

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

Approved by the Regents
May 14, 2009

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

2008-Present	University of Michigan, Stephen M. Ross School of Business Associate Professor of Finance, with tenure
2005-2008	University of Michigan, Stephen M. Ross School of Business Assistant Professor of Finance
1998-2005	Cornell University Johnson, Graduate School of Management Assistant Professor of Finance
1997-1998	Cornell University, Johnson Graduate School of Management Acting Assistant Professor of Finance

Summary of Evaluation:

Teaching: Professor Li is an excellent teacher as evidenced by his consistently high student evaluations, which have averaged 4.63 on a 5-point scale. He has taught at all three levels (BBA, MBA, and PhD) and done well at each. Professor Li is an engaging instructor who brings an expertise to the finance area that is fundamental and important to the education of finance area doctoral students. He was solely responsible for successfully organizing and conducting the panel discussion on credit risk during the 2008 Mitsui Symposium.

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.

Professor Li has nine publications in the top three finance journals, the *Journal of Finance*, *Journal of Financial Economics* and the *Review of Financial Studies*. In addition, his research in econometric methodology has resulted in four publications in the *Journal of Econometrics*, one of the top two field journals in econometrics. He also has four publications in other journals. He has an excellent research pipeline of papers in review and other working papers. His work is well known; in fact, he has become known as one of the best applied-empiricists and theorists working in the field of asset pricing, fixed income, and derivatives.

Recent and Significant Publications:

H. Li, F. Zhao. Nonparametric Estimation of State-Price Densities Implicit in Interest Rate Cap Prices. *Review of Financial Studies*, In Press 2009.

H. Li, Y. Xu, X. Zhang. Evaluating Asset Pricing Models Using the Second Hansen-Jagannathan Distance. *Journal of Financial Economics*, In Press 2009.

R. Jarrow, H. Li, S. Liu, C. Wu. Reduced-Form Valuation of Callable Corporate Bonds: Theory and Evidence. *Journal of Finance*, In Press 2009.

H. Li, MT Wells, CL Yu. A Bayesian Analysis of Return Dynamics with Levy Jumps. *Review of Financial Studies*, 21, 2008.

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

Service: Professor Li contributes to the finance area and the Ross School in various ways. 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 has contributed to the faculty recruiting efforts of the finance area and is currently serving on a committee to improve the current MBA investment curriculum. He also serves on the Ross School MBA curriculum committee and is planning the next Mitsui symposium on financial market stability. Professor Li serves the profession in numerous ways. For example, he is an associate editor for the finance area for *Management Science*, and he also is a referee for numerous journals in his field.

External Reviewers:

Reviewer (A): “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 he has a number of exciting working and forthcoming papers in the pipeline. Overall, the published record certainly deserves promotion to Professor of Finance with tenure.”

Reviewer (B): “I have no reservation in advocating that you promote him to Professor on the basis of his outstanding research contributions. The quality is excellent and his ‘count’ is well beyond what we typically expect before promotion to Professor at my institution. His impact on the discipline is rapidly growing. He will undoubtedly be a very productive member of the research community for years to come.”

Reviewer (C): “Overall, Li has produced an impressive and substantial body of work. Specifically, he has had major influence bearing on such issues as testing of continuous-time models, interest rate options, risk neutral densities, and market response to earnings announcements. The promotion is a non-brainer.”

Reviewer (D): "I am very happy to see that Haitao is now so productive, garners top publications left and right and that his recent research seems to have the potential to generate significant research impact. I do not see any reason not to promote him."

Reviewer (E): "Haitao definitely merits promotion. Since he received tenure just last year, the university administration might think this promotion is a bit quick. But in my view, the promotion to Professor is not early; the promotion to tenure was late. Haitao is among the best active researchers in the field of financial econometrics."

Reviewer (F): "This seems like a straightforward case, at least by the criteria here at this institution. At the time he was promoted to tenured Associate Professor his record was already much stronger than many tenured Associate cases in my recent experience. Moreover he has five papers forthcoming, four in top Finance journals and one in a top specialty journal in economics. In closing, I enthusiastically support promoting Haitao to Professor of Finance."

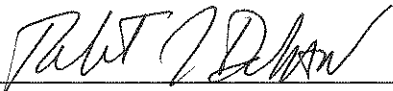
Reviewer (G): "Dr. Li is perhaps best known for his work on the term structure of interest rates and the pricing of fixed income securities and its derivatives. But, he has also made important contributions to the econometric estimation of continuous time models in finance, and on tests of asset pricing models. In all of these areas he has made significant contributions to the existing literature. But based on the quality and quantity of his published research I can highly recommend him for promotion to Professor of Finance..."

Reviewer (H): "He has always been a very productive researcher, and I am pleased to note that, if anything, both the pace and quality of his research have increased since he received tenure. I have always been impressed with the quality of Haitao's research, and over time he has both extended his impact in his earlier areas, such as the estimation of continuous time models, and extended into new areas where, again, he is making first rate contributions. I strongly support his promotion to Professor with tenure; this seems like a very easy decision to me."

Summary of Recommendation:

The outside reviewers' unanimous view that this is an easy decision based on the impact of Professor Li's scholarship, the placement of his work in the top journals in the field, and his outstanding teaching, make this an easy promotion to support. Professor Li's ability to exploit the strength of his work in order to maximize its impact continues to grow. He adds considerable value to the finance area's research portfolio, and his teaching capabilities and service to the school are outstanding.

With this in mind, the Executive Committee and I strongly recommend Professor Li's promotion to professor of finance, with tenure.



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

May 2009