

On the Consistency of the Black-Scholes Model with a General Equilibrium Framework	259
Avi Bick	
Options on the Maximum or the Minimum of Several Assets	277
Herb Johnson	
Equilibrium under Uncertain Inflation: A Discrete Time Approach	285
Haim Levy and Azriel Levy	
Estimating the Signaling Benefits of Debt Insurance: The Case of Municipal Bonds	299
David S. Kidwell, Eric H. Sorensen, and John M. Wachowicz, Jr.	
Optimal Managerial Incentive Contracts and the Value of Corporate Insurance	315
Tim S. Campbell and William A. Kracaw	
The End of the Month as a Preferred Habitat: A Test of Operational Efficiency in the Money Market	329
Joseph P. Ogden	
The Influence of Market Conditions on Event-Study Residuals	345
April Klein and James Rosenfeld	
How Many Stocks Make a Diversified Portfolio?	353
Meir Statman	
On the Bias of the Corporate Tax against High-Risk Projects	365
Hal Heaton	
A Risk-Return Measure of Hedging Effectiveness: A Comment	373
Jack S. K. Chang and Latha Shanker	
A Risk-Return Measure of Hedging Effectiveness: A Reply	377
Charles T. Howard and Louis J. D'Antonio	

MANAGING EDITORS

Peter A. Frost and **Paul H. Malatesta**
University of Washington

ASSOCIATE EDITORS

Gordon Alexander
University of Minnesota
Paul Asquith
Harvard University
Douglas T. Breeden
Duke University
Stephen J. Brown
New York University
Nai-Fu Chen
University of Chicago
George Constantinides
University of Chicago
Larry Dann
University of Oregon
Douglas W. Diamond
University of Chicago

Robert Geske
University of California, Los Angeles
Chi-Fu Huang
Massachusetts Institute of Technology
Robert A. Jarrow
Cornell University
Ronald Masulis
Southern Methodist University
Edward Rice
University of Washington
Eduardo Schwartz
University of California, Los Angeles
Jay Shanken
University of Rochester
Clifford W. Smith
University of Rochester

EDITORIAL STAFF

Martha M. Auvil
Editor
Kelly D. Foy
Office Manager
Gloria L. Young
Editorial Assistant

The *Journal of Financial and Quantitative Analysis* is published by the Graduate School of Business Administration, University of Washington, Seattle, Washington 98195, in conjunction with the Western Finance Association. 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 or of the Western Finance Association.

Manuscripts submitted for publication and correspondence relating to editorial matters should be addressed to Professor Paul H. Malatesta, Managing Editor, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195. Manuscripts are to be sent in quadruplicate with a \$30 submission fee for Western Finance Association members (\$45 for nonmembers).

Copyright 1987, Graduate School of Business Administration, University of Washington

Journal of Financial and Quantitative Analysis—ISSN 0022-1090

Correspondence relating to advertising, subscriptions, billing, single-copy orders, missing issues, permission to reprint, and change of address should be addressed to Kelly D. Foy, Office Manager, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195.

Correspondence pertaining to the Western Finance Association should be sent to Professor Michael Joehnk, College of Business, Arizona State University, Tempe, Arizona 85281.

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	\$45.00/yr.
Outside U.S.A., add for foreign mail (U.S. funds)	\$ 5.00/yr.
Student	\$20.00/yr.
(with letter from Department Chairman)	

Subscriptions will not be accepted for less than a full year. Some back issues are in stock and are available at \$9.00 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. A subscription to the *Journal of Financial and Quantitative Analysis* automatically entitles the subscriber to membership in the Western Finance Association.

**WESTERN FINANCE ASSOCIATION
1987/88 Executive Committee**

Robert Litzenberger , President	University of Pennsylvania
Alan Hess , President-elect	University of Washington
Lemma Senbet , Vice President	University of Wisconsin
Michael Joehnk , Secretary-Treasurer	Arizona State University
Gerald Bierwag , Past President	University of Arizona
Peter Frost , Managing Editor, <i>JFQA</i>	University of Washington
Paul Malatesta , Managing Editor, <i>JFQA</i>	University of Washington
Willard Carleton , Director	University of Arizona
Larry Dann , Director	University of Oregon
Robert Grauer , Director	Simon Fraser University
Alan Shapiro , Director	University of Southern California

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