It Pays to Follow the Leader: Acquiring Targets Picked by Private Equity
Amy Dittmar, Di Li, and Amrita Nain

“Preparing” the Equity Market for Adverse Corporate Events: A Theoretical Analysis of Firms Cutting Dividends
Thomas J. Chemmanur and Xuan Tian

The Optimal Use of Return Predictability: An Empirical Study
Abhay Abhyankar, Devraj Basu, and Alexander Stremme

Dividend Growth, Cash Flow, and Discount Rate News
Ian Garrett and Richard Priestley

Shareholders in the Boardroom: Wealth Effects of the SEC’s Proposal to Facilitate Director Nominations
Ali C. Akyol, Wei Fen Lim, and Patrick Verwijmeren

The Credibility of Open Market Share Repurchase Signaling
Ilona Babenko, Yuri Tserukevich, and Alexander Vedrashko

Validation of Default Probabilities
Andreas Blöchlinger

Loss Allocation in Securitization Transactions
Günter Franke, Markus Herrmann, and Thomas Weber
It Pays to Follow the Leader: Acquiring Targets Picked by Private Equity ........................................ 901
Amy Dittmar, Di Li, and Amrita Nain

“Preparing” the Equity Market for Adverse Corporate Events: A Theoretical Analysis of Firms Cutting Dividends ................................. 933
Thomas J. Chemmanur and Xuan Tian

The Optimal Use of Return Predictability: An Empirical Study .................. 973
Abhay Abhyankar, Devraj Basu, and Alexander Stremme

Dividend Growth, Cash Flow, and Discount Rate News .................... 1003
Ian Garrett and Richard Priestley

Shareholders in the Boardroom: Wealth Effects of the SEC’s Proposal to Facilitate Director Nominations .............................................. 1029
Ali C. Akyol, Wei Fen Lim, and Patrick Verwijmeren

The Credibility of Open Market Share Repurchase Signaling .................. 1059
Ilona Babenko, Yuri Tserlukevich, and Alexander Vedrashko

Validation of Default Probabilities ............................................. 1089
Andreas Blöchlinger

Loss Allocation in Securitization Transactions .................................. 1125
Günter Franke, Markus Herrmann, and Thomas Weber
PURPOSE AND FOCUS

The Journal of Financial and Quantitative Analysis (JFQA) publishes theoretical and empirical research in financial economics. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. Opinions expressed in the JFQA are those of the authors and do not necessarily reflect those of the University of Washington Foster School of Business. For submissions queries, please write, call, fax, or e-mail the JFQA office. For all other information related to the journal, please contact Cambridge Journals Customer Services: Cambridge University Press, 100 Brook Hill Drive, West Nyack, NY 10994-2133, USA. http://journals.cambridge.org/jfqa

SUBMISSIONS

www.editorialmanager.com/jfqa

It is JFQA policy to give prompt attention to all submitted manuscripts. Consistent with this policy, honors are paid to referees who provide timely reviews. Submit manuscripts online (www.editorialmanager.com/jfqa) with a $250 submission fee and confirmation of a current individual subscription. Checks must be payable to the JFQA in U.S. dollars for deposit in a U.S. bank. VISA, MasterCard, and American Express are accepted. Manuscripts are considered for publication on the understanding that they have not been previously published in whole or in part, and are not being simultaneously considered for publication elsewhere.

SUBSCRIPTIONS

http://journals.cambridge.org/jfqa

For individuals or institutions interested in a single journal subscription in 2012, please contact Cambridge Journals Customer Services. In the U.S., Canada, or Mexico, subscription fees are payable in U.S. dollars: journals_subscriptions@cambridge.org. Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: journals@cambridge.org

2012 Annual Subscription Fees

<table>
<thead>
<tr>
<th>Category</th>
<th>Access Type</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational</td>
<td>Online &amp; Print</td>
<td>£224/$450</td>
</tr>
<tr>
<td>Organizational</td>
<td>Print only</td>
<td>£224/$450</td>
</tr>
<tr>
<td>Organizational</td>
<td>Online only</td>
<td>£186/$367</td>
</tr>
<tr>
<td>Individual</td>
<td>Online &amp; Print</td>
<td>£44/$85</td>
</tr>
<tr>
<td>Individual</td>
<td>Print only</td>
<td>£38/$75</td>
</tr>
<tr>
<td>Individual</td>
<td>Online only</td>
<td>£33/$65</td>
</tr>
<tr>
<td>Student</td>
<td>Print only</td>
<td>£17/$25</td>
</tr>
</tbody>
</table>

RIGHTS AND PERMISSIONS

All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopying, or otherwise, without permission in writing from Cambridge University Press. General enquiries from the USA, Mexico, and Canada should be addressed to the New York office of Cambridge University Press http://www.cambridge.org/us/information/rights/contacts/newyork.htm; general enquiries from elsewhere should be addressed to the Cambridge office http://www.cambridge.org/uk/information/rights/contacts/cambridge.htm; permission enquiries from Australia and New Zealand should be addressed to the Melbourne office http://www.cambridge.org/aus/information/contactsmelbourne.htm; enquiries regarding Spanish-language translation rights (only) should be addressed to the Madrid office http://www.cambridge.org/uk/information/rights/contacts/madrid.htm. Photocopying information (for users in the U.S.A.): Copying for internal or personal use beyond that permitted by Sec. 107 or 108 of the U.S. Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923 U.S.A. Specific written permission must be obtained for all other copying; contact the nearest Cambridge University Press office.