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Herbert O. Whitten Professor of Accounting
School of Business Administration
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EDUCATION

Stanford University Accounting/Finance Ph.D., 1978
Thesis: Valuation of Capitalized Interest on Construction Expenditures in the Electric Utility Industry, May 1978
Committee: William Beaver (Chairman), Jim Patell, and Mark Wolfson

Washington University Accounting/Economics M.B.A., 1971
(St. Louis, MO)

Drury College Business Administration/Economics A.B., 1968
(Springfield, MO)

TEACHING EXPERIENCE

Professor (9/90 - present)	University of Washington
Visiting Professor (Winter 2001)	INSEAD
Associate Professor (9/84 - 8/90)	University of Washington
Assistant Professor (9/78 - 8/84)	University of Washington
Acting Assistant Professor (9/76 - 6/78)	University of Santa Clara
Lecturer (9/74 - 6/76)	University of Santa Clara
Lecturer (Summer 1971)	Washington University, St. Louis

Courses Taught include:

- Financial Reporting & Analysis: Executive MBA
- Managerial Accounting: Executive MBA
- Financial/Managerial Accounting: Executive MBA
- Financial Accounting: MBA and undergraduate
- Managerial Accounting: MBA and undergraduate
- Financial Statement Analysis: MBA and undergraduate
- Doctoral Seminar in Financial Accounting

RESEARCH PUBLICATIONS

"Emphasis on Pro Forma versus GAAP Earnings in Quarterly Press Releases: Determinants, SEC intervention, and Market Reactions" (with A. Davis and D. Matsumoto). Forthcoming, *The Accounting Review*, October 2005.

"Determinants of Revenue-Reporting Practices for Internet Firms" (with A. Davis and S. Rajgopal). *Contemporary Accounting Research*, Winter 2002, pp. 523-562.

"Do Conference Calls affect Analysts' Forecasts?" (with A. Davis and D. Matsumoto). *The Accounting Review*, April 2002, pp. 285-316.

"Evidence on EVA[®]" (with G. Biddle and J. Wallace), *Journal of Applied Corporate Finance*, 1999, vol. 12, no. 7, Summer, pp 8-18. Also published in Corporate Governance at the Crossroads: A Book of Readings by D. Chew and S. Gillan, McGraw-Hill, 2004.

"Economic Value Added: Some EVAdence" (with G. Biddle and J. Wallace), *Managerial Finance*, 1998, vol 24, no. 11, pp. 60-71.

"Does EVA[®] beat Earnings? Evidence on associations with stock returns and firm values" (with G. Biddle and J. Wallace), *Journal of Accounting and Economics*, December 1997, pp. 301-336.

"Stakeholders' Implicit Claims and Accounting Method Choice" (with L. DuCharme and D. Shores), *Journal of Accounting and Economics*, December 1995, pp. 255-295.

"Intra-industry Market Reactions to Failures of Publicly-Held Savings and Loans" (with W. Blacconiere), *Journal of Accounting, Auditing and Finance*, Fall 1993, pp. 369-397.

"Determinants of the Timing of Quarterly Earnings Announcements" (with M. Johnson, T. Shevlin and D. Shores), *Journal of Accounting, Auditing and Finance*, Fall 1992, pp. 395-422.

"Determinants of Regulatory Accounting Principles in the Savings and Loan Industry" (with W. Blacconiere, S. Sefcik and C. Stinson), *Journal of Accounting and Economics*, July 1991, pp. 167-201.

"Informational Efficiency and the Information Content of Earnings during the Stock Market Crash of 1987" (with M. Johnson and T. Shevlin), *Journal of Accounting and Economics*, July 1989, pp. 225-254.

"Tax Incentives and the Expensing of Indirect Manufacturing Costs in the Steel Industry" (with E. Noreen), *Accounting Horizons*, March 1989, pp. 29-42.

"The Year-End LIFO Purchase Decision: The Case of Farmer Brothers Company" (with G. Pfeiffer), *The Accounting Review*, January 1989, pp. 152-171.

"The Incremental Information Content of Accrual Versus Cash Flow Data," (with D. Burgstahler and L. Daley), *The Accounting Review*, October 1987, pp. 723-747.

RESEARCH PUBLICATIONS (continued)

- "Evidence on the Relationships Between Earnings and Various Measures of Cash Flow" (with D. Burgstahler and L. Daley), *The Accounting Review*, October 1986, pp. 713-725.
- "Intra-Industry Effects of the Accident at Three Mile Island" (with R. Castanias and L. Daley), *Journal of Financial and Quantitative Analysis*, March 1983, pp. 87-111.
- "Evidence on the Existence and Determinants of Inter-Industry Differences in Leverage" (with L. Daley and C. Huber, Jr.), *Financial Management*, Winter 1982, pp. 10-20.
- "Editorial and Publication Lags in the Accounting and Finance Literature" (with G. Sundem), *The Accounting Review*, October 1982, pp. 778-784.
- "Valuation of Earnings Components Resulting from Interperiod Tax Allocation" (with L. Daley) *Collected Abstracts of the American Accounting Association's Annual Meeting*, American Accounting Association, Sarasota, Florida, August 16-28, 1982, pp. 26-27.
- "Determinants of the Corporate Decision to Capitalize Interest" (with E. Noreen and J. Lacey), *Journal of Accounting and Economics*, Vol. 3, No. 3, October 1981, pp. 154-179.
- "Valuation of Earnings Components in the Electric Utility Industry," *The Accounting Review*, January 1981, pp. 1-22.

RESEARCH IN PROGRESS

- "Accounting Discretion, Corporate Governance and Firm Performance" (with S. Rajgopal and M. Venkatachalam).
- "Analyst Coverage and the Cost of Raising Equity Capital: Evidence from the Underpricing of Seasoned Equity Offerings" (with X. Chen and Q. Cheng).
- "Is the whole greater than the sum of its parts? Evidence of synergies in earnings versus EVA[®]" (with G. Biddle and J. Wallace).
- "Determinants of Economic and Accounting Components of Residual Income: An Application to the Pharmaceutical Industry" (with D. Shores).
- "Economic and Industry Determinants of Accounting Method Choice" (with L. DuCharme and D. Shores).

PERMANENT WORKING PAPERS

- "Valuation of Earnings Components Resulting From Interperiod Tax Allocation," April 1983 (with L. Daley).
- "A Model of the Economic Effects of Alternative Compensation Techniques for Capital Devoted to Construction by Rate Regulated Firms," October 1986.

SELECTED RESEARCH PRESENTATIONS

Conference on Financial Markets and the Corporation (1998), Vanderbilt University.
 Universities of British Columbia, Oregon and Washington Summer Accounting Research
 Workshop (1980, 1981, 1982, 1984, 1990).
 University of Southern California, School of Accounting Workshop (1984).
 Columbia University Graduate School of Business, Accounting Research Workshop (1981).
 MIT (Sloan School), Finance and Applied Economics Workshop (1982).
 Harvard Graduate School of Business, Department of Control Workshop (1982).
 American Accounting Association, Capital Market Research Session (1982).

TEACHING PUBLICATIONS

"Microsoft's Financial Reporting Strategies" (with D. Matsumoto), case 9-100-027, *Harvard Business School Publishing*, February 2000. An integrated, multi-disciplinary case featuring Microsoft's financial reporting strategies.

"Microsoft's Financial Reporting Strategies: Teaching Note" (with D. Matsumoto), case 5-100-068, *Harvard Business School Publishing*, December 1999. Teaching note.

"Interior Systems, Inc." (with J. Wallace), *Issues in Accounting Education*, August 1999. An integrated, multi-disciplinary case illustrating the pros and cons of using EVA for performance measurement, capital budgeting and incentive compensation.

"Multi-Paints, Inc." (with N. Soderstrom and S. Sefcik), *Journal of Accounting Case Research*, 1996. An integrated, multi-disciplinary case featuring a complex capital budgeting decision in the context of uncertain environmental costs.

Financial Accounting: A Casebook (with G. Pfeiffer). Cases based on actual annual reports. Targeted toward introductory MBA and executive education markets, 1985, Prentice-Hall.

CASES IN FINANCIAL REPORTING (not included above)

General Motors Acceptance Corporation -- zero coupon bonds
 Grumman Corporation -- income taxes
 H. J. Heintz -- income taxes
 Melridge, Inc. -- comprehensive case
 Puget Sound Power and Light -- capitalized interest
 Chrysler Corporation -- short-term liquidity
 Iomega Corporation -- comprehensive case
 Rouse Company -- historical versus current market values
 Quaker Oats -- residual income and performance evaluation
 Southwest Airlines -- leases, income taxes
 General Electric -- inter company investments
 Egghead -- reconstructing financial transactions

CASES IN FINANCIAL REPORTING (continued)

Walt Disney Company -- long-term bonds
 Coke vs. Pepsi (with P. Dukes and J. Kennedy) -- adjusting Coke's financial statement for 'aggressive' accounting decisions
 Seattle FilmWorks -- revenue recognition and capitalized marketing costs
 iVillage.com (with A. Davis) -- controversial accounting practices of internet companies
 Amazon.com (with A. Davis and J. Kennedy) -- financial statement analysis; internet accounting
 Microsoft's Stock and Savings Plans (with M. Hanlon) -- stock options
 Immunex (with D. Burgstahler and J. Kennedy) -- intro to financial statement analysis
 Robert Mondavi (with S. Rajgopal) -- intro to financial statement analysis and valuation

CASES IN MANAGERIAL ACCOUNTING (not included in publications above)

Apple Computer: 1985 -- operating leverage; cost, volume, profit analysis
 Apple Computer: 1984-2002 -- estimating cost behavior
 Puget Sound Printing (B) -- pricing decisions with excess capacity
 Standards, Incentives, and Compensation Schemes for college Textbook Salespersons
 Using the Accounting Systems as an Aid in Establishing a Merit Raise Pool
 What's the Cost of an MBA? (with Glenn Pfeiffer) -- identifying relevant costs
 Pentagon Spare Parts -- cost allocation as a cause for high prices
 Genzyme, Inc. -- cost, pricing and public policy issues surrounding "orphan drug" sales
 WTM, Inc. -- CVP with multiple products and constraints; intro to linear programming
 Ajax Caulking -- theory of constraints
 NorthWest Medical Equipment -- accounting based performance measures and decisions
 Mismanagement in Higher Education? -- dropping Schools and Departments at UW
 Metalfab, Inc (with J. Jiambalvo) -- lost profit estimates and outsourcing decisions

BOOK REVIEWS

Review of: Financial Statement Analysis by Charles H. Gibson and Patricia A. Boyer, *The Accounting Review*, January 1980, pp. 211-212.

Review of: Financial Statement: Form, Analysis, and Interpretation by Stewart Y. McMullen, *The Accounting Review*, January 1980, pp. 219-220.

Ph.D. THESIS ADVISOR FOR:

Lane A. Daley, Initial placement: University of Minnesota (deceased August 1998)
 Topic: The Valuation of Reported Pension Measures for Firms Sponsoring Defined Benefit Plans
 Completed: March 1982

Ph.D. THESIS ADVISOR FOR (continued):

Walt Blacconiere, Initial placement: University of Southern California; currently Associate Professor of Accounting, Indiana University

Topic: Accounting Regulations in the Savings and Loan Industry: Evidence of Market Reactions and Implications of Contracting Theory

Completed: May 1988

Marilyn Johnson, Initial placement: University of Michigan; currently Associate Professor of Accounting, Michigan State University

Topic: Business Cycles and the Relation between Security Returns and Earnings

Completed: March 1992

Alastair Murdoch, Initial placement: University of Saskatchewan

Topic: Dividends and Earnings: Their Effect on Firm Value

Completed: September 1992

Tom Porter, Initial placement: Boston University

Topic: Determinants of Accounting Decisions: Evidence from the U.S. Airline Industry

Completed: December 1992

Jim Wallace, Initial placement: UC - Irvine

Topic: Adopting Residual Income-Based Compensation Plans: Evidence of Effects on Management Actions

Completed: June 1996

Dawn Matsumoto, Initial placement: Harvard Business School; currently Assistant Professor of Accounting, University of Washington

Topic: Management's Incentives to Influence Analysts' Forecasts; paper based on her thesis won the AAA Competitive Manuscript award, 1999.

Completed: June 1998

Laurel Franzen, Initial placement: University of Texas at Dallas

Topic: The Nature of Losses and the Value Relevance of Earnings and Book Values

Completed: August 2000

Angela Davis, Initial placement: Washington University in St. Louis

Topic: Valuation of Revenues and Earnings for Internet firms: Does Grossed-up or Barter Sales Make a Difference?

Completion: September 2001

HONORS and AWARDS at UW (1978 on)

General (Research and Teaching):

Herbert O. Whitten Professorship in Accounting, 1997 - current
John B. and Delores L. Fery Endowed Faculty Fellowship, 1992 - 95.
Seafirst Faculty Excellence Award, 1990.
First Interstate Faculty Award, 1987.
Runner-up, Bank of America Faculty Excellence Award, 1982.

Teaching:

Excellence in Teaching Award from the "Regional" sections of the Executive MBA classes graduating in June: 1987 (first EMBA class taught), 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004.
Excellence in Teaching Award from the "North America" sections of the Executive MBA classes graduating in June: 2000 (inaugural class), 2001, 2002, 2003, and 2004.
Best Teaching Award for core classes, graduating class of December 2001, INSEAD.
Outstanding Ph.D. Mentor Award, 1998.
Excellence in Teaching Award from Management Program class of 1991.
Burlington Northern Distinguished Teaching Award, 1984.
Professor of the Quarter (election based on per capita vote of the graduate business students); first place (Fall 1986, Winter 1983, Winter 1979); second place (Winter 1990, Winter 1985, Winter 1981); third place (Fall 1980, Fall 1982).
Nominated, University of Washington Distinguished Teaching Award: multiple years.

Research:

Best Paper Award, American Accounting Association, Accounting and Financial Reporting Section, 1999, for "Does EVA[®] beat Earnings? Evidence on Associations with Stock Returns and Firm Values"
University of Washington Business School Dean's Research Award, 1999
American Accounting Association Competitive Manuscript Award, 1979, for "Valuation of Earnings Components in the Electric Utility Industry."

Service:

US West Andrew V. Smith Faculty Development Award for Service to the School, 1993.

CITATIONS*Papers:*

“Determinants of the Corporate Decision to Capitalize Interest” (with E. Noreen and J. Lacey), *Journal of Accounting and Economics*, Vol. 3, No. 3, October 1981, pp. 154-179.

Ranked among the “classics” of the accounting literature as the twenty-first most cited article according to "Influential accounting articles, individuals, Ph.D. granting institutions and faculties: A citational analysis" by L. Brown, *Accounting, Organizations and Society*, 1996, pp. 723-754.

“Does EVA[®] beat Earnings? Evidence on associations with stock returns and firm values” (with G. Biddle and J. Wallace), *Journal of Accounting and Economics*, December 1997.

Featured in side-bar (p. 44) in Metric Wars article in *CFO*, October, 1996, pp. 41-50.

Letter to editor in *CFO*, January, 1997, p. 7.

Cited in *The Wall Street Journal*, Executive Pay supplement, April 10, 1997, p. R10.

“Evidence on EVA[®]” (with G. Biddle and J. Wallace), *Journal of Applied Corporate Finance*, 1999, vol. 12, no. 7, Summer. http://papers.ssrn.com/paper.taf?ABSTRACT_ID=178168 With over 10,000 downloads, it is currently no. 4 (no. 19) among “All time Hits” on the Accounting Research Network (Social Sciences Research Network, SSRN); see http://papers.ssrn.com/toptens/tt_ntwk_204.html (http://papers.ssrn.com/toptens/tt_ntwk_203.html)

Individual:

Listed among 123 individuals in Accounting with a high career "citation index" (ibid.)

Listed among the “Top 100” out of over 45,000 authors on ssrn.com; currently 53rd; see http://papers.ssrn.com/sol3/cf_dev/TopAuthors.cfm.

Listed among “Top 42” (tied for 21st) individuals in acknowledgments in articles published in the top 3 accounting journals (JAE, JAR & TAR). See table 6 in "The Importance of Circulating and Presenting Manuscripts: Evidence from the Accounting Literature" by L.D. Brown, *The Accounting Review*, January 2005, p. 70.

<http://ssrn.com/abstract=480190>

OTHER PROFESSIONAL EXPERIENCE

Reviewer for: *Accounting Horizons*; *The Accounting Review* (Editorial Board, 2000-2004); *Journal of Accounting and Economics*; *Journal of Accounting Research*; *Journal of Financial Economics*; *Journal of Financial and Quantitative Analysis*; *Contemporary Accounting Research*; *Financial Management*.

Executive teaching for: UW FANE Program (2004); Wizards of the Coast (1997); UW Management Program (1985-93); Pacific Coast Banking School (1983-88); Seattle First National Bank (1983-88); Wells Fargo Bank (1979-81); Price Waterhouse (1979).

Consulting with: Consumer Credit Counseling Service of Seattle (1994, 1996, 1997); Group Health Credit Union (1995); Boeing Employees Credit Union (1995); Seafirst Dealer Banking Group (1994).

Community Service: Downtown Seattle Residents Council (2001-2002); Committee for Children (1988-97); Montlake Community Club, Board of Directors (1981-84); Montlake Community Club, Treasurer (1980-81).

School and Department Service: Chair, John Narver Endowed Professorship Search Committee (2002-current); Chair, School of Business Faculty Council (2002-2003); Member, School of Business Faculty Council (2004; 2001-2003; 1990-1992; 1982-84); Member, IT Steering Committee (2003); Chair, Lane A. Daley Faculty Fellowship Committee (1998-2002); Chair, Department Recruiting (1999-2000); BACS Director Search Committee (1999); Vice-chair, Capital and Space Planning Committee (1995-98); Faculty Incentives Review Committee (1996); Research and Travel Committee (1992-93, Chair 1996-98); Chair, New Facilities Committee (1990-95); Prepared School's Master Plan for Facilities (1994) and Capital Budget (1993-1994); Ad hoc committee to review EMBA expansion and develop curricula (1995-97); EMBA Admissions Committee (1988-98); Vice-chair, Facilities Planning Committee (1990); Computer Policy Committee, member (1993-1996), Chair (1990-91); Chair, Finance Department Chair Search Committee (1990); Accounting Department Chair Search Committee (1986-1988); MBA Program Committee (1984-87, Chair 1985-87); MBA Core Review Committee (1984-85); other ad hoc committees.

University Service: Academic Assessment Committee overseeing proposed University contract with the State of Washington (2004); UW Extension Advisory Board for the Certificate Program in Management in the Technology Sector (2004-current); Committee on the Annual Faculty Lectureship (2003-current); UW Faculty Senate Committee on Planning and Budgeting (1999-2003); Vice-chair, B.A. Site Programming Committee (1990-91); UW Faculty Senate (1988-1990).

Administration: Faculty Director, Executive MBA Program (1988-1989); Faculty Coordinator, Management Program (1988-97)

Other: Condo Owner's Association, Board Member (1998-current); Condo Owner's Association, Treasurer (2002-current); SW Bell Telephone Co., Accounting Supervisor (1971); Laventhol, Krekstein, Horwath and Horwath, Auditor/Intern (1968).