

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

Approved by the Regents
May 15, 2008

Uday Rajan, associate professor of finance, without tenure, Stephen M. Ross School of Business, is recommended for the granting of tenure to be held with his title of associate professor of finance, Stephen M. Ross School of Business.

Academic Degrees

PhD	1995	Stanford University
MSIA	1986	Carnegie Mellon University
BA	1984	University of Delhi

Professional Record:

2004-Present	University of Michigan, Stephen M. Ross School of Business Associate Professor of Finance, without tenure
2001-2004	Carnegie Mellon University, Tepper School Associate Professor of Finance, without indefinite tenure
1995-2001	Carnegie Mellon University, Tepper School Assistant Professor of Finance
1986-1990	Drexel Burnham Lambert, New York, NY Vice President and Associate, Fixed Income Research

Summary of Evaluation:

Teaching: Professor Rajan is a superb teacher. The bulk of his teaching load at the Ross School has been at the MBA level, where he has taught the finance valuation course which is a case-oriented corporate finance class. He also has taught an elective course on derivative securities for our undergraduate BBA students. In addition he has taught game theory and information economics courses at the PhD level. His evaluations across all three levels have been consistently outstanding, averaging 4.8 on a 5-point scale. Professor Rajan's contributions to teaching have been acknowledged by the Ross school and its students. He was awarded the MBA teacher of the year in 2007 and was nominated for the PhD teacher of the year award in 2005. He clearly demonstrates excellence in teaching and his combination of theoretical rigor and practical experience enables him to excel in our strategy of "Leading in Thought and Action."

Research: Professor Rajan's research focuses primarily on the use of game theory and contract theory to understand the workings of financial markets by studying the interactions of firms, individuals and institutions. He is an expert in market microstructure and is one of only a handful of theoretical economists. His interests are both deep and broad. While focusing on finance applications, he publishes across a number of domains including operations and information systems. This multidisciplinary capability, from a strategic standpoint, adds strength to the Ross School and the University. In fact, Professor Rajan has published twelve papers five of which are in highly regarded economics or finance journals such as the *American Economic Review*, *Journal of Economic Theory*, *Journal of Finance*, and *Journal of Financial Economics*.

He has two other papers in the area of financial economics. In addition, he has five more papers related to other business disciplines such as marketing and information systems, two of which are in top journals (*Management Science*, *Information Systems Research*). He has three working papers currently under review and resubmission.

One of his most well-known papers published in the *American Economic Review* provides a model that offers an explanation for the puzzle of persistent high interest rates and high profits to card issuers in the competitive market for credit card loans despite the presence of a large number of credit card issuers. Another paper published in the *Journal of Finance* in 2005 was nominated for a coveted Smith-Breeden prize for best paper in the journal and received a best paper award in 2004.

Recent and Significant Publications:

Parlour, C., V. Prasnikaar and **U. Rajan**. “Compensating for the Winner’s Curse: Experimental Evidence.” *Games and Economic Behavior* 60(2): 339–356, 2007.

Chawla, S., J. Hartline, **U. Rajan**, and R. Ravi. “Bayesian Optimal No-Deficit Mechanism Design.” Workshop on Internet and Network Economics, Lecture Notes in *Computer Science* 4286: 136–148, 2006.

Chawla, S., **U. Rajan**, R. Ravi and A. Sinha. “Min-Max Payoffs in a Two-Player Location Game.” *Operations Research Letters* 34(5): 499–507, 2006.

Goettler, R., C. Parlour and **U. Rajan**. “Equilibrium in a Dynamic Limit Order Market.” *Journal of Finance* 60(5): 2149–2192. (Lead article), 2005.

Choudhary, V., A. Ghose, T. Mukhopadhyay and **U. Rajan**. “Personalized Pricing and Quality Differentiation.” *Management Science* 51(7): 1120–1130, 2005. (Marketing area)

Parlour, C. and **U. Rajan**. “Rationing in IPOs.” *Review of Finance* 9(1): 33–63, 2005.

Service: Professor Rajan is an enthusiastic participant in time-intensive faculty and doctoral student recruiting activities. He actively and willingly provides advice and mentoring to our BBA and MBA students. Given his previous work experience in the financial sector, it is not surprising to find that he is often approached by our students for his advice. He also has mentored doctoral students, serving on the dissertation committees of students in finance and economics, as well as students in marketing and information systems. He also is known for his willingness to help his colleagues with sticky research problems. He is an active participant in the area brown-bag lecture. He is well known in the profession for his outstanding work as a referee and editorial board member of several leading journals.

External Reviewers:

Reviewer A: “All in all, Uday’s record shows his ability to make solid contributions to the theoretical literature in finance and economics. In addition, it demonstrates Uday’s concern with applications and the relevance of his results. This is an excellent combination of attributes. His current research is of high quality, is broad in scope, and shows creativity and insight. In

conclusion, I have a very positive impression of Uday's work and his contributions to the field. He will be an important asset to the Ross School both in terms of research and teaching contributions. I therefore am in favor of his promotion to a position as a tenured associate professor."

Reviewer B: "While the profession was slow to initially accept Professor Rajan's work, since 2000 that has changed dramatically. Despite the current intense competition for journal space and the long delays from submission to publication he has managed to produce a first rate record. I not only think his promotion case should go through, but I would also be happy to have our institution give him an offer to try and lure him away."

Reviewer C: "Uday's scholarly achievements are distinguished both by its ingenuity and theoretical rigor. At the same time, it is clear when reading his papers that his research is always informed by an admirable insistence on motivation from real-world concerns, especially those that lie at the heart of many issues in finance. It is this rare combination of theoretical rigor and practical concerns that sets him apart both from theorists who are motivated primarily by technical issues, and other researchers who stop short of going the extra step of asking the deeper questions. So, let me end by reiterating my wholehearted and enthusiastic support for Uday's promotion."

Reviewer D: "From the outside, in the area of theoretical research, I think Uday is the person that Michigan should invest in. He is careful, he is broad and takes risks; he also has good taste in research. He has shown he has the ability to write outstanding papers, I think he will be a good research leader in the long run. On the service side, Uday's service to the profession is impeccable. His referee reports are outstanding and show a clear and crisp mind that understands theory very well. In conclusion, I very strongly recommend tenure for Uday Rajan (I would strongly support the same at my institution)."

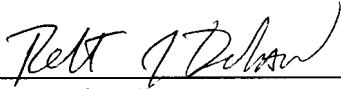
Reviewer E: "In 2004, I commented that Uday had rather limited output...By now, that has changed so that his output is comparable to tenured individuals of his cohort. Furthermore, the quality of his best publications remains high. He consistently delivers important and deep theoretical insights on the strategic interactions of economic players. Based on his record, and presuming a good record of teaching and service (about which I know nothing) I would be willing to actively promote his case. Certainly the importance of his best papers would weight heavily in favor of a positive outcome."

Reviewer F: "Uday...has done several outstanding papers in financial economics that have received strong external attention. Consequently, I regard the case for tenure as reasonably strong in fact, I had assumed that Rajan had already been granted tenure."

Summary of Recommendation:

Professor Uday Rajan significantly enhances our intellectual diversity, a point that was repeatedly made by the external reviewers. He is an excellent theoretical economist, whose achievements are both ingenious and theoretically rigorous. His broad and deep interests add considerable value to the finance area and the Ross School. Professor Rajan is now hitting his stride and will yield dividends for a long time to come.

Professor Rajan is an outstanding teacher, capable of teaching many different courses in both corporate finance and investments, a valuable resource for PhD students inside and outside the finance area, and is committed to service activities for the finance area and his profession. He is an active contributor to the intellectual life of the Ross School and has the ability to work with students and colleagues from other areas using tools and methods of microeconomics. Therefore, the Executive Committee and I strongly endorse that Professor Rajan be granted tenure with his title of associate professor of finance, Stephen M. Ross School of Business.



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

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