



## Curriculum Vitae Stephen A. Ross

Stephen A. Ross is the Franco Modigliani Professor of Financial Economics at the MIT (Massachusetts Institute of Technology) Sloan School of Management. Previously, he was the Sterling Professor of Economics and Finance at Yale University for 13 years and a Professor for Economics and Finance at the Wharton School of the University of Pennsylvania from 1975 to 1977. Ross is a fellow of the Econometric Society and a member of the American Academy of Arts and Sciences, serving as an associate editor of several economics and finance journals. In 1988, he was president of the American Finance Association. Stephen A. Ross is the author of more than 100 peer-reviewed articles in economics and finance and co-author of the best-selling textbook *Corporate Finance*. Furthermore, he has further acted as advisor to the financial sector, major corporations, and government departments such as the U.S. Treasury, the Commerce Department, the Internal Revenue Service, and the Export-Import Bank of the United States. He holds a PhD in Economics from Harvard University.

Stephen A. Ross' wide range of research interests include the economics of uncertainty, corporate finance, decision theory, and financial econometrics. He is known for his fundamental contribution to modern financial economics. His models have changed and advanced practice profoundly. They are widely applied and standard in academia and the financial industry.

Most notably, Stephen A. Ross is the inventor of the Arbitrage Pricing Theory, a cornerstone of modern asset pricing theory and the Theory of Agency, which is omnipresent not just in corporate finance but also in many other spheres of economics. Furthermore, he is the co-creator of Risk-Neutral Pricing and of the Binomial Model for Pricing Derivatives. His work has been central for the development and the empirical analysis of the term structure models. He co-authored the *Econometrica* paper *A Theory of the Term Structure of Interest Rates* in 1985, which remains one of the most crucial contributions on the topic to this date.

In addition, recently Ross' Recovery Theory has opened up a huge potential for the analysis of household subjective expectations, rationality and financial literacy, but also financial advice. His theories provide standards for pricing in major securities trading firms, useful for retirement accounts and for new financial products that may allow households to insure a wider range of risks.



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Stephen A. Ross is a globally recognized academic and a widely published author in finance and economics.

### **Fellowships and Awards**

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Deutsche Bank Prize in Financial Economics, Center for Financial Studies, 2015

Morgan Stanley Prize – January 2014

1<sup>st</sup> Prize, Roger F. Murray Prize Competition - 2013

Onassis Prize in Finance – September 2012

Honorary Doctorate, University of Piraeus, Athens, 2009

Jean-Jacques Laffont Prize, 2007

Co-winner Smith Breeden Prize – Best Paper, JF 2006

CME-MSRI Prize, 2006

Honorary Doctorate, University of Lugano – 2006

Honorary Doctorate, De Paul University – June 2002

AIMR (Association for Investment Management Research)  
Nicholas Molodovsky Award – 2001

IAQF Financial Engineer of the Year, 1996

Honorary Doctorate, Universitate Karlsruhe - July 1995

Honorary Doctorate, Erasmus University, Rotterdam - November 1993

Elected Fellow of the Econometric Society, 1979

Pomerance Prize for Excellence in the Area of Options Research by the Chicago Board  
Options Exchange, 1978

Guggenheim Fellowship, 1975 - 1976



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### Selected Books

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Corporate Finance, with Randolph W. Westerfield and Jeffrey F. Jaffe, 8th ed., Irwin McGraw-Hill, 2006.

Fundamentals of Corporate Finance, with Randolph W. Westerfield and Bradford D. Jordan, 7th ed., Irwin McGraw-Hill, 2006.

Essentials of Corporate Finance, with Randolph W. Westerfield and Bradford D. Jordan, 6<sup>th</sup> ed., Irwin McGraw-Hill, 2006.

Neoclassical Finance, Princeton University Press, Princeton, NJ, 2005.

The Debt Market, Elgar Publishing, 2000.

### Selected Publications

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"The Economic Theory of Agency: The Principal's Problem," American Economic Review 63, No. 2, May 1973, 134-139, reprinted in *Readings in Applied Microeconomic Theory: Market Forces and Solutions*, ed. Richard Kuenne, Blackwell Publishers, reprinted in *The Principal Agent Model: The Economic Theory of Incentives*, ed. Jean-Jacques Laffont, Edward Elgar Publishing, reprinted in *Personal Economics*, ed. Edward Lazear, Edward Elgar Publishing.

"Return, Risk and Arbitrage," Wharton Discussion Paper, 1973, published in I. Friend and J. Bicksler, eds., Risk and Return in Finance. (Cambridge: Ballinger), 1976, 189-217.

"On the Economic Theory of Agency and the Principal of Similarity," in Essays on Economic Behavior Under Uncertainty, Chapter 8, (Amsterdam: North-Holland Publishing Co.), 1974, 215-240.

"Options and Efficiency," Quarterly Journal of Economics, 90, February 1976, 75-89, reprinted in *Options Markets*, ed G.M.Constantinides and A.G. Malliaris, Edward Elgar Publishing, 1999.

"A Survey of Some New Results in Financial Option Pricing Theory," with John C.Cox, Journal of Finance 31, No. 1, May 1976, 383-402; reprinted in *Options Markets*, ed. Constantinedes, Edward Elgar Publishing 2000.

"The Valuation of Options for Alternative Stochastic Processes," with John C. Cox, Journal of Financial Economics, 3, 1976, 145-166, reprinted in *Options: Classic Approaches to Pricing and Modelling*, ed. Lane Hughston, RISK Books, London, 1999; *Options Markets*, ed. Constantinedes, Edward Elgar Publishing 2000.

"The Arbitrage Theory of Capital Asset Pricing," Journal of Economic Theory 13, No. 3, December 1976, 341-360.



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"A Theory of the Term Structure of Interest Rates and the Valuation of Interest-Dependent Claims," with John C. Cox and Jonathan E. Ingersoll, Jr., Journal of Financial and Quantitative Analysis, November 1977.

"Mutual Fund Separation in Financial Theory -- The Separating Distributions," Journal of Economic Theory 17, No. 2, April 1978, 254-286. Reprinted in Frontiers of Modern Financial Theory, S. Bhattacharya and G.M. Constantinides, eds., (Tottowa, NJ: Littlefield Adams), 1987, and in Theory of Valuation, Rowman & Littlefield Publishers, Inc., 1989, 309-341.

"A Simple Approach to the Valuation of Risky Streams," Journal of Business 51, No. 3, July 1978, 453-475.

"Option Pricing: A Simplified Approach," with John C. Cox and Mark Rubinstein, Journal of Financial Economics 7, 1979, 229-263, reprinted in The Handbook of Financial Engineering, Harper Business Publishers, 1990.

"Some Stronger Measures of Risk Aversion in the Small and the Large with Applications," Econometrica 49, No. 3, May 1981, 621-638.

"A Reexamination of Traditional Hypotheses About the Term Structure of Interest Rates," with John C. Cox and Jonathan E. Ingersoll, Jr., Journal of Finance 36, No. 4, September 1981, 769-799. Reprinted in "Speculation and Financial Markets" edited by Dr Liam A. Gallagher and Mark P. Taylor, THE INTERNATIONAL LIBRARY OF CRITICAL WRITINGS IN ECONOMICS – Series Editor: Mark Blaug, Edward Elgar Publishing Ltd.

"An Intertemporal General Equilibrium Model of Asset Prices," with John C. Cox and Jonathan E. Ingersoll, Jr., Econometrica 53, No. 2, March 1985, 363-384, reprinted in Continuous Time Finance, ed. S. Schaefer.

"A Theory of the Term Structure of Interest Rates," with John C. Cox and Jonathan E. Ingersoll, Jr., Econometrica 53, No. 2, March 1985, 385-407, reprinted in Theory of Valuation, Rowman & Littlefield Publishers, Inc., 1989, 129-151, and Continuous Time Finance, ed. S. Schaefer, and The International Library of Critical Writings in Economics, ed., L. Gallagher and M. Taylor, Edward Elgar Publishers, 2001.

"Arbitrage," with Philip H. Dybvig in J. Eatwell M. Milgate and P. Newman, eds., New Palgrave, A Dictionary of Economics, (London: The MacMillan Press, Ltd.). 1, 1987, 100-106.

"Survival " with Stephen J. Brown, William N. Goetzmann, The Journal of Finance, Vol. 1, No. 3. July 1995.

"Long Forward and Zero-Coupon Rates Can Never Fall," by Phillip H. Dyvbig, Jonathan Ingersoll and Stephen A. Ross. The Journal of Business, January 1996.



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“Compensation, Incentives, and the Duality of Risk Aversion and Riskiness,” Journal of Finance, Vol. 59, 1, 2004. Nominated for the Journal of Finance 2004 Brattle Prize

“The Recovery Theorem,” forthcoming, Journal of Finance, 2015

### **Selected Professional Positions**

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MIT (Massachusetts Institute of Technology), Sloan School of Management, Franco Modigliani Professor of Financial Economics, 1998 to the present

MIT (Massachusetts Institute of Technology), Sloan School of Management, Fisher Black Visiting Professor of Finance Sloan School, 1997 - 1998

Yale University, Sterling Professor of Economics and Finance, 1985 - 1998

Adviser, Japan Financial Economics Association, 1994

California Institute of Technology (CalTech), Trustee and Chairman of Investment Committee, since 1993

University of Pennsylvania, Weiss Center for International Financial Research, The Wharton School, Advisory Board, 1990

Boettner Research Institute, Board of Overseers, 1990

American Finance Association, President, 1988

Social Science Advisory Committee, California Institute of Technology, 1986

Director, President, American Finance Association, 1983 - 1986

Yale University, Adrian C. Israel Professor of International Trade and Finance, 1984 - 1985

Yale University, Edwin J. Beinecke Professor of Economics and Finance, 1979 - 1983

Yale University, Professor of organization, Management and Economics, 1977 – 1979

University of Pennsylvania, Wharton School, Professor of Economics and Finance, 1975-1977

### **Education**

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PhD, Harvard University, 1970 (Economics)

BS, CalTech, 1965 (Physics - Honors)