

Message from the Dean



Michael C. Linn and Dean Arthur D. Warga at the Distinguished Entrepreneur Speaker Series held in November at Cullen Performance Hall

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Breakfast with Champions



Oliver Luck Bruce Broussard Jamey Rootes

It was an exhilarating fall. Our Houston Cougar Football team came very close to winning the Conference USA Championship Game against East Carolina. Still, we are very proud of our Coogs and their remarkable accomplishments. From stadium seats at the 50 yard line, I witnessed our nail-biting home game against Texas Tech that demonstrated our team can play anyone and win. The atmosphere was absolutely electrifying in Robertson Stadium.

Thirty UH Bauer students were part of the 2009 team. The nation's top collegiate quarterback, Case Keenum, is taking courses at Bauer, and three backup quarterbacks are full-time students at our school. I have no doubt that these athletes will build upon their on-field success when they become part of the business world. We can't speak about the Coogs without thinking of champions – and this term embodies those who champion us.

During the fall, three companies enhanced their partnerships with Bauer. Strategic Financial Group now sponsors our video wall and the news we showcase in the AIM Center lobby. Since 2001, we've had leading CEOs give talks at Bauer under the banner of the Distinguished Leaders Series. This marquee event is now the Sequent Energy Management Distinguished Leaders Series. John Somerhalder II, Chairman and CEO of AGL Resources, Sequent's parent company, relaunched the series for us on October 5. Sterling Bank continued their support of the AIM Center. Administristaff President Richard Rawson, '72, now leads our Dean's Executive Board. Richard succeeded John McNabb, chairman and CEO of Growth Capital Partners. John has been an instrumental leader in building our board.

Another jewel in the University of Houston crown is our Accounting program. A recent survey by the University of Texas at Dallas North American Rankings of Business Schools Based on Research Contribution 2006-2009 puts our Accounting faculty on par with Yale. It gets better. This 23rd position has Bauer ahead of five other top business schools in Texas including SMU, UT Dallas, Texas A&M and Rice. Our Accounting Advisory Board has been a huge factor.

With more than 20 partners and top level executives with Big Four and leading accounting firms, the Advisory Board's direct involvement and rich ideas paired with outstanding faculty have made our students the most highly recruited in Houston. This proud point is accentuated by the fact that Houston is a global city and gaining undeniable stature as the Energy Capital of the World. We've got strong, balanced numbers of Bauer graduates represented across a broad spectrum of companies. If you counted degrees at firms such as Deloitte & Touche, PricewaterhouseCoopers, Hein & Associates, Ernst & Young, UHY, KPMG, and PKF, you would be looking at a large percentage of talent at these firms holding degrees from Bauer. There's more to celebrate.

Since 2007, the Wolff Center for Entrepreneurship has been among the top two undergraduate entrepreneurship programs in the nation. The Sales Excellence Institute is one of the leading programs of its kind among academic institutions, and the Global Energy Management Institute stands out as the leader for energy education. And, the Cougar Fund continues to garner accolades for the student achievement behind its solid performance.

Heading into 2010, a much anticipated dream is shaping into a reality. Michael J. Cemo Hall will open this spring, bringing our students much needed classroom space and expanding the capabilities and services offered by our vital career center. Cemo Hall will boast the latest environmentally friendly features. Once completed, it will be a pleasure to welcome all of our alumni, friends, students, faculty and partners to Cemo Hall and celebrate another milestone in our growth and future.

Hoping your holidays were warm and joyous,

Arthur D. Warga
Arthur D. Warga
Dean, C. T. Bauer College of Business

LINN Energy Chairman & CEO Holds Engaging Conversation Before Packed Auditorium in WCE Distinguished Entrepreneur Speaker Series

Speaking to a standing-room-only crowd in the University of Houston Cullen Performance Hall, LINN Energy Chairman and CEO Michael C. Linn cited the important role Houston will play in shaping the future of world energy.



Michael C. Linn

Linn's visit to UH on Nov. 12 was part of the Distinguished Entrepreneur Speaker Series held by the Cyvia and Melvyn Wolff Center for Entrepreneurship at Bauer College.

The company, which ranks among the 25 largest independent oil and natural gas companies in the United States, is headquartered in Houston. The home office has about 200 employees, 35 of which are UH alumni.

"About 10 years ago, if you wanted to be in energy, you were in Dallas, Pittsburgh or another city," he said. "Today, if you want to be in energy, the industry is here in Houston. The talent and the people are here in Houston. If you want to be in oil and gas or energy, you need to be in Houston."

Bauer College Dean Arthur Wurga joined Linn on stage during the event to facilitate a question-and-answer session that addressed industry concerns about the future of oil and natural gas as well as advice for young entrepreneurs.

"Networking is very important," Linn said. "You never know when you'll run into people who can help you or who you'll

be able to help. I always have business cards with me." He illustrated his point by handing out those cards to everyone in attendance.

Entrepreneurs share a few common characteristics, he said. "If you have a fire in your belly, you want to do a little better than someone else, and that causes you to study harder and work harder than everyone else. One of the foundations of entrepreneurship is to want to do more and to find a better way of doing something."

Linn founded LINN Energy in 2003 after a brief career in law and more than two decades working in the oil and gas industry. The key to succeeding in business, he said, is finding the right field.

"I grew up in oil and gas (with my father's company in the Appalachian and Permian Basins) but I went into law at first," Linn said. "Use the life experiences you have; those experiences will give you insight others don't have. Do something you like. If you like what you're doing, the hours will disappear, and success will come."

For Linn, that success came quickly — in just six years, LINN Energy grew from a company with handful of natural gas wells and three employees into a publicly traded, multibillion dollar enterprise with more than 500 employees in offices across the country.



Linn greets Wolff Center students.

OUR MISSION: The mission of the C. T. Bauer College of Business at the University of Houston is three-fold: to create and disseminate knowledge that improves the real world of business, to link that scholarly achievement to high-quality learning experiences for a diverse undergraduate and graduate student body, and to prepare our students for responsible business leadership worldwide.

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UH Bauer Guest Sideline Coaches Go 6-0 with Coogs at Home

The 2009 University of Houston football season marked the launch of the Bauer Business Leaders Program, a joint effort between the UH Bauer College of Business and UH Football that connects student athletes with prominent Houston business leaders.

Each Cougar home game featured two honorary Guest Sideline Coaches who attended pre-game activities with the team and rallied on the sidelines of Robertson Stadium as the Cougars racked up an undefeated record at home.



Harris County Sheriff Adrian Garcia and Pi Studios owner and president Robert Erwin (BS '95) were on hand as guest sideline coaches for the Cougars' 55-7 season opener win Sept. 5 against Northwestern State University.



UnitedHealthcare South Texas CEO Randy Giles and Administaff President Richard Rawson (BBA '72), also chairman of the UH Bauer Dean's Executive Board, celebrated Homecoming during the Oct. 24 victory over SMU.



During the Oct. 31 game, Growth Capital Partners chairman John T. McNabb II and FEC Holdings founder and co-owner L. R. "Robin" French were on the sidelines to see the Cougars defeat Southern Miss.

Guest sideline coaches Jeff Allen (BS '72), president and CEO of Integrity Financial Group, and Gerald W. McElvy (BBA '75), president of ExxonMobil Foundation, witnessed the largest crowd in the history of Robertson Stadium and Houston's win in the final moments of the Sept. 26 game against Texas Tech.



Sequent Energy Management executive vice president Peter Tumminello and CenterPoint Energy Pipelines and Field Services senior vice president C. Gregory Harper (MBA '97) spent time during the pre-game tailgate Nov. 21 with UH President Renu Khator and were on the sidelines as UH mauled Memphis.



For the final home game of the season Nov. 28, guest sideline coaches Mike Linn, chairman and CEO of LINN Energy, and Bradley Hutchinson, Barclays Capital managing director of upstream coverage, watched the Bayou Bucket blowout, as the Cougars defeated Rice, 73-14.

DLS Speaker Somerhalder Optimistic on the Long-Term Role of Natural Gas

The Distinguished Leaders Series returned to Bauer College with a new energy focus as John W. Somerhalder, president and CEO of AGL Resources, took the stage to discuss the future of one of the country's greatest domestic energy resources, natural gas.

According to Somerhalder, natural gas performs on all four fronts that drive the direction of energy policy: national and energy security, affordability, potential for job stimulus and environmental impact.

"Natural gas has a better carbon footprint than other fossil fuels and is a secure, domestically produced product," Somerhalder said. "In almost every environmental scenario, there is a role for natural gas."

Somerhalder brings more than 30 years of experience in the natural gas industry to his role at AGL Resources an Atlanta-based company that markets natural gas through its Houston subsidiary, Sequent Energy Management, this year's sponsor of the Distinguished Leaders Series.

Bauer supporters, professors, and students were eager to hear Somerhalder's thoughts on the future of natural gas in the U.S., especially as proposed legislation urges industry in the direction of a carbon constrained future.

"Even in a zero-carbon world," Somerhalder said, "natural gas would be the last thing to go. Through innovation, the end-use applications of natural gas are becoming more and more efficient and new technologies are constantly unlocking previously unavailable reserves."

UH System Chancellor and UH President Renu Khator applauded Somerhalder and Sequent's efforts to support Bauer College's drive to lead energy innovation. "Through the work of partners and programs such as the UH-Global Energy Management Institute," Khator said, "Bauer students are exceptionally equipped for the challenge."

"The University of Houston is committed to innovation and



The future holds a role for natural gas, AGL Resources President and CEO John Somerhalder said during a Distinguished Leaders Series talk on Oct. 5.

becoming an incubator of ideas. In the next three years you will see a hustle of activity as the university moves to the forefront of energy research. A big part of that movement will be our students – using the knowledge and creativity of our students to come up with ideas, and giving them their ideas the time and attention they deserve."

At the event, Sequent Energy presented Bauer with a \$25,000 contribution to the UH-GEMI program. The partnership grants Bauer students access to a variety of enriching experiences.



UH President Renu Khator, center, joined Bauer College students, faculty, administration and Sequent and AGL senior executives, sharing updates on the university's commitment to energy research.

Bauer Alumni's Fall '09 Breakfast with Champions

Corporate support of the University of Houston C. T. Bauer College of Business and its programs shows no sign of slowing, as one of Houston's leading financial services firms committed in Fall 2009 to sponsor the Bauer College Alumni Association Breakfast Speaker Series.

James E. Bashaw & Co, led by chairman and CEO James E. "Jeb" Bashaw, a 1983 Bauer alumnus, is now the official sponsor of the series, which was reignited in September with keynote speaker Oliver Luck, president and general manager of the Houston Dynamo, who shared his unique journey from NFL quarterback to top-ranking executive.

"Our alumni breakfasts are excellent networking opportunities that attract strong attendance," said David Flores (MBA '03), president of BCAA. "We have top leaders as our speakers and moreover, we are grateful to successful alumni like James Bashaw, whose support helps us expand the reach of our meetings."

In partnership with BCAA, the college has held inspiring monthly networking breakfasts for the past two years, drawing large numbers of alumni, corporate partners and supporters. In addition to Luck, the fall installment of the series hosted US Oncology, Inc. CEO Bruce Broussard (MBA '89) and Houston Texans President Jamey Rootes as guest speakers.

The event serves not only as an opportunity for alumni



Oliver Luck, president and general manager of the Houston Dynamo



Bruce Broussard, MBA '89, CEO of US Oncology

do must resonate in the community," he said. "It starts with a great city and great people."

The tradition of hosting first-class business leaders at the monthly breakfasts continues in Spring 2010, with Anadarko Petroleum Corporation President and CEO James T. Hackett, UH Cougars head coach Kevin Sumlin and athletics director Mack Rhoades, Dynegy Chairman, President and CEO Bruce Williamson (MBA '95) and former Houston Mayor Bill White lined up as speakers.

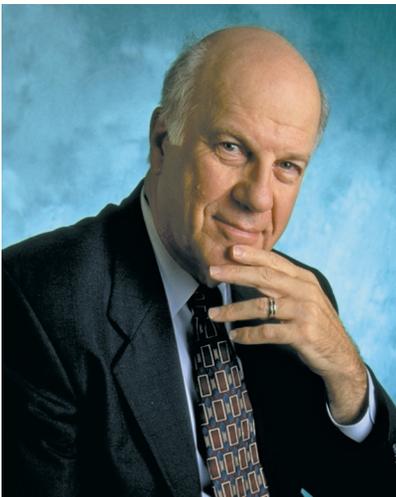


Jamey Rootes, president of the Houston Texans

to network but as a forum for topical business issues. In his presentation, Broussard addressed healthcare reform. "What the government is trying to do is bring more transparency. The primary problem is that you don't know what you are buying," he said.

Rootes discussed the priorities of the Houston Texans front office in making the Texans a vital NFL franchise, including the importance of connecting to the community. "Everything we

Bauer Remembers Renowned Management Professor



John (Jack) M. Ivancevich

John (Jack) M. Ivancevich, Hugh Roy and Lillie Cranz Cullen Chair and Professor of Organizational Behavior and Management, passed away on Monday, Oct. 26 at the age of 70 in Houston, Texas.

Ivancevich dedicated 35 years of service to the University of Houston where his leadership extended across the academic spectrum. In addition to teaching, he served as Chair of the Department, Associate Dean For Research, Dean of the College of Business, and Executive Vice President For Academic Affairs and Provost.

Known world-wide for his academic research, Ivancevich was a consultant to private industry and author of nearly 80 books and 160 articles that helped shape the management curriculum. In 2003, he was inducted into the *Academy of Management Journal's* Hall of Fame for his writings and recognized as the Number One Ranked *Academy of Management Journal's* Fellow.

"Jack's tall physical stature was easily surpassed by his academic stature and by his leadership role in higher education and the academy at large, especially at the University of Houston and here at Bauer. As a scholar, he was highly prolific in the leading management academic journals. As a dean, he led our college at an important period of growth and strengthened the school at every level. He will be dearly missed by his colleagues, former students and those who worked with him," said Arthur Warga, Dean, C. T. Bauer College of Business.

A Case for a Tax on Carbon Emissions

Congress is currently considering legislation to control the emission of greenhouse gases in an effort to combat global warming. This legislation is called “cap and trade” because it will control greenhouse gas emissions by setting a cap on them; it will attempt to ensure that the cap works as efficiently as possible by allowing market participants to trade the right to pollute, thereby permitting those who can reduce emissions at low cost to sell the right to those who find it more expensive to reduce their output of greenhouse gases.

Although cap and trade is the sole focus of attention in Congress, and has been adopted in Europe as well as some states in the US, it is not the only way to provide an incentive for firms to reduce GHG emissions efficiently. An alternative way to achieve this objective is to tax emissions.

Economic analysis provides a strong reason to believe that a tax on CO₂ is a better way to control emissions than cap and trade. Any policy must recognize that the costs and benefits of reducing emissions are highly uncertain. In the face of this uncertainty, cap and trade and a tax can have very different effects.

Due to the lack of good information, the cap can be set too high or too low. Similarly, the tax can be set too high or too low. These mistakes are costly. But economists have known for a long time that when the total benefit of reducing a pollutant varies almost linearly with the amount of the reduction, the setting the tax incorrectly leads to lower error costs than setting a cap incorrectly. Indeed, economist Martin Weizman recently won a Nobel Prize for proving this result. What’s more, analysis by economists based on climate science strongly suggests that the benefit of GHG reductions indeed vary almost linearly with the amount of reduction. Thus, taxes on GHG would be a better way to control global warming than cap and trade.

This raises the question as to why politicians around the world clearly favor an inefficient way to combat global warming. Since politicians are involved, the answer is quite easy—politics. Even though cap and trade raises the cost consumers pay for energy, and thus has some similarities to a tax, it isn’t explicitly called a tax, so politicians can say that they are not increasing the tax burden.

Perhaps more importantly, the right to emit GHG in a cap and trade system is valuable, and politicians can distribute this right to favored firms and industries. Indeed, much of most contentious debate about the details of cap and trade legislation involves how the rights will be allocated, and much of the legislative horse trading currently going on in Washington appears to center on promises of favorable allocation in exchange for support of the legislation by affected industries. Where things get interesting is that giving away the rights conflicts with the Obama administration’s plan to auction them to raise revenues to help pay for the nation’s burgeoning deficit. This tension could jeopardize the prospects for the passage of cap and trade.

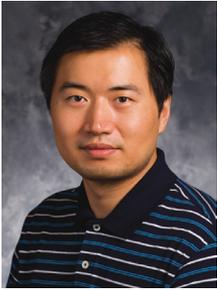
It is said that one never wants to see either laws or sausages made. Climate change legislation is no exception.



*UH Global Energy Management Institute professors address an audience of energy company executives, attorneys, state agency officials during a recent UH-GEMI “Cutting Through Cap and Trade” conference. The conference was led by Professor **Praveen Kumar** (above), Director of UH-GEMI and Chair of the Department of Finance; Professor **Craig Pirrong** (below), Director of Energy Markets for GEMI; and **Victor Flatt** (left), GEMI Distinguished Fellow and former UH Professor and Director of EENR (Flatt is currently Distinguished Professor in Environmental Law at the University of North Carolina-Chapel Hill Law School).*



Renowned Researchers Join UH Bauer Faculty



Rex Du



Kris Jacobs



Carla Jones



Yi Liu



Vanessa Patrick



Jinyoung Park Wynn

Bauer has added seven new faculty members to its ranks for the fall 2009 semester, including several renowned researchers and talented professors.

Rex Du is an associate professor in the Department of Marketing & Entrepreneurship and received his Ph.D. in marketing from the Fuqua School of Business at Duke University. His research interests are in the areas of customer relationship management, retail category management, marketing metrics and performance evaluation, household consumption and financial portfolio, database marketing and new product diffusion and sales forecasting. In early 2009, Du was recognized by the Marketing Science Institute as an MSI Young Scholar, a designation for leaders of the next generation of marketing academics.

Kris Jacobs is a professor in the Department of Finance, previously on the faculty at McGill University. Jacobs received his Ph.D. in finance from the University of Pittsburgh. His research interests include investments, derivatives, credit risk, volatility and asset pricing.

Carla Jones joins the Bauer faculty as an assistant professor in the Department of Management and received her Ph.D. in strategic management from the W. P. Carey School of Business at Arizona State University. Her research interests focus on how the dynamics or relationships among top executives may serve as a resource to the firm.

Christo Karuna is an assistant professor in the Department

of Accounting & Taxation and previously was an assistant professor in accounting at the University of California at Irvine. He received his Ph.D. in accounting from the Ross School of Business at the University of Michigan. Karuna's research interests include corporate governance, managerial performance evaluation and executive compensation.

Yi (Vicky) Liu is a visiting assistant professor in the Department of Management. She was a Ph.D. student at Georgia Institute of Technology before coming to Bauer. Her research interests include organizational change, leadership, creativity and multilevel research methods.

Vanessa Patrick is an associate professor in the Department of Marketing & Entrepreneurship. Previously, she was an assistant professor at the University of Georgia. Her research interests include affect (mood and emotions), art and aesthetics, hedonics and luxury branding, and intertemporal issues in choice and consumption. Patrick received her Ph.D. from the Marshall School of Business at USC. In early 2009, she was recognized along with new Bauer faculty member Rex Du as an MSI Young Scholar, and her research on luxury branding was the focus of an article in *TIME* magazine.

Jinyoung Park Wynn joins the Department of Accountancy & Taxation as an assistant professor. She received her Ph.D. in accounting at Purdue University. Wynn's research interests include financial reporting, corporate governance and capital markets.

Bauer Recognizes Fall 2009 Outstanding Graduating Students



Four graduating students for Fall 2009 — one undergraduate and three graduate — were announced as UH Bauer College's Outstanding Students, earning the school's top graduation recognition honor. From left, **Nuria Seijas** ('09), Outstanding Undergraduate Student; **Maggie Newell** (MBA '09), Outstanding MBA Student; **Farah Rashid** (MS ACCY '09), Outstanding MS Accountancy Student; and **Samuel Pinzon** (MSF '09), Outstanding MS Finance Student.

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