

JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

Executive Stock Option Plans and Corporate Dividend Policy	409
Richard A. Lambert, William N. Lanen, and David F. Larcker	
Dynamic Recapitalization Policies and the Role of Call Premia and Issue Discounts	427
Edwin O. Fischer, Robert Heinkel, and Josef Zechner	
Pricing Stock and Bond Options when the Default-Free Rate is Stochastic	447
Ramon Rabinovitch	
Mergers, Executive Risk Reduction, and Stockholder Wealth	459
Wilbur Lewellen, Claudio Loderer, and Ahron Rosenfeld	
The Valuation of Forestry Resources under Stochastic Prices and Inventories	473
Randall Morck, Eduardo Schwartz, and David Stangeland	
Assessing Credit Risk in a Financial Institution's Off-Balance Sheet Commitments	489
John Hull	
Security Analyst Monitoring Activity: Agency Costs and Information Demands	503
R. Charles Moyer, Robert E. Chatfield, and Phillip M. Sisneros	
Errors in Recorded Security Prices and the Turn-of-the-Year Effect	513
James B. Thomson	
Black-Scholes Approximations of Call Option Prices with Stochastic Volatilities: A Note	527
Thomas J. Finucane	
A New Linear Programming Approach to Bond Portfolio Management: A Comment	533
Michael C. Ehrhardt	

MANAGING EDITORS

Peter Frost and Paul Malatesta
University of Washington

ASSOCIATE EDITORS

Gordon Alexander
University of Minnesota

Paul Asquith
Massachusetts Institute of Technology

Stephen Brown
New York University

Nai-Fu Chen
University of California, Irvine

George Constantinides
University of Chicago

Larry Dann
University of Oregon

Douglas Diamond
University of Chicago

Robert Geske
University of California, Los Angeles

Chi-Fu Huang
Massachusetts Institute of Technology

Robert Jarrow
Cornell University

Jonathan Karpoff
University of Washington

Ronald Masulis
Southern Methodist University

John McConnell
Purdue University

Edward Rice
University of Washington

Eduardo Schwartz
University of California, Los Angeles

Lemma Senbet
University of Wisconsin

Jay Shanken
University of Rochester

Clifford Smith
University of Rochester

Hans Stoll
Vanderbilt University

Suresh Sundaresan
Columbia University

Rex Thompson
Southern Methodist University

EDITORIAL STAFF

Martha Auvil
Editor

Linda Nelson
Office Manager

Gloria Young
Editorial Associate

The *Journal of Financial and Quantitative Analysis* is published by the Graduate School of Business Administration, University of Washington, Seattle, Washington 98195. Regular issues are published in March, June, September, and December. Second-class postage is paid at Seattle, Washington.

The views and opinions expressed are those of the authors and do not necessarily reflect those of the Graduate School of Business Administration of the University of Washington.

Manuscripts submitted for publication and correspondence relating to editorial matters should be addressed to Professor Paul Malatesta, Managing Editor, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, DJ-10, University of Washington, Seattle, Washington 98195. Manuscripts are to be sent in quadruplicate with a \$30 submission fee for subscribers (\$60 for nonsubscribers).

Correspondence relating to advertising, subscriptions, billing, single-copy orders, missing issues, permission to reprint, and change of address should be addressed to Linda Nelson, Office Manager, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, DJ-10, University of Washington, Seattle, Washington 98195. Tel: (206) 543-4598. FAX: (206) 545-9392.

Subscription rates are as follows:

Individual	\$30.00/yr.
Outside U.S.A., add for foreign mail (U.S. funds)	\$ 5.00/yr.
Firm or Library	\$60.00/yr.
Outside U.S.A., add for foreign mail (U.S. funds)	\$ 5.00/yr.
Student (with letter from Department Chairman)	\$20.00/yr.

Subscriptions will not be accepted for less than a full year. Back issues in stock are available at \$10.00 per copy. Out-of-print issues may be obtained from University Microfilms Inc., 300 North Zeeb Road, Ann Arbor, Michigan 48106. Claims for missing issues must be made within six months of the date of publication.

POSTMASTER: Send address changes to *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, DJ-10, University of Washington, Seattle, Washington 98195.

Copyright 1989, Graduate School of Business Administration, University of Washington

Journal of Financial and Quantitative Analysis—ISSN 0022-1090