

Financial Analysts Journal®



C O N T E N T S

GRAHAM AND DODD AWARDS, 2002	4
The Graham and Dodd Awards recognize excellence in financial writing as demonstrated in the <i>Financial Analysts Journal</i> . Here are the most recent winners.	
EDITOR'S CORNER	6
AUTHOR DIGESTS	9
LETTER TO THE EDITOR	17
ERRATA	18
PERSPECTIVES	
Treatment of Pension Plans in a Corporate Valuation	19
Failure to adjust corporate valuations for pension assets and liabilities that are separable from the business operations can lead to dramatically misvalued companies.	
<i>Lawrence N. Bader</i>	
Wall Street Research: Will New Rules Change Its Usefulness?	25
Differences in how retail and institutional investors use analyst research cloud the future usefulness of recent reforms.	
<i>Leslie Boni</i> <i>Kent L. Womack</i>	
ECONOMICS	
Is the Insurance Business Viable?	30
Consumers and insurers, acting in their own interests, may make the insurance business unviable.	
<i>Robert Ferguson</i> <i>Dean Leistikow</i> <i>John R. Powers</i>	
RISK MEASUREMENT AND MANAGEMENT	
Liquidation Risk	42
What is the impact on key risk measures of spreads that are likely to widen just when positions must be liquidated to maintain capital ratios?	
<i>Darrell Duffie</i> <i>Alexandre Ziegler</i>	
INVESTMENT THEORY	
A Century of Investors	52
Today's investors are more rapidly informed than their predecessors a century ago, but they are neither better informed nor better behaved.	
<i>Meir Statman</i>	
PORTFOLIO MANAGEMENT	
Quasi-Private Information and Insider Trading	60
Insiders are able to use disclosure timing to manipulate the impact of their buying activity on stock prices, and CEOs have a greater impact than other insiders.	
<i>Martha L. Carter</i> <i>Sattar A. Mansi</i> <i>David M. Reeb</i>	
Insider Trading When an Underlying Option Is Present	69
Insider trades in stocks that do not have traded options have higher information content than those in stocks with options.	
<i>David C. Hyland</i> <i>Salil K. Sarkar</i> <i>Niranjan Tripathy</i>	
DEBT INVESTMENTS	
Quantifying Credit Risk II: Debt Valuation	78
Contrary to previous findings, the Merton approach provides superior explanations of secondary-market debt prices.	
<i>Stephen Kealhofer</i>	
Nondefault Components of Investment-Grade Bond Spreads	93
When liquidity and spread-volatility risks are taken into account, a Monte Carlo framework can be used for calculating their costs.	
<i>James H. Dignan</i>	
BOOK REVIEW	103