Wei Wu
University of Chicago Booth School of Business
5807 South Woodlawn Avenue
Chicago, Illinois 60637
Tel: (919) 308-2010
E-mail: wwu0@chicagobooth.edu

March 31, 2013

Dear Professor Nicholas Thomas F. Hellmann,

I am a 3rd year PhD student in the finance program of Booth School of Business at University of Chicago. I am excited to learn that you are organizing the Entrepreneurship Research Boot Camp and would love to apply for this program.

My references is:

Professor Steven N. Kaplan
Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance
University of Chicago Booth School of Business
5807 South Woodlawn Avenue
Chicago, Illinois 60637
Tel: (773) 702-4513 / Fax: (773) 753-8312
E-mail: skaplan@uchicago.edu

My CV and research description are attached for your review. I look forward to hearing back from you and thanks for your consideration.

Sincerely,

Wei Wu

CHICAGO BOOTH
The University of Chicago Booth School of Business

University of Chicago Booth School of Business
5807 South Woodlawn Avenue, Chicago, Illinois 60637
Tel: (773) 702-4513 | Fax: (773) 702-0458
E-mail: skaplan@uchicago.edu
March 19, 2013

Steven N. Kaplan
Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance

Professor Thomas Hellman
NBER Kauffman Entrepreneurship Boot Camp
By email: maranjian@nber.org

Dear Thomas:

I am writing to recommend another student, Wei Wu, for the NBER Kauffman Entrepreneurship boot camp.

By the time of the boot camp, Wei will have completed the third year of the finance Ph. D. program at the University of Chicago Booth School of Business. He is visiting MIT's finance group this year to be closer to his wife.

Wei has done very well in his course work and is now at the point where he is working on putting together a dissertation on the boundaries of empirical corporate finance and empirical asset pricing.

He has written a nice second-year paper on insider trading. In the paper, Wei investigates how the termination of analyst coverage at closed brokerages affects insiders' abnormal profits. The idea is that the analyst coverage termination exogenously increased asymmetric information at the affected firms, increasing the profitability of insider trading. Using a diff-in-diff approach, Wei finds that corporate insiders gain significantly higher abnormal returns and larger abnormal profits after the termination of analyst coverage. These results are robust for both insider purchases and insider sales. The paper is a nice paper that suggests a causal link from asymmetric information to insider profits.

Given his interests in empirical corporate finance, Wei is very interested in attending the boot camp.

On non-research dimensions, Wei is pleasant and personable. I am sure he will interact well with the other boot camp attendees.

Overall, then, I recommend Wei to you for the boot camp. He is very well-trained in corporate finance and asset pricing. He is interested in applying that training to entrepreneurial finance.

Sincerely,



WEI WU
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EDUCATION

University of Chicago, **Booth School of Business**, Chicago, IL
Ph.D. in Finance, May 2015 (expected).
Massachusetts Institute of Technology (MIT), Sloan School of Management, Cambridge, MA
Visiting PhD student, September 2012 to present
Duke University, **Department of Economics**, Durham, NC
M.A. in Financial Economics, May 2008.
Duke University, Department of Neurobiology, Durham, NC
Ph.D. in Neuroscience, May 2009.
Peking University, **College of Life Sciences**, Beijing, China
B.S. in Biological Sciences, July 2003.

RESEARCH INTEREST

Empirical Corporate Finance; Empirical Asset Pricing; Entrepreneurial Finance

PHD COURSES COMPLETED

ECON 30100 Price Theory I
ECON 30200 Price Theory II
ECON 30300 Price Theory III
ECON 33000 Theory of Income I
ECON 33100 Theory of Income II
ECON 31000 Empirical Analysis I
ECON 31100 Empirical Analysis II
ECON 31200 Empirical Analysis III

Bussiness 35901 Theory of Financial Decisions I
Bussiness 35902 Theory of Financial Decisions II
Bussiness 35903 Theory of Financial Decisions III
Bussiness 35908 Research Projects: Finance
Bussiness 35904 Asset Pricing
Bussiness 35905 Topics in Empirical Finance
Bussiness 35600 Seminar: Finance
Bussiness 41910 Time-series Analysis for Forecasting and Model Building

WORK IN PROGRESS

A Causal Link between Information Asymmetry and Insiders' Abnormal Profits

Informed trading models predict a causal relationship between information asymmetry and insiders' abnormal profits. To test this prediction, previous studies relied on proxies for information asymmetry, such as the bid-ask spread and number of analyst coverage. However, these studies suffered from various endogeneity concerns thus struggled to identify the causal link between information asymmetry and insiders' abnormal profits. My analysis investigates the impact of the brokerage closure-related termination of analyst coverage which exogenously increases the information asymmetry of the affected firms on insiders' abnormal profits. Using a diff-in-diff approach, I find that after termination of analyst coverage, corporate insiders gain significantly higher abnormal returns and larger abnormal profits. These results are robust for both insider purchases and insider sales. With termination of one analyst coverage, insiders' 6-month cumulative abnormal return increases by more than 10%

(in absolute terms) for purchases and by more than 15% (in absolute terms) for sales, while insiders' 6-month cumulative firm-quarter abnormal profit increases by approximately 0.1 million dollars for purchases and by approximately 0.5 million dollars for sales.

Abnormal profits, information contents and their relationship with volatility and corporate governance: before SOX, after SOX and during the financial crisis

This study systematically investigates the time-series and cross-sectional variation of the abnormal profits and information contents of insider trades. I find that abnormal profits and information contents of insider trades are positively correlated with idiosyncratic volatility. This correlation at least partially explains the phenomena that the abnormal profits and information contents increase significantly during the financial crisis. I also find that corporate governance can cross-sectionally shape the impact of the Sarbanes-Oxley Act (SOX) and the financial crisis on the abnormal profits and information contents of the insider trades. Abnormal profits and information contents from firms with weaker corporate governance experience a larger decrease after SOX and a larger increase during the financial crisis.

RESEARCH EXPERIENCE

University of Chicago, Chicago, IL

Research assistant for Professor Bryan Kelly, Booth School of Business

- Computed risk-neutral moments of SP500 options.

Research assistant for Professor Steven Kaplan, Booth School of Business

- Constructed CEO compensations dataset for SP500 companies.

Duke University, Durham, NC

Research assistant for Professor Michael Brandt, Fuqua School of Business

- Examined return predictability using non-linear forecasting models.
- Modeled and forecasted futures market returns using artificial neural network models along with genetic algorithms.

Research assistant for Professor Alon Brav, Fuqua School of Business

- Used integer programming technique to analyze how insiders break up their large transactions over time.

Duke University, Durham, NC

Research assistant for Professor David Fitzpatrick, Department of Neurobiology

- As a neurobiologist, developed, designed, and carried out experiments with a team of scientists resulting in high-impact scientific manuscripts and abstracts in emerging research fronts.
- Captured population response in primary visual cortex to motion transition stimulus using imaging techniques. Performed quantitative analysis based on a large time-series data set. Constructed mathematical models to interpret the brain response and successfully predicted human perceptual distortions.

HONORS, SCHOLARSHIPS & FELLOWSHIPS

2011-2012	John and Serena Liew PhD Fellowship
2011	Center for Research in Security Prices (CRSP) Summer Research Award
2008	Elsevier/Vision Research Travel Award
2006 - 2008	American Heart Association Pre-doctoral Fellowship Award
2003	Chun-Tsung Scholar Award
1999 - 2003	MingDe Fellowship

PREVIOUS PUBLICATIONS

Wu, W., Tiesinga, P., Tucker, T.R., Mitroff, S.R. & Fitzpatrick, D (2011). Dynamics of population response to changes of motion direction in primary visual cortex. The Journal of Neuroscience, 31(36): 12767-12777.
Wu, W., Tiesinga, P., Tucker, T., Heiner, J., & Fitzpatrick, D. (2008). The dynamics of V1 population response to instantaneous changes in direction of stimulus motion [Abstract]. *Journal of Vision*, 8(6):814, 814a,
Wu, W. & Yu, L.C. (2004). Roles of oxytocin in spatial learning and memory in the nucleus basalis of Meynert in rats. *Regul. Pept.* 120(1-3):119-125.

RELEVANT SKILLS AND MISCELLANEOUS

Programming languages and software packages: Matlab, STATA, R
Date of Birth: 08/22/1982.
Native Mandarin Chinese speaker. Fluent in English.
Interests include traveling, tennis, and badminton

Research Description

I am a third year graduate student in the Ph.D. Program in Finance at the University of Chicago Booth School of Business.

My research interests include empirical corporate finance and empirical asset pricing. My current projects focus on the area of insider trading. I study the time-series and cross-sectional variation of the abnormal profits of corporate insider trades. I find that insiders' abnormal profits are positively correlated with information asymmetry. Using the brokerage closure-related termination of analyst coverage which exogenously increases the information asymmetry of the affected firms as an identification strategy, I further document the causal link between information asymmetry and insiders' abnormal profits. I also find that corporate governance plays an important role in disciplining corporate insiders. Insiders from firms with better corporate governance gain less abnormal profits in trading stocks of their own companies. I am currently using variation in corporate governance generated by state adoption of anti-takeover laws to empirically identify the impact of corporate governance on insiders' profitability. I am also interested in studying the profitability of insiders in emerging markets such as China, where information asymmetry is larger and corporate governance is weaker.

Before joining Booth Finance program, I obtained a PhD from Duke University in Neurobiology. Coming from bio background, I have witnessed the impact of private equity and venture capital on technology transfer. I am keen to learn more about entrepreneurial finance. Specifically, I am interested in research topics such as the performance and persistence of PE/VC, risk assessment of PE/VC, the role of information asymmetry in the exit strategies of PE/VC.

The NBER Entrepreneurship Working Group provides a great opportunity for me to learn about the research frontier in entrepreneurial finance. The faculty line-up is very impressive. I am sure that students will benefit a lot from this program. My CV is included for your review. My reference is Professor Steven N. Kaplan. I look forward to hearing back from you. Thanks a lot for your consideration.