

Job Success

Saluki Economics

Nick Calamos, who earned his Bachelor's degree in the SIUC Economics Department, has been Head of Investments at Calamos Investments — a leading investment fund, for about 15 years. The company was started by his uncle John Calamos in the 1970s with about \$25 million, but Nick has taken the enterprise to new horizons, gathering over \$44 billion in assets.

Nick started at out entry level, helping out around the office, in 1983, upon graduating from SIUC. He had thought to move back east, but found the work at CI to be challenging and interesting. While at CI he pursued his Master's degree in Finance at Northern Illinois University. In his Master's thesis he developed a convertibles valuation model, using arbitrage, which was so profitable that it wasn't published in his thesis, but was instead put to work at CI. Since then, the convertibles hedge fund community has burgeoned into a large profession.

Calamos Investments practice is based on academic underpinnings, with some practical adjustments. They deal with credit, equity, the whole investment business. Nick's suggestion for current economics majors, interested in working in financial markets:

Continue to pursue your education: a Master's degree, or a Ph.D. Also, a Chartered Financial Analyst degree, a 3-year program, is typically required these days for financial analysts.

Nick himself has a CFA degree, in addition to his Master's. He has a "dozen books stacked up" on his table, reads every day like that, for the past 24 years. "It's a knowledge-based society, your value is in terms of the knowledge you bring to the table."

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Robert Young, an alumnus of the SIUC Economics Department, is Managing Director of Economists.com, LLC, a highly successful company that provides economic and financial consulting services to the utilities industry, worldwide. He graduated from SIUC with a Bachelor's degree in 1975, and a Master's degree in 1976. He started out working in utilities regulation, electricity, and telecommunications.

At Economists.com, Robert has done a lot of work with Bonneville Power Administration (BPA), leading provider of power to the Pacific Northwest. He now consults internationally, to Micronesia, for example, where energy can cost up to three times what it costs in the U.S.A. He also consults for aluminum companies.

Robert's consulting work focuses on the economics of infrastructure. He presents his ideas at international conferences, recently the REFF (Renewable Energy Finance Forum) conference in the Netherlands.

Infrastructure convergence is a key interest for Robert Young, the possibility of having all U.S. states, or all western European nations, participate on an efficient large-scale power grid. A difficulty, according to Robert, is that federal and state governments are reluctant to relinquish control over their chunk of the power grid. Regions are unique, also, as wholesale power markets collapse on the west coast, while expanding on east coast.

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– Calamos, continued

According to Nick, the greatest challenge in his career is adapting to constant change and growth. Staying fresh. His most valuable experience: To see clients retire in a manner that they deserve. To hear them say “Thank you, for being able to send my kids to college.” To Meet clients objectives, in terms of financial security. Also, mentoring employees, and fostering growth, is very rewarding.

Mr. Calamos recently published a book: Convertible Arbitrage: Insights and Techniques for Successful Hedging, in 2003, which is required reading in some college courses.

– Young, continued

Looking to the future of U.S. energy markets, Robert finds scope for improvement in the menu of contracts available for energy trade. He points out that there is currently no active forward market for electricity, no approval for such purchases. By contrast, for commodities the spot market is only 5 percent of total trade while the forward market is 95 percent. In utilities broadly, the spot market is 30-80 percent of the total, offering no liquidity, no price discovery.

Note: The above articles are based on interviews of Nick Calamos and Robert Young by the SIUC Economics Department (Professor Scott Gilbert)