

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

Approved by the Regents
May 20, 2010

Tyler G. Shumway, 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:

Ph.D. 1996 University of Chicago, Finance, Chicago
B.A. 1991 Brigham Young University, Economics, Provo

Professional Record:

2002-present Associate Professor of Finance, Stephen M. Ross School of Business,
University of Michigan
2004-2005 Visiting Associate Professor of Finance, Graduate School of Business,
Stanford University
1996-2002 Assistant Professor of Finance, University of Michigan Business School
1995-1996 Lecturer in Finance, University of Michigan Business School

Summary of Evaluation:

Teaching: Professor Shumway is an accomplished teacher having taught a range of courses at the BBA, MBA, and PhD levels. Since winter 2007, his teaching ratings have averaged 4.4 on a five-point scale. He has taught many different courses and has created two new courses on financial trading and portfolio management. Professor Shumway has made substantial contribution to doctoral teaching, working with and mentoring doctoral students, including co-authoring papers, and serving on many dissertation committees both as a member and as a chair or co-chair.

Research: Professor Shumway is an excellent scholar who does impactful research. He has established himself as an influential contributor to the areas of corporate finance and investments, particularly in the area of credit risk, and, more recently, also in the area of behavioral finance. He has published his work in the very top tier finance journals including the *Journal of Finance* and *Review of Financial Studies*. Addressing important questions, his work has broad impact as evidenced by his excellent citation rate. He broke important new ground to estimating firms' default probabilities with the publication of his 2001 single authored paper. The models he advocated have become the standard approach in estimating and forecasting firm bankruptcy by both academics and investment professionals. His article "Do behavioral biases affect prices?" won prestigious the Smith-Breeden award for the best paper published in the *Journal of Finance* in 2005.

Recent and Significant Publications:

Amit Seru, Tyler Shumway, and Noah Stoffman, "Learning by trading," forthcoming, *Review of Financial Studies*, 2009.
Sreedhar Bharath and Tyler Shumway, "Forecasting default with the Merton distance to default model," *Review of Financial Studies*, 2008, pp. 1339-1369.
Joshua Coval and Tyler Shumway, "Do behavioral biases affect prices?" *Journal of Finance*, 2005, pp. 1-34.

David Hirshleifer and Tyler Shumway, "Good day sunshine: Stock returns and the weather," *Journal of Finance*, 2003, pp. 1009-1032.

Joshua Coval and Tyler Shumway, "Is sound just noise?" *Journal of Finance*, 2001, pp. 1887-1910.

Joshua Coval and Tyler Shumway, "Expected option returns," *Journal of Finance*, 2001, pp. 983-1009.

Tyler Shumway, "Forecasting bankruptcy more accurately: A simple hazard model," *Journal of Business*, 2001, pp. 101-124.

Tyler Shumway and Vincent Warther, "The delisting bias in CRSP's Nasdaq data and its implications for the size effect," *Journal of Finance*, 1999, pp. 2361-2379.

Tyler Shumway, "The delisting bias in CRSP data," *Journal of Finance*, 1997, pp. 327-340.

Service: Professor Shumway is a conscientious and enthusiastic partner in the finance area's activities and has performed a great deal of service to the Ross school and to the profession. He has served as the area coordinator of the PhD program, has taken the lead in organizing the Asset Pricing Reading Group, and has been a full participant in the intellectual life of the area. Since July 2009, he also has served as associate area chair of finance taking the lead in staffing the area's teaching needs. Since 2006, he has been serving as the faculty director of the Tozzi Trading Center which entails a complex set of responsibilities. He serves the profession by being an ad hoc referee for the key journals of the field such as the *Journal of Finance*, *Review of Financial Studies*, *Journal of Financial Economics* to name a few and serving as a program coordinator for the annual meetings of the Western Finance Association, Financial Management Association and European Finance Association.

External Reviewers:

Reviewer A: "Initially I was surprised by the request because I thought that Tyler was already a full professor!...he has a stellar reputation in the profession and several of his papers have the reputation of being hits and are extremely influential. Promotion to full is an honor well deserved for Tyler. In my opinion he would have been promoted to full long ago at [my institution]."

Reviewer B: "In my view, there is no question that this promotion is appropriate. His research output continues at about the pace and quality that he had established when he was tenured. At our school, this promotion would be a normal decision."

Reviewer C: "His papers are always insightful, thorough, and carefully executed...Tyler's most cited paper by a wide margin...won the prestigious Smith Breeden Prize for the best paper on investments... This is one of the top honors in finance. In short, Tyler is a talented and careful financial empiricist...the quality and impact of the papers imply promotion to full is appropriate."

Reviewer D: "...I am familiar with much of Tyler's research and I believe that he is deserving of promotion. Early in his career, Tyler built a strong reputation...This work has been well-received by the academic community. I find his work to be top rate...I believe at [my institution]...this case would warrant promotion given the quality of this body of work."

Reviewer E: "Overall, these papers illustrate Professor Shumway's research skills of using unique data to investigate interesting research issues..."

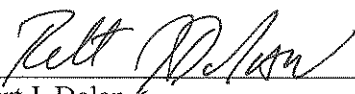
Reviewer F: "I am most familiar with Tyler's work on predicting the defaults of firms. His work in this area was pioneering, consistent with the evidence on citation counts he reports in his Statement of Research. He has done some recent work in this area...which also is of very high quality...Most of Tyler's recent work is in the rapidly expanding area of behavioral finance...my view is that Tyler is undertaking some of the most thoughtful and compelling research on the trading patterns of investors. ...[my institution's] criteria for promotion to Professor highlight[s] a broadening and deepening of the

candidate's research record. Tyler has certainly met this key criterion as he has recently published two papers in the *RFS* and it appears that he may soon have two additional papers in the forthcoming category at top Finance journals. ...I recommend Tyler's promotion to the rank of Professor of Finance."

Reviewer G: "... he has made important contributions to behavioral finance and credit-risk modeling and has established himself as a leading expert in these areas. Overall, I think very highly of Tyler Shumway. I believe he has produced a set of influential papers in behavioral finance and credit-risk modeling. His work demonstrates both original ideas and systematic empirical approaches. Thus, I believe he has an excellent case for promotion to full professor at Ross School of Business."

Summary of Recommendation: The outside reviewer's comments and the placement of his work in the top journals in the finance field attest to the quality of Professor Shumway's research. He is viewed as a creative and thoughtful finance scholar who may not publish as much as some others, but whose publications are of extraordinary quality and widely read (and cited). This respect for Professor Shumway's work has been consistent throughout his career. He adds considerable value to the finance area as well as the Ross School of Business and the University of Michigan.

Professor Shumway's case for promotion is made by the quality of his research contributions, very good teaching and service to the Ross community, and contributions to the field of Finance education. With this in mind, the Executive Committee and I strongly recommend Professor Tyler G. Shumway's promotion to professor of finance, with tenure, Stephen M. Ross School of Business.



Robert J. Dolan
Edward J. Frey Dean of Business
Stephen M. Ross Professor of Business
Stephen M. Ross School of Business

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