald Farrar</td>
<td>University of Utah</td>
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<tr>
<td>1980-81</td>
<td>Charles D'Ambrosio</td>
<td>University of Washington</td>
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<tr>
<td>1981-82</td>
<td>James Van Horne</td>
<td>Stanford University</td>
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<tr>
<td>1982-83</td>
<td>Edward Dyl</td>
<td>University of Wisconsin</td>
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<tr>
<td>1983-84</td>
<td>Nils Hakansson</td>
<td>University of California at Berkeley</td>
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<tr>
<td>1984-85</td>
<td>Seha Tine</td>
<td>University of Texas at Austin</td>
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<tr>
<td>1985-86</td>
<td>Alan Kraus</td>
<td>University of British Columbia</td>
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<tr>
<td>1986-87</td>
<td>Gerald Breuer</td>
<td>University of Arizona</td>
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<tr>
<td>1987-88</td>
<td>Robert Litzenberger</td>
<td>University of Pennsylvania</td>
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<tr>
<td>1988-89</td>
<td>Alan Hess</td>
<td>University of Washington</td>
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<tr>
<td>1989-90</td>
<td>Lorena Senbet</td>
<td>University of Maryland</td>
</tr>
<tr>
<td>1990-91</td>
<td>Eduardo Schwartz</td>
<td>University of California Los Angeles</td>
</tr>
</tbody>
</table>
2001 PROGRAM COMMITTEE

Yacine Ait-Sahalia, Princeton University
Torben Andersen, Northwestern University
Ul Aitken, University of Chicago
Gurdip Bakshi, University of Maryland
Brad Barber, University of California - Davis
Nicholas Barnes, University of Chicago
Salvyon Bask, University of Pennsylvania
Geert Bekaert, Columbia University
Jonathan Berk, University of California - Berkeley
Antonio Bernardo, University of California Los Angeles
Heidrich Bersim, Emory University
Suraj Bhargava, University of Colorado - Boulder
Utpal Bhattacharya, Indiana University
Sagaro Bhattacharya, University of Michigan
Bruno Biais, Toulouse University
Tim Bollerslev, Duke University
Philip Bond, Northwestern University
Arnaud W. A. Boot, McKinsey & Company and University of Amsterdam
Peter Bossaerts, California Institute of Technology
Jacob Boudaui, Arizona School of Business, IDC
Phelim Boyle, University of Waterloo
Michael Brennan, University of California Los Angeles
David Brown, University of Wisconsin - Madison
Shinya Bumachi, University of Chicago and London Business School
Henen Cao, University of California - Berkeley
Jennifer Carpenter, New York University
John Chalmers, University of Oregon
David Chapeau, University of Texas - Austin
Thomas Chemmanur, Boston College
Judith Chevalier, University of Chicago
Yaron Chordia, Emory University
Bhagwan Chowdhry, University of California Los Angeles
William Christie, Vanderbilt University
Jennifer Conrad, University of North Carolina
Francesca Cornelli, Duke University
Joshua Coval, University of Michigan
Dorothy Caner, University of Pennsylvania
Robert Dammon, Carnegie Mellon University
Kent Daniel, Northwestern University
Diane Del Guercio, University of Oregon
David Denis, Purdue University
Diana Denis, Purdue University
Greg Duffee, University of California - Berkeley
Darrell Duffie, Stanford University
Philip Dybvig, Washington University - St. Louis
### Western Finance Association

#### Distinguished Speakers

**Western Finance Association Meetings 1979-2001**

<table>
<thead>
<tr>
<th>Year</th>
<th>Location</th>
<th>Speaker</th>
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</thead>
<tbody>
<tr>
<td>2001</td>
<td>Tucson</td>
<td>Robert Stiller</td>
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<tr>
<td>2000</td>
<td>Sonoma</td>
<td>Kenneth Singleton</td>
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<tr>
<td>1995</td>
<td>Monterey</td>
<td>Audri Shlaifer</td>
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<tr>
<td>1999</td>
<td>San Diego</td>
<td>Milton Harris</td>
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<td>1997</td>
<td>Savannah</td>
<td>Richard Thaler</td>
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<td>1996</td>
<td>Aspen</td>
<td>Joseph Williams</td>
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<tr>
<td>1995</td>
<td>Santa Fe</td>
<td>Kenneth Frenkel</td>
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<td>1994</td>
<td>Whistler</td>
<td>Mark Rubinstein</td>
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<td>1993</td>
<td>San Francisco</td>
<td>Alan Kraus</td>
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<td>1992</td>
<td>Jackson Lake</td>
<td>Myron Scholes</td>
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<td>1991</td>
<td>Santa Barbara</td>
<td>Fischer Black</td>
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<td>1990</td>
<td>Seattle</td>
<td>Michael Brennan</td>
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<td>1989</td>
<td>Napa</td>
<td>William Sharpe</td>
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<td>1988</td>
<td>San Diego</td>
<td>Sanford Grossman</td>
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<td>1987</td>
<td>Colorado Springs</td>
<td>Edward Kane</td>
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<td>1986</td>
<td>Scottsdale</td>
<td>Myron Miller</td>
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<td>1985</td>
<td>Vancouver</td>
<td>Robert Kettenberger</td>
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<td>1984</td>
<td>Long Beach</td>
<td>Richard Roll</td>
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<td>1983</td>
<td>Portland</td>
<td>Myron Scholes</td>
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<td>1982</td>
<td>Jackson Lake</td>
<td>Stephen Ross</td>
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<td>1981</td>
<td>San Diego</td>
<td>Eugene Fama</td>
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<tr>
<td>1980</td>
<td>San Francisco</td>
<td>Kenneth Arrow</td>
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<tr>
<td>1979</td>
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<td>Nils Hakansson</td>
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</tbody>
</table>

#### Associate Program Committee Members, University of Chicago Ph.D. Students

- Ro Becker
- Ian Cooper
- Henrik Czepiel
- Karl Docter
- Filippo Flore
- David B. Greenberg
- Kenwei Hou
- Wei Jiang
- Christopher Mulley
**WFA 2001 Program Summary**

**Wednesday, June 20, 2001**

5:00 pm - 6:30 pm  
WFA Executive Committee and Board of Directors Meeting – Executive Boardroom

6:00 pm - 8:00 pm  
Converstone Reception – Bill’s Grill and Croquet Court

**Thursday, June 21, 2001**

7:00 am - 8:30 am  
NASDAQ Breakfast – Salon B

2:40 pm - 7:00 pm  
Registration – Foyer – East

8:15 am – 10:00 am  
Capital Structure and Corporate Control – Salon D  
Asset Allocation – Salon G  
Electronic Trading Mechanisms – Salon E  
Macro Finance – Salon L  
Effects of Removing Financial Repression – Salon F

10:00 am – 10:15 am  
Coffee Break – Foyer – East

10:15 am – 12:00 pm  
Corporate Governance – Salon D  
Debt and Control – Salon F  
Equilibrium Stock Returns – Salon G  
Empirical Microstructure – Salon L

12:30 pm - 2:00 pm  
New York Stock Exchange Lunch – Kiva Patio

2:30 pm - 4:30 pm  
Portfolio Management – Salon D  
Experimental Finance – Salon E  
Portfolio Management – Salon F  
Private Equity and Internal Capital Markets – Salon G  
Trading and Arbitrage – Salon L

**Friday, June 22, 2001**

7:00 am – 8:30 am  
Journal of Financial Services Research Breakfast – Croquet Court

8:15 am – 10:00 am  
Information and Liquidity – Salon D  
Capital Structure: Empirical – Salon E  
Trading Behavior of Individuals and Institutions – Catalina Ballroom  
Mutual Funds: Empirical – Salon F  
Fixed Income Pricing – Salon J

10:00 am – 10:15 am  
Coffee Break – Foyer

10:15 am – 12:00 pm  
tPOs and Capital Structure – Salon D  
Behavioral Finance – Catalina Ballroom  
Microstructure Theory – Salon E  
Expected Return Variations – Salon F  
Investor Protection and Corporate Finance – Salon I

12:15 pm – 2:00 pm  
WFA2001 Annual Meeting and Luncheon

**Distinguished Speaker:**  
Robert Shiller, Yale University

2:30 pm – 4:30 pm  
International Asset Pricing – Salon D  
The Impact of Fisk Lending – Salon E  
Timing Essential Finance – Catalina Ballroom  
Volatility – Salon F  
Persistent Changes in Expected Returns – Salon I

5:00 pm – 6:00 pm  
SFS Annual Meeting – Kiva A

6:00 pm – 8:00 pm  
Review of Financial Studies/Barclay Global Investors Reception – Kiva B and Patio
Saturday, June 23, 2000

7:00 am - 10:15 am
MIT Press/Oxford University Press Breakfast – Salon B

8:15 am – 10:00 am
Financial Market Design – Salon D
International Investment and Crises – Salon E
Credit Risk – Catalina Ballroom
Financing and Payout Policy – Salon F
Optimal Incentive Contracts – Salon I

10:00 am - 10:15 am
Coffee Break – Foyer

10:15 am - 12:30 pm
Credit Risk and Firm Diversification – Salon D
Liquidity and Asset Pricing – Catalina Ballroom
Bankruptcy and Bargaining – Salon E
Option Pricing – Salon F
Econometric Issues – Salon I

END OF MEETINGS

Best Paper Awards

2001 Western Finance Association Meetings
WFA2001
June 20-23
Tucson, Arizona

American Association of Individual Investors Award
for the best paper on investments

"En Behavioral Bases Affect Prices?"
by
Joshua D. Coval
and
Tyler Shumway
University of Michigan

Nasdaq Award
for the best paper on capital formation

"Breast IPOs and Windows of Misopportunity"
by
Lynn Foster-Johnson
Tuck School of Business
Craig Lewis
Owen Graduate School of Management
and
James K. Seward
University of Wisconsin-Madison

New York Stock Exchange Award
for the best paper on equity trading

"Electronic Communications Networks and Market Quality"
by
Michael J. Barclay
Terence Hendershot
University of Rochester
and
D. Timothy McCormick
NASD
WFA Corporate Finance Award
for the best corporate finance paper

Optimal Long Term Financial Contracting with Pre-emptively Observed Cash Flows
by
Petr Demarzo
Stanford University
and
Michael Fishman
Northwestern University

Trefitzs Award
for the best student paper

Internal and External Capital Markets by
Uzi C. Feyer
University of North Carolina – Chapel Hill

36th ANNUAL CONFERENCE
WFA 2001
WESTERN FINANCE ASSOCIATION
Tucson, Arizona, June 20 – 23, 2001

PRESIDENT: Wayne Ferson, University Of Washington
PRESIDENT-ELECT AND PROGRAM CHAIR:
Douglas W. Diamond, University Of Chicago
ASSOCIATE PROGRAM CHAIR:
Tobias Moskowitz, University Of Chicago

Papers are available on line at www.westernfinance.org

Wednesday June 20, 2001
2:00 pm – 7:40 pm
Registration – Foyce – East
6:00 pm – 8:00 pm
Goldman Sachs Reception – Kiva Patio

Thursday June 21, 2001, 7:00 am – 8:30 am
NASDAQ Breakfast – Salon B

Thursday June 21, 8:15 am - 10:00 am
Capital Structure and Corporate Control – Salon D
Diane Denis, Penda University

Design of Corporate Governance: Role of Ownership Structure, Takeovers, Bank Debt and Large Shareholder Monitoring
Koen John, New York University
Semi Kedia, Harvard University

Managerial Enrichment, Capital Structure, and Firm Performance: Evidence from Dual-Class Stocks
Girijesh Malliaris, Rice University
George Karatas, Rice University
The Impact of the Level and Structure of Debt on Target Gains: The Role of Public, Bank, and Private Non-Bank Debt
Tomas Jirakil, University of Arkansas
Anil K. Muliaja, Ohio State University

Discussants:
Matthew Koh, University of California Los Angeles
Megan Parsh, University of Oregon
Gordon Hawks, Pennsylvania State University

Asset Allocation – Salon G
Domenico Caesio, University of Pennsylvania

Dynamic Asset Allocation with Event Risk
Jun Liu, University of California Los Angeles
Jun Pan, Massachusetts Institute of Technology
Francis Longstaff, University of California Los Angeles

Diversification and Capital Gains Taxes with Multiple Risky Assets
Robert M. Dammon, Carnegie-Mellon University
Chever S. Spatt, Carnegie-Mellon University
Harold H. Zhang, University of North Carolina – Chapel Hill

Dynamic Strategies, Asset Pricing Models, and the Out-of-Sample Performance of the Tangency Portfolio
Cesare Robotti, Boston College

Discussants:
Jerome Detemple, Boston University
Phil Dhryvig, Washington University - St. Louis
Tongshua Ma, University of Utah

Electronic Trading Mechanisms – Salon E
Dina Sepp, Carnegie-Mellon University

Limit Order Book as a Market for Liquidity
Thierry Foucault, HEC, France
Omid Kadan, Hebrew University, Israel
Eugene Kandel, Hebrew University, Israel

Electronic Communications Networks and Market Quality
Michael J. backay, University of Rochester
Terrence Heakem, University of Rochester
D. Timothy McCormick, NASD

Liquidity in an Automated Auction
Mark Coppess, Duks University
Jan Domowitz, Pennsylvania State University
Amir Madhavan, FTGE, Inc.

Discussants:
Christine Palmao, Carnegie-Mellon University
Kenneth Kavajecz, University of Pennsylvania
Joel Hasbrouck, New York University

Macro Finance - Salon L
Janice Eberly, Northwestern University

On Stock Market Return Co-movements: Macroeconomic News, Dispersion of Beliefs, and Contagion
F. Albert Wang, Ren University
Robert A. Contegly, University of North Carolina – Chapel Hill

Learning Monetary Policy Regimes and Asset Pricing
Alberto Locatelli, London School of Economics
Maxime Mass, INSEAD

The Fed's Effect on Excess Returns and Inflation is Much Bigger Than You Think
Shingo Goto, University of California Los Angeles
Rosen Valkanov, University of California Los Angeles

Discussants:
Roberto Igobin, Massachusetts Institute of Technology
Chris Trulmer, Carnegie-Mellon University
David Marshall, Federal Reserve Bank of Chicago

Effects of Removing Financial Repression – Salon F
Robert Rotne, Northwestern University

The Development of Financial Intermediation and Real Effects of Capital Account Liberalization
George Alexander, Ohio State University
Jun Qian, Boston College

Does Financial Liberalization Spur Growth?
Campbell R. Harvey, Duke University and NBER
Geerl Bekaert, Columbia University and NBER
Christian Lundhead, Board of Governors of the Federal Reserve
Thursday June 21, 10:00 am - 10:15 am

Coffee Break - Foyer

Thursday June 21, 10:15 am - 12:00 pm

Corporate Governance – Salon D

Aviram Bock, McKinsey & Company and University of Amsterdam

The Interaction of Ownership, Governance and Product Markets: Evidence from Equity Carve-Outs
Audra Boone, Pennsylvania State University

Managerial Opportunism? Evidence from Officers' and Directors' Insurance Purchases
John Chalmers, University of Oregon
Larry Davis, University of Oregon
Jasvinder Harbord, University of Oregon

Takeovers, Freezeouts, and Risk Arbitrage
Armanak Groisman, University of Pennsylvania

Discussants:
Anjoline Schmets, Washington University - St. Louis
Paulo F aglhier, UNEAD
Pete Kyle, Duke University

Cash Flow Sensitivity of Investment: Are Financial Constraints the Cause? - Salon E
Franklin Allen, University of Pennsylvania

The Investment-Cash Flow Sensitivity Puzzle: Can Negative Cash Flow Observations Explain It?
Abon Moazam, Virginia Tech
George Alleyanitis, University of Virginia

Financial Constraints and the Income-Sensitivity of Investment: Evidence From International Housing Markets
Hector Almeida, New York University

How Sensitive Is Investment To Cash Flow When Financing Is Frictionless?
Aydogan Alt, Carnegie-Mellon University

Discussants:
Toni Whited, University of Iowa
Walter Novy, University of Washington
Mark Germaine, University of Chicago

Debt and Control – Salon F

Gary Gorton, University of Pennsylvania

Optimal Long-Term Financial Contracting with Privately Observed Cash Flows
Peter DeMarzo, Stanford University
Michael Fahlen, Northwestern University

Entrepreneurship and Bank Credit Availability
Philip Strahan, Federal Reserve Board and Massachusetts Institute of Technology
Sanjna Black, Federal Reserve Board

Debt, Agency Costs and Institutions:
Mara Faccio, Università Cattolica, Milan
Larry Lang, Chinese University of Hong Kong
Leslie Young, Chinese University of Hong Kong

Discussants:
Denis Gromb, Massachusetts Institute of Technology
Nicola Gotorelli, Federal Reserve Bank of Chicago
Gorddon Harvey, Pennsylvania State University

Equilibrium Stock Returns – Salon G

John Heron, University of Chicago

News Related to Future GDP Growth as Risk Factors in Equity Returns
Maria Vassalou, Columbia University

An Anatomy Of Pricing Errors Of Consumption-Based Asset Pricing Models
Dong-Hyun Ahn, University of North Carolina - Chapel Hill
Stephane Christin, University of Alberta
Equilibrium Cross-Section of Returns
Leonid Kogan, University of Pennsylvania
Jesse Gomes, University of Pennsylvania
Lu Zhang, University of Pennsylvania

Discussants:
Ruslan Vakmanov, University of California Los Angeles
John Heaton, University of Chicago
Kent Daniel, Northwestern University

Empirical Microstructure – Salon L
Larry Harris, University of Southern California

Price-Time Priority, Order Routing, and Trade Execution Costs in NYSE-listed Stocks
Hendrik Bessembinder, Emory University

Measuring Stock Illiquidity: An Investigation of the Demand and Supply Schedules at the Tel Aviv Stock Exchange
Avner Kalay, Tel Aviv University and The University of Utah
Ory Sade, University of Utah
Avi Wohl, Tel-Aviv University

Order Submission Strategy and the Curious Case of Marketable Limir Orders
Erik Stitt, Bakers College
Mark Peterson, Southern Illinois University - Carbondale

Discussants:
Amy Edwards, US Securities and Exchange Commission
Marc Lipson, University of Georgia
A Subrahmanyam, University of California Los Angeles

Thursday June 21, 12:30 pm – 2:00 pm
New York Stock Exchange Lunch - Key's Patio

Thursday June 21, 2:30 pm - 4:30 pm
Portfolio Managers – Salon D
Laura Starks, University of Texas

How Do Stock Makers' Process Analysts' Recommendations? An Intradaity Analysis
Jennifer L. Jeeves, Pennsylvania State University

Measuring the Career Concerns of Security Analysts: Job Separations, Stock Coverage Assignments and Brokerage House Status
Jeffrey D. Kubo, Syracuse University
Hawtun Hong, Stanford University

Why Constrain Your Mutual Fund Manager?
Andres Almazan, University of Texas - Austin
Keith C. Brown, University of Texas - Austin
Marty Cashore, University of Texas - Austin
David A. Chapman, University of Texas - Austin

Discussants:
Gregory Benay, University of North Carolina – Chapel Hill
Jay Hartnett, New York University
Jeffrey Pontiff, University of Washington

Experimental Finance - Salon E
Maureen O'Hara, Cornell University

Psychological Traits and Trading Strategies
Bruno Biais, Toulouse University
Denis Hilton, Toulouse University
Karin Mazuriez, Toulouse University
Sébastien Pouget, Toulouse University and Salerno University

Basic Principles of Asset Pricing Theory: Evidence From Large-Scale Experimental Financial Markets
Peter Buisseret, California Institute of Technology
Charles Plott, California Institute of Technology

Corporate Board Composition, Protocols, and Vong Behavior: Experimental Evidence
Ann B. Gillette, Georgia State University
Thomas H. Noir, Toulouse University
Michael J. Rebello, Georgia State University

Discussants:
Terrance Odean, University of California - Davis
Gideon Saar, New York University
Charles Schneidm, University of Arizona

Momentum and Trading - Salon F
Narasimhan Jegadeesh, University of Virginia - Urbana

A Trade-based Analysis of Momentum
Soren Hvidkjaer, Cornell University
When Are Momentum Profits Due to Common Factor Dynamics?
Tong Yao, Boston College

Asymmetric Correlations of Equity Portfolios
Andrew Ang, Columbia University
Joseph Chen, Stanford University

Discusssants:
Zoran Ivkovic, Yale University
Jason Karceski, University of Florida - Gainesville
Bud Bobit, University of California - Davis

Private Equity and Internation Capital Markets - Salon G
Paul Gompers, Harvard Business School

Internal and External Capital Markets
1st C. Peyer, University of North Carolina - Chapel Hill

Just How Incomplete are Incomplete Contracts? Evidence from Biotech Strategic Alliances
David Robinson, University of Chicago
Toby Stuart, University of Chicago

Private Equity Puzzling Puzzle
Tobias Moskowitz, University of Chicago and NBER
Annette Vissing-Jorgensen, University of Chicago and CEPR

Discusssants:
Jeffrey Wangler, Yale University
Belen Villalonga, University of California Los Angeles
Andrew Menezic, University of Pennsylvania

Trading and Arbitrage - Salon L
Philip H. Dyhrberg, Washington University - St. Louis

Arbitrage-Free Price-Update and Price-Impact Functions
Gert Hobten, Columbia University
Weiner Stanza, Yale University

Losing Money on Arbitrage: Optimal Dynamic Portfolio Choice in Markets with Arbitrage Opportunities
Jun Liu, University of California Los Angeles
Franco Longstaff, University of California Los Angeles

Financially Constrained Arbitrage in Illiquid Markets
Mukhtar Afari, University of Wisconsin - Madison
Antonis Melo, University of Wisconsin - Madison

Discusssants:
Mark Lowenstein, Boston University
Hong Liu, Washington University - St. Louis
Dimitri Vayanos, Massachusetts Institute of Technology

Thursday June 21, 5:00 pm - 6:30 pm
WFA Executive Committee and Board of Directors Meeting - Executive Boardroom

Thursday June 21, 6:00 pm - 8:00 pm
Cornerstone Reception - Bill's Grill and Croquet Court

Friday June 22, 2001, 7:00 am - 8:30 am
Journal of Financial Services Research Breakfast - Croquet Court

Friday June 22, 8:15 am - 10:00 am
Information and Liquidity - Salon D
Adely Winton, University of Minnesota

Endogenous Liquidity in Asset Markets
Andrea Furtado, Northwestern University

Information, Liquidity, and Noise
James P. Weston, Rice University

Informed Finance?
Sven Krato, University of Illinois
Dan Bernhardt, University of Illinois

Discusssants:
Dimitri Vayanos, Massachusetts Institute of Technology
A Subrahmanyam, University of California Los Angeles
Xiaoyun Ya, University of Minnesota

Capital Structure: Empirical - Salon E
John Graham, Duke University
Can Mutual Fund “Stars” Really Pick Stocks? New Evidence from a Bootstrap Analysis
Robert Kosowski, London School of Economics
Ahad Taimurmanz, University of California - San Diego
Ross Wermers, University of Maryland
Hal Whitman, University of California - San Diego

Family Values and the Star Phenomenon
Vijay Kan, University of Michigan
Zhi Wang, University of Michigan
Lu Zheng, University of Michigan

Discussants:
Jonathan Berk, University of California - Berkeley
David Hsieh, Duke University
Navneet Nair, London Business School

Fixed Income Pricing — Salon I
Suresh Sundaresan, Columbia University

Empirical Performance of Quadratic Term Structure Models
Markus Leippold, University of St. Gallen, Switzerland
Lauren Wu, Perham University, New York

The Market Price of Credit Risk: An Empirical Analysis of Interest Rate Swap Spreads
Jin Liu, University of California Los Angeles
Francis Longstaff, University of California Los Angeles
Ravi E. Manjel, Salomon Smith Barney

Time-Consistent No-Arbitrage Models of the Term Structure
Michael W. Broad, University of Pennsylvania
Amir Yaron, University of Pennsylvania

Discussants:
Gert Baltzart, Columbia University
Gary Gorton, University of Pennsylvania
Raghuram Sundaresan, New York University

Friday June 22, 10:00 am - 10:15 am
Coffee Break — Foyer
Microstructure Theory – Salon E
Frat Kyle, Duke University

Valuation in Dynamic Bargaining Markets
Darrell Duffie, Stanford University
Lasse Heje Pedersen, Stanford University
Nicole Garleanu, Stanford University

Optimal Informed Trading in a Quote-Driven Market
Kerry Back, Washington University - St. Louis
Shmuel Baruch, University of Utah

Noise and Competition in a Strategic Oligopoly
Ramiro Dvash, ESC Toulouse
Laurence Germain, ESC Toulouse

Discusssants:
Wei Xiong, Princeton University
Markus Brunnermeier, Princeton University
Harry Mamaysky, Yale University

Expected Return Variation – Salon F
Richard Green, Carnegie-Mellon University

Equilibrium Stock Return Dynamics under Alternative Rules of Learning about Hidden States
Michael W. Broadie, University of Pennsylvania
Qih Zeng, University of Pennsylvania
La Zhang, University of Pennsylvania

On the Predictability of Stock Returns in Real Time
Mike Cooper, Purdue University
Roberto Gutierrez, Texas A&M
William Marquard, Wake Forest University

Stock-Return Predictability and Asset Pricing Models
Doron Avramov, University of Maryland

Discusssants:
Jacob Sagi, University of California - Berkeley
Stanley Zin, Carnegie-Mellon University
Robert Korajczyk, Northwestern University
Investor Protection and Corporate Finance – Salon I
Vojislav Makimovic, University of Maryland

Do Better Institutions Mitigate Agency Problems? Evidence from Corporate Finance Choices
Matias Gissi, Stockholm School of Economics

Financial Development and Financing Constraints: International Evidence from the Structural Investment Model
Inessa Love, Columbia University

Investor Protection and Equity Market
Andreu Shleifer, Harvard University
Daniel Wolfenzon, University of Michigan

Discussants:
Murray Frank, University of British Columbia
Tom Wurzel, University of Iowa
Erik Sirri, Babson College

Friday June 22, 12:15 pm - 2:00 pm

WFA2001 Annual Meeting and Luncheon
Distinguished Speaker: Robert Schiller, Yale University

Friday June 22, 2:30 pm - 4:30 pm
International Asset Pricing – Salon D
Geert Bekaert, Columbia University

Specification Test of International Asset Pricing Models
Xiaoyan Zhang, Columbia University

Do Affine Models Adequately Represent the International Asset Price Dynamics?
Xuemin (Sterling) Yao, University of Iowa

An Evaluation of International Asset Pricing Models
Magnus Dahlquist, Duke University
Torbjorn Salstrom, Stockholm School of Economics

Discussants:
Joseph Chen, Stanford University
Dong Hyeon Ahn, University of North Carolina – Chapel Hill
Mara Vassalou, Columbia University

The Impact of Bank Lending – Salon E
John Boyd, University of Minnesota

The Ability of Banks to Lend to Informationally Opaque Small Businesses
Allen Berger, Federal Reserve Board and Wharton Financial Institutions Center
Icorn Klaipper, World Bank
Gregory Udell, Indiana University

Firms And Their Distressed Banks: Lessons From The Norwegian Banking Crisis (1980-1990)
Steven Oggeren, CoseaER & Tilburg University
David C. Smith, Federal Reserve Board
Dag Michalsen, Norwegian School of Management BI

External Financing Costs and Banks’ Loan Supply: Does the Structure of the Bank Sector Matter?
Charlotte Ottegaard, Norwegian School of Management

Discussants:
Andy Winton, University of Minnesota
Row Levine, University of Minnesota
John Boyd, University of Minnesota

Timing External Finance – Catalina Baltzoon
Robert McDonald, Northwestern University

Busted IPOs and Windows of Misopportunity
Lynn Foster-Johnson, Drexel College
Craig Lewis, Vanderbilt University
James K. Stewart, University of Wisconsin - Madison

Financial Policy, Investment Opportunities and the Demand for External Financing: Evidence from Low Debt Firms
Bernadette A. Montes, Ohio State University
Karen H. Wrocl, Ohio State University

Market Timing and Capital structure
Malcolm Baker, Harvard University
Jeffrey Wanger, Yale University

Discussants:
Susan Chalpinsky, University of Virginia
Reo Giannarino, University of British Columbia
Vojislav Makimovic, University of Maryland
Friday June 22, 6:00 pm - 8:00 pm

Review of Financial Studies/Barclay Global Investors Reception – Kiva B

Saturday June 23, 2001, 7:00 am - 10:15 am

MIT Press/Oxford University Press Breakfast - Salon B

Saturday June 23, 8:15 am - 10:00 am

Financial Market Design – Salon D

Ananth Madhavan, TIG Inc

Strategic Experimentation in a Dealership Market
Masstimo Massa, INSEAD
Andrei Simonov, Stockholm School of Economics

Alternative Trading Systems
Jennifer Conrad, University of North Carolina – Chapel Hill
Kevin Tilton, Amexet + Partners
Sunil Wahal, Emory University

Institutional Design and Liquidity on Stock Exchanges
Prokaj Jain, Indiana University

Discussants:
Duane Seppi, Carnegie-Mellon University
Robert Jennings, Indiana University & New York Stock Exchange
Daniel Weaver, Baruch College

International Investment and Crises – Salon E

Bhargav Ghoshdri, University of California Los Angeles

Bailout-In
Matthew R. McBrady, Harvard University
Mark S. Seasholes, University of California - Berkeley

Parameter Uncertainty and International Investment
Pierluigi Bollatza, Boston College
Lukita Liu, Boston College

The Effect of Systemic Risk on International Portfolio Choice
Raman Uppal, London Business School
Sanju Das, Santa Clara University
Discussions:
G. Andrew Karolyi, Ohio State University
Yibing Xia, University of Pennsylvania
Monika Piazzesi, University of California Los Angeles

Credit Risk - Catalina Ballroom

George Pennacchi, University of Illinois at Urbana-Champaign

Corporate Bonds: Valuation, Hedging, and Optimal Call and Default Policies
Vimal V. Acharya, New York University
Jennifer N. Carpenter, New York University

A Model of Credit Risk, Optimal Policies, and Asset Prices
Aleš Širaj, New York University
Suleyman Basak, University of Pennsylvania

Market Imperfections, Investment Opportunities and Default Spreads
Sheridan Titman, University of Texas - Austin
Stathis Tompaidis, University of Texas - Austin
Sergey Tsyplakov, University of Texas - Austin

Discussions:
Krisna Ramanujam, University of Pennsylvania
Habib Ural, University of Maryland
Robert Goldsberry, Washington University - St. Louis

Financing and Payout Policy - Salon F

Gerdhao Philips, University of Maryland

Distributing Cash with Stock Repurchases: Tender Offers versus Open-Market Programs
Jacob Odeh, Carnegie Mellon University

The Choice Between Rights Offerings and Private Equity Placements
Hennik Groosens, University of Chicago
Matthias Nolton, Stockholm School of Economics

Empire Builders and Shirkers: Investment, Firm Performance, and Managerial Incentives
Rajesh K. Aggarwal, Dartmouth College
Andrew A. Samwick, Dartmouth College

Optimal Incentive Contracts - Salon 1

Robert Heinkel, University of British Columbia

Providing Managerial Incentives: Do Benchmark Matter?
Juan-Pedro Gomez, Norwegian School of Management
Tushar Sharma, IIM-A

Portfolio Delegation with Limited Liability
Uday Rajiv, Carnegie Mellon University
Sanjay Srivastava, Carnegie Mellon University

Why Do Firms Use Incentives That Have No Incentive Effects?
Paul Oyer, Stanford University

Discussions:
Raguraman Sundaram, New York University
Heber Pausiswirth, Washington University - St. Louis
Adilai Fohler, University of British Columbia

Saturday June 23, 10:06 am - 10:15 am

Coffee Break - Foyes

Saturday June 23, 10:15 am - 12:30 pm

Credit Risk and Firm Diversification - Salon D

Andrea Brazzchi, University of Chicago and London Business School

Structural Models of Corporate Bond Pricing: An Empirical Analysis
Young Ho Eom, Yonsei University - Korea
Jean Helvege, Ohio State University
Jing-zhi Huang, Pennsylvania State University

Risk Management and the Credit Risk Premium
Tim B. Adam, Hong Kong University of Science & Technology and University of Michigan

Why Do Managers Diversify Their Firms? Agency Reconsidered
Rajesh K. Aggarwal, Dartmouth College
Andrew A. Samwick, Dartmouth College

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CEO Compensation, Diversification and Incentives: Theory and Empirical Results
Ljun, Massachusetts Institute of Technology

Discussions:

TBA
Kose John, New York University
Pierre Collin-Dufresne, Carnegie-Mellon University
Marianne Bertrand, University of Chicago

Liquidity and Asset Pricing – Catalina Ballroom

Dimitri Vayanos, Massachusetts Institute of Technology

The Expected Illiquidity Premium: Evidence from Equity Index-Linked Bonds
Emroy Dimson, London Business School
Bernd Hanke, London Business School

The Bond/Option Bond Spread
Avinash Krishnamurthy, Northwestern University

A New Approach of Valuing Illiquid Asset Portfolios
Liang Peng, Yale University

A Century of Stock Market Liquidity and Trading Costs
Charles M. Jones, Columbia University

Discussions:

Francisco Longstaff, University of California Los Angeles
Hua Hs, Yale University
Joel Hasbrouck, New York University
Jonathan Lewellen, Massachusetts Institute of Technology

Bankruptcy and Bargaining – Salon E

Milton Harris, University of Chicago

Is Bargaining in Chapter II Costly?
Maria Carapeto, City University

Executive Contracts and the Institution of Bankruptcy
Alberto Bisin, New York University
Adriano Rampini, Northwestern University

Corporate Bankruptcy Reorganizations: Estimates from a Bargaining Model
Hulya Eraslan, University of Pennsylvania

Discussions:

Edic Houchies, Bocconi College
Zeussan Panik, New York University
Per Szoemrge, University of Chicago

Option Pricing – Salon F

Pieter Terhaar, University of Chicago

Empirical Assessment of an Intertemporal Option Pricing Model with Latent Variables
Rene Garcia, Università de Montréal, CIRANO and CREDE
Richard Loger, Bank of Canada and CIRANO
Eric Remaud, Université de Montréal, CIRANO, CREDE, CREST-Inves and IFM2

The Finite Moment Logstable Process and Option Pricing
Peter Carr, Bank of America Securities
Lauren Wu, Fordham University

Does a National Market System Exist for U.S. Exchange-Listed Equity Options?: An Analysis of Multiple Traded Equity Options
Robert Battalio, University of Notre Dame
Bruce Hatch, University of Cincinnati
Robert Jennings, Indiana University and New York Stock Exchange

A New Approach to the Derivation of Asset Price Bounds
Haruki Rodrigues Longa, Stockholm School of Economics

Discussions:

Ferentce Band, University of Chicago
Alexander David, Federal Reserve Board
Eugene Fandel, Hebrew University - Jerusalem
Jessica Wachter, New York University

Econometric Issues – Salon I

Tothen Andersen, Northwestern University

Testing Portfolio Efficiency with Conditioning Information
Wayne Henders, University of Washington
Andrew Jorgel, University of Washington

Recovering Risk-Neutral Densities: A New Nonparametric Approach
Oleg Bondarenko, University of Illinois
Estimating Diffusions with a Continuum of Moment Conditions
Marine Carrasco, University of Rochester
Mikhail Chernov, Columbia University
Jean-Pierre Florens, IDEI, University Toulouse I
Eric Ghysels, University of North Carolina – Chapel Hill

Facing Up to Conditioned Diffusions
Mingjiang Li, University of Illinois – Urbana
Ne-D. Pearson, University of Illinois – Urbana
Allen M. Poteshman, University of Illinois – Urbana

Discussants:
Zhenyu Wang, Columbia University
Lena Benoist, University of Minnesota
Nour Meddahi, University of Montreal
Matthew Perlow, Federal Reserve Board

Call for Papers and Participants
2002 ANNUAL MEETINGS OF
THE WESTERN FINANCE ASSOCIATION
June 23-26, 2002
The Canyons Resort
Park City, Utah

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 2002 Annual Meetings. Papers on any topic related to financial economics will be considered.

Submission of papers The WFA web site, http://www.westernfinance.org, contains full instructions for submission, including required on-line registration, creation of the required cover page, and other vital instructions. Four (4) copies of each submitted paper, each including the required cover page generated at the WFA web site, must be received by the Program Committee no later than November 15, 2001. Papers will be reviewed anonymously by two members of the Program Committee, and authors will be notified of the Program Committee’s decisions in February, 2002. The submission fee of $20.00 per paper submitted is waived for qualifying PhD students (details on the web site).

Best Paper Awards:

Triffin Award of $2,000 for the best student paper. Ph.D. students who have neither received their degree nor assumed a regular faculty position by the submission deadline should indicate eligibility for this award with their submissions.

American Association of Individual Investors Award of $1,000 for the best paper on investments.

National Award of $2,000 for the best paper on capital formation.

New York Stock Exchange Award of $2,000 for the best paper on equity trading.

WFA Corporate Finance Award of $2,000 for the best corporate finance paper.

Program Chair Professor Philip H. Dybvig, Washington University in Saint Louis
E-mail afsa2002@jwu.edu
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