RAMESH K.S. RAO

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FIELDS OF INTEREST

Corporate Finance
Investments
Interface between Finance and related Business Disciplines

EDUCATION

D.B.A., Indiana University, November 1978
Major: Finance
Minor: Economics
Work-in-depth: Quantitative Business Analysis
Doctoral Dissertation: "Three Essays in Option Pricing Theory and Applications"

MBA, Indiana University, 1977
Major: Finance

B. Tech. in Metallurgical Engineering, 1974
Indian Institute of Technology, Madras
Graduated with distinction

ACADEMIC EXPERIENCE

PROFESSIONAL HISTORY

1991–Present	*Margaret and Eugene McDermott Professor of Finance*, University of Texas at Austin
	Director, McCombs Wealth Management Initiative, 2019-
1997–2000	*Associate Dean*, Graduate School of Business and Director, MBA Program, University of Texas at Austin

1982–1991 *Associate Professor of Finance and CBA Foundation Fellow*, University of Texas at Austin

1978–1982 *Assistant Professor of Finance*, University of Texas at Austin

1975–1978 *Associate Instructor*, Indiana University

RECENT RESEARCH/TEACHING HONORS

Winner: Best Theory Paper Award (2016). Paper titled "Shareholder wealth implications of information technology outsourcing," with H. Tanriverdi. *Proceedings of the International Conference on Information Systems (ICIS'2016)*, Dublin, Ireland, December, 2016.

Paper entitled “Marketing Initiatives, Expected Cash Flows, and Shareholders’ Wealth,” with N. Bharadwaj, published in the *Journal of Marketing,* was chosen by the Journal’s Editorial Board as finalist (top 3) for the Harold H. Maynard Award which “recognizes the *Journal of Marketing* article that makes the most significant contribution to marketing theory and thought within the calendar year.”

Paper entitled “Contract Heterogeneity, Operating Shortfalls and Corporate Cash Holdings: Theory and Empirical Evidence,” with Woochan Kim, chosen for the Outstanding Paper Award (plaque and cash award of KW2,500,000) at the Third International Conference on Asia-Pacific Financial Markets, 2008.

The Board of Regents of The University of Texas System Award for Outstanding Teaching, 2010 (medal and $30,000 cash prize).

Voted Outstanding Professor by the EMBA Graduating Class of 2014. Invited to deliver the keynote speech at the Graduation Ceremonies.

Outstanding Professor, Executive MBA Program, 2014, 2015, 2016

Faculty Honor Roll, TEMBA Program, 2016.

Excellence in Education Award, 2017, (Second time).

RESEARCH

Research Monographs

Corporate Policies in a World with Information Asymmetry, with V. Agrawal, hardbound research monograph (160 pages) for academic researchers published by World Scientific Publishing and the Imperial College Press of London. Fall 2015.

A Theory of the Firm’s Cost of Capital: How Debt Affects the Firm’s Risk, Value, Tax Rate, and the Government’s Tax Claim, with Eric Stevens. World Scientific Publishing Company, 2007

Working Papers

The Firm's Asset Structure and Cost of Capital: Implications for the Stockholders' Welfare, with S. Chattopadhyay.

"Idiosyncratic Features of Information Technology Investments and Firm Valuation" with H. Tanriverdi.

"Industry Operating Performance and Corporate Cash Holdings," with S. Qiao,

"Estimating a Firm's Cost of Capital with Adjustments for Tail Risks," with P. Damien and S. Chattopadhyay. Revisions ongoing.

"Long-term Operating Contracts in a Stakeholder Theory of the Firm: Implications for the Firm's Policies" with V. Agrawal, in progress.

Published:

"Corporate Brand Value and Cash Holdings," with N. Bharadwaj and Dominique Hanssens*, Journal of Brand Management,* March 2020.

"Shareholder wealth implications of information technology outsourcing," with H. Tanriverdi, *Proceedings of the International Conference on Information Systems (ICIS'2016)*, Dublin, Ireland, December, 2016.

"The Public Corporation as an Intermediary between Main Street and Wall Street," *Journal of Corporate Finance*, November 2015.

"Do Corporate Cash Holdings Predict Stock Returns?" with Satyajit Chandrashekar and Hongfei Tang, *Journal of Investing*, Summer 2013.

"Shareholders' Wealth-Maximizing Operating Decisions and Risk Management Practices in a Mixed Contracts Economy" with G. Gutierrez, *Production and Operations Management,* 2010.

"Marketing Initiatives, Expected Cash Flows, and Shareholders' Wealth," with N. Bharadwaj, *Journal of Marketing,* January 2008.

"The Firm's Cost of Capital, Its Effective Marginal Tax Rate, and the Value of the Government's Tax Claim," with E. Stevens. *Berkeley Electronic Journals*: *Topics in Economic Analysis & Policy,* 2006, Vol. 6, No. 1, Article 3. http://www.bepress.com/bejeap/topics/vol6/iss1/art3

"Sulfur Dioxide Allowances: The Price of Pollution," with S. White. *Journal of Financial Education,* 2005. This article is in the *ICFAI Journal of Environmental Law*.

"The Creation of First City Financial Corporation: A Clinical Study of the Bankruptcy Process," with S. White*. International Journal of Financial Education*. This article is also published in Principles *of Corporate Renewal Casebook*, H.D. Platt and M.B. Platt, eds., University of Michigan Press.

"Bid-ask Spreads, Informed Investors, and the Firm's Financial Condition," with V. Agrawal, M. Kothare, and P. Wadhwa. *The Quarterly Review of Economics and Finance*, Vol. 44, 2004, pp. 58–76.

"The Effect of Deteriorating Financial Performance on Director Liability," with D. Sokolow and D. White. *Directorship*, Vol. 33, No.1, January 1997.

"Fiduciary Duty a la Lyonnais: An Economic Perspective on Corporate Governance in a Financially Distressed Firm," with D.S. Sokolow and D. White, *Journal of Corporation Law*, Vol. 22, No. 1, fall 1996.

"The Dividend Payouts of Private Firms: Evidence from Tax Court Records," with S. White, *Journal of Financial Research,* Vol. 17, winter 1994.

"Shareholder Wealth Effects of Liability Limitation Provisions," with Yaron Brook, *Journal of Financial and Quantitative Analysis*, September 1994.

"Does Limiting Directors' Liability Affect Stock Prices?" with Y. Brook. *Directorship*, April 1994.

"Subsidization among S&Ls under the Flat Rate Deposit Insurance System: Some Empirical Estimates," with A. Burnett and S. Tinic. *Journal of Financial Services Research*, 1991.

"Predicting Stock Returns from Option Pricing Models: An Exploratory Investigation," with E. Ancel. *Journal of Financial Research*, 1990.

"Estimation Risk and Adaptive Behaviour in the Pricing of Options," with C.B. Barry and D.W. French, *Financial Review*, 1990.

"Asset Pricing in a Generalized Mean-Lower Partial Moment Framework: Theory and Evidence," with Van Harlow, *Journal of Financial and Quantitative Analysis*, Vol. 24, No. 3, September 1989.

"Mean-Generalized Coefficient of Variation Analysis and Expected Utility Maximization." With G. Boyle. *Southern Economics Journal,* July 1988.

"Mean-Lower Partial Moment Valuation with Lognormally Distributed Returns." With W.Y. Lee. *Management Science,* April 1988.

"Adverse Selection as an Explanation of Credit Rationing and Different Lender Types." With J. Finkelstein, W.Y. Lee, and R. Chiang. *Journal of Macroeconomics,* Vol. 6, No. 2, spring 1984.

"Determinants of the Foreign Exchange Bias: A New Methodology." With S.D. Smith. *Current Economic and Financial Issues of the North American and Caribbean Countries,* 1983.

"The Impact of Yield Changes on the Systematic Risk of Bonds," *Journal of Financial and Quantitative Analysis*, March 1982.

"Option Pricing in a Lognormal Securities Market with Discrete Trading." With W.Y. Lee and J.F.G. Auchmuty. *Journal of Financial Economics*, 1981.

"Modern Option Pricing Models: A Dichotomous Classification," *Journal of Financial Research*, Spring 1981.

"The Currency of Denomination of International Trade Contracts." With S.P. Magee. *Exchange Risk and Exposure: Current Developments in International Financial Management,* R.M. Levich and C.G. Wihlborg, eds., D.C. Health & Co. 1980.

"Vehicle and Non-Vehicle Currencies in International Trade." With S.P. Magee. *American Economic Review,* May 1980.

"Risk-Neutral and Non Risk-Neutral Call Option Prices: A Synthesis," *Proceedings of the Southwestern Finance Association*, March 1978.

"Another Look at the Use of *Options* Pricing Theory to Evaluate Real Asset Investment Opportunities," with J. Martin. *Journal of Business Finance & Accounting*, Vol. 8, No. 3, pp. 19–1.

TEXTBOOKS

Financial Management Concepts and Applications. 3rd. Ed., South-Western Publishing Company, Cincinnati, OH, 1995.

Financial Management Concepts and Applications. 2nd. Ed., Macmillan Publishing Company, New York, November 1991.

Fundamentals of Financial Management. February 1989, Macmillan Publishing Co.

Instructors' Manual for *Fundamentals of Investing* by Gitman and Joehnk, Harper and Row, 1981.

Airport Management Handbook. With Michael Crum. Published by the Aeronautics Commission of Indiana, 1978.

Other Completed Work

"Book Review of Alan Shapiro's *International Financial Management*." With S.D.Smith. *Journal of Finance*, December 1983.

"Option Pricing: Does Estimation Risk Really Matter?" With V.S. Bawa. *Bell Laboratories Economics Paper*.

"Fixed Income Security Swaps and Holding Period Yields." With E. Hennigar. *Federal Home Loan Bank Report*.

"Imputing Rationality to some Common Rules-of-Thumb." *Financial Management Letters*, Vol. 17, No. 3, autumn 1988.

"Credit Rationing, Regulation and Financial Intermediation." (Abstract) With J. Finkelstein. *Proceedings of a Conference on Bank Structure and Competition*, Federal Reserve Bank of Chicago, May 1980.

"Four Popular Misconceptions about Fixed and Floating Exchange Rates." With S.P. Magee. Prepared for the Institute of Free Enterprise.

Editor/Referee Roles

Associate Editor, *International Journal of Financial Education*, 2004

Associate Editor, *Journal of Financial Research* (three terms)

Ad hoc Referee for: *Journal of Finance*, *Journal of Business*, *Journal of Economic Dynamics and Control*, *Journal of Financial and Quantitative Analysis*, *Management Science*, *Journal of Business Research*, *American Business Law Journal*, *Decision Sciences*, *Journal of International Business Studies*, *Journal of Risk and Insurance*, *Journal of Economics and Business*, *Managerial and Decision Sciences*, *Financial Management*, *Journal of Financial Education*, *Journal of Marketing Research*, *Quarterly Journal of Business and Economics*, *Journal of Business and Economic Studies*, *Global Finance Journal, Journal of Empirical Finance, Journal of Marketing, etc.*

MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS

American Finance Association

Financial Management Association

Western Finance Association

American Economic Association

Affiliate, Financial Scholars Group

PROFESSIONAL EXPERIENCE

- Testified as expert witness in the matter of *The State of Alaska v. Veco,* Anchorage, Alaska, December 2010
- Expert Witness in Tax Dispute, Veco Sellers, Inc. v. Alaska Revenue Service, 2012.
- Valuation Expert in the matter of *Boone v. CIGNA*, April 2008.
- Expert Witness on Valuation Methodologies in the *American Express v. Visa et al.* anitrust litigation, 2007.
- Consultant, Duke Energy Field Services, 2004.
- Provided an Economic Evaluation for an internet-commerce project, INTEL Corporation, 1999
- Advised defense counsel on the economics underlying plaintiff's lawsuit against defendants Fidelity Investments and Skadden Arps, 1997
- Sole Valuation Expert, Bankruptcy Reorganization of First City Bancorproation, appointed by Judge Harold Abramson, Federal Bankruptcy Court, 1995
- Parker and Parks, LLP. Valuation Issues Related to Concrete Manufacturing Company.
- Advisor to the CEO (on securities trading firm growth plans and business strategy), Block Trading Company, Houston, TX, summer 1997
- Advised lead defense counsel in U.S. Attorney General's (New York) investigation of Prudential Bache Energy Income Funds, August 1996
- Designed in-house programs for Enron Capital and Trade (ECT); advised Enron on other matters relating to the firm's financial performance
- Project Manager, Cisco-University of Texas "Internet Economy Indicators" Project
- Provided advice on Tax Shield Valuation Issues for Burlington Northern Railroad

- Expert analysis of international arbitrage transactions involving major international banks, for Oppenheimer, Blend, Harrision, and Tate

- Provided corporate valuation of bankrupt firm for the Law Offices of Baker and Botts

- Program Committee Member and Speaker, 1990 Valuation of Assets in Bankruptcy Conference, University of Texas Law School

- Expert Witness, Federal Bankruptcy Court, Fort Worth, Valuation of Corporate Equity under Bankruptcy Plan Provisions, September 1988

- Conducted valuation of corporation under dissolution for Financo, Inc.

- Federal Home Loan Bank of Indianapolis, June–August 1976

  - Project involved the development of decision rules for fixed-income security swaps based on the Bank's expectations of future interest rates.

- Aeronautics Commission of Indiana, July 1977–June 1979

  - This project was funded by the Indiana State Legislature and involved an in-depth investigation of current airport management (finance, accounting, safety, logistics, and compliance of federal and state laws) practices. Detailed recommendations were made.

- Internship Trainee, various time periods:

  - Tata Iron and Steel Company
  - Bharat Heavy Plates and Vessels
  - Brief training programs for special metallurgical skills.

- Management Development Programs, University of Texas at Austin, 1979–Present

  - Participate regularly in midlevel management programs offered by the university to corporate executives.

- University of Texas Mexico City MBA Program

- Advised the Office of the Attorney General of New Mexico, Economic Crimes Division, July–September 1980

  - Project involved advising the Attorney General's office and negotiating on his behalf in a leveraged lease arrangement between a public utility company and a major national bank.

- Arthur Young and Company, July 1984

  - Conducted in-house educational programs for partners.

- Consultant, Technology Futures, Inc.
- Advised the President, Sachem, Inc., on long-term corporate strategy
- Served on the Board of Directors, Aerobitronics, Inc. and S.G.T. International
- Conducted a three-day program “Finance for Non-Financial Managers” for U.T. Austin
- Associated Press Interviews, Bloomberg New Wire, National Public Radio, etc.

TEACHING HONORS

- Voted Outstanding Professor in the EMBA Program, 2014, 2015, 2016.
- Honor Roll, Texas Evening MBA Program, 2016.
- Outstanding Faculty Award, Mexico City MBA Program. For “Extraordinary Contributions to the Enhancement of his Students’ Professional Performance” (inscription on plaque), 2005
- Outstanding Professor Award, U.T. Graduate Business Council, 1981
- Joe Beasley Teaching Award, 1985 (MBA Teaching) ($1000 cash plus plaque)
- Nominee: Amoco Teaching Award (university-wide), Graduate Teaching Award (University-level), etc.
- Jack Taylor Award for Teaching Excellence, 1987 (Teaching at all levels) ($3,000 cash plus plaque)
- CBA Foundation Award for Excellence in Education, University of Texas, presented fall 1992
- Outstanding Professor in the Option II (Executive) MBA Program, 1994, 2000
- Department of Finance Nominee, Jack Taylor Award, 1998

PARTICIPATION IN OVERSEAS PROGRAMS

- Taught in the UT-Mexico City MBA Program, Mexico City, 2002, 2003.
- Participant, Management Development Program, Singapore (in Cooperation with the National University of Singapore), May 1981.
- Speaker, Third Annual International Management Program for Foreign National and Expatriate Managers of Oil Field-Related Companies, Penang, Malaysia, May 1981.

- Speaker, Fourth International Management Program at Cranfield, Cranfield, U.K., August 1982.
- International Management Program for Oilfield Related Businesses, Abidjan, Ivory Coast of Africa, January 1983.
- Speaker, Halliburton Mid-management Program, Singapore, July 1991.
- Speaker, Halliburton Mid-management Program, Singapore, Batam, Indonesia.
- Organized and conducted several sessions of executive education program for CEMEX Corporation, Monterrey, Mexico, 1993.

MISCELLANEOUS

- Chair of Panel on Financing at the "Doing Business in India: the Texas Connection" Conference, sponsored by the College of Business and the Institute of Constructive Capitalism, Fall 1996.
- Awards Panel for Financial Management Association, Investments Papers.
- Member, Program Committee, Financial Management Association.
- Outside reviewer, faculty research proposals, University of Houston
- Outside Evaluator for Promotion and Tenure for candidates: University of Colorado, Denver, University of Virginia, University of New Mexico, Temple University, and Georgia Tech.
- Appointed Fellow of the Institute for Constructive Capitalism, 1984.
- Paper Reviewer, Second Annual Texas Symposium, Rice University, Texas, 1990.
- Designed, developed, and conducted courses in Foreign Exchange for Chase Texas Bank for almost six years.