

PROMOTION RECOMMENDATION
The University of Michigan
Stephen M. Ross School of Business

Approved by the Regents
May 15, 2008

Haitao Li, assistant professor of business, Stephen M. Ross School of Business, is recommended for promotion to associate professor of finance, with tenure, Stephen M. Ross School of Business.

Academic Degrees

PhD	1998	Yale University, School of Management
MPhil	1995	Yale University, School of Management
MA	1994	Yale University, School of Management

Professional Record:

2005-Present	University of Michigan, Stephen M. Ross School of Business Assistant Professor of Finance
1998-2005	Johnson Graduate School of Management, Cornell University Assistant Professor of Finance
1997-1998	Johnson Graduate School of Management, Cornell University Acting Assistant Professor of Finance

Summary of Evaluation:

Teaching: Professor Li is a very good teacher as evidenced by his consistently high student evaluations, which have ranged between 4.09 – 4.79 and averaged 4.62 on a 5-point scale. He has taught at all three levels (BBA, MBA and PhD) and did well at each. The fact that he teaches a PhD course is an indication of the area's high regard for Professor Li's research credentials as PhD courses are assigned only to the best junior researchers. He brings an expertise to the area of finance that is fundamental and important for graduate students.

Research: Professor Li works in the area of empirical asset pricing, i.e., testing pricing models for financial assets and its applications. Most of his research deals with fixed income securities and derivatives. His research addresses both methodological issues and empirical issues that span three areas: 1) continuous-time asset pricing models; 2) term structure and interest rate options; and 3) hedge fund performance evaluations.

Since 2002 Professor Li's work has been very impressive. He has seven publications in top finance journals such as the *Journal of Finance* and the *Review of Financial Studies*. In addition, his research in econometric methodology has resulted in four publications in the *Journal of Econometrics*. He has four publications in other journals. Two of his working papers have been invited for resubmission at the *Journal of Finance* and the *Review of Financial Studies*, with one of them being in the third round. He has an excellent research pipeline, with an additional six working papers. In the area of finance, this is an impressive output as most leading researchers average about one paper a year in top journals. In addition, Professor Li has been invited to present his research at conferences all over the world.

Professor Li's research excellence was recognized with a 2007 Ross School of Business Sanford Robertson Assistant Professorship award for "excellence in scholarly research, including an ongoing research program that promises to make significant contributions to our understanding of the field of business."

Recent and Significant Publications:

Jarrow R., **H. Li**, F. Zhao. Interest Rate Caps "Smile" Too! But Can the LIBOR Market Models Capture Smile? *Journal of Finance*, 62, 345-382, 2007.

A. Egorov, Y. Hong, **H. LI**. Validating Forecasts of the Joint Probability Density of Bond Yields: Can Affine Models Beat Random Walk? *Journal of Econometrics*, 135, 255-284, 2006.

H. Li, F. Zhao. Unspanned Stochastic Volatility: Evidence from Hedging Interest Rate Derivatives. *Journal of Finance*, 61, 341-378, 2006.

C. Cao, F. Yu, **H. Li**. Is Investor Misreaction Economically Significant? Evidence from Short- and Long-Term S&P 500 Index Options. *Journal of Futures Markets* 25, 717-752, 2005.

H. Li, Y. Hong. Nonparametric Specification Testing for Continuous-Time Models with Applications to Term Structure of Interest Rates. *Review of Financial Studies*, 18, 37-84, 2005.

Service: Consistent with our policy for typical non-tenured faculty, Professor Li spends most of his time on research and teaching. However, he contributes to the finance area and the Ross School in various ways. For example, he serves on the PhD committee for the finance area. In this role, he has helped with recruiting, selection, evaluation, and mentoring of doctoral students. He also has assisted with the design of the PhD program in the finance area. He also has contributed to the faculty recruiting efforts of the finance area by screening and interviewing finance job candidates. Professor Li also is an enthusiastic participant in area activities and co-managed the seminar and brown-bag lectures during the 2006-07 year. We expect strong service contributions from him as a tenured professor.

External Reviewers:

Reviewer A: "Haitao is a talented scholar. He is bright and highly motivated. His attitude towards research is the correct one. He wants to publish significant papers in first tier journals. He takes the time to identify important problems and to analyze them carefully. He does not take short cuts in his research program. This is admirable and unusual in many [junior] scholars. In my opinion, Haitao is the best among his peers. His talents in the area of statistical and economic methods are unsurpassed. As evidenced, I strongly recommend promotion."

Reviewer B: "Haitao is a determined and intelligent [junior] scholar who consistently explores important research topics. In reviewing his packet, I am struck by the large amount of topical and diverse empirical issues he has explored over the last few years. Likewise, he has a pipeline with numerous intriguing projects which are at different levels of completion. Given the quickly increasing inventory of high quality papers, Haitao's impact on the discipline is rapidly growing. My prediction is that he will be a very productive member of the research community for years to come and that his work will have a significant impact on the academic literature as well as

industry practice in, e.g. the fixed income and the hedge fund arena. His scholarly record is consistent with a position as Associate Professor with tenure at a top business school.”

Reviewer C: “Haitao is an econometrician who has a good understanding of financial economics. Most of his contributions are methodological, but his empirical contributions are also significant. Just from glancing at Haitao’s CV, one would expect this to be an easy decision, and further study of his work, confirms that first impression. It is not often that one has the luxury of considering such a CV for tenured associate. The teaching materials suggest that he is a good teacher, so there seems no doubt that he should be promoted and tenured.”

Reviewer D: “I support the promotion. I believe his record to date demonstrates both the quality and quantity required and, more importantly, Haitao appears to be on an ascending path. Most of his publications have appeared since he joined Michigan, and has a number of exciting working and forthcoming papers in the pipeline. Overall, the published record certainly deserves tenure.”

Reviewer E: “Overall, I view Haitao as a very strong financial econometrician. Given that there are relatively few pure financial econometricians in his and surrounding vintages, finding a comparison group for him is not easy. In summary, I support Haitao’s tenure case at the University of Michigan. Haitao has produced both the quality and quantity of research commensurate with tenure. I would likely vote in favor of his case at my institution.”

Summary of Recommendation:

The outside reviewers’ comments and the placement of his work in the top journals in the field attest to the quality of Professor Li’s research. He does impactful research with a methodological bend. Professor Li’s ability to exploit the strength of his work in order to maximize its impact is steadily improving. He adds considerable value to the finance area’s research portfolio and teaching capabilities.

Professor Li’s case for promotion is made by the quality of his research contributions, and his outstanding teaching. With this in mind, the Executive Committee and I strongly recommend Professor Li’s promotion to associate professor of finance, with tenure.



Robert J. Dolan, Dean
Stephen M. Ross School of Business

May 2008