

# A Manual for Investment Bankers

Joshua Rosenbaum and Joshua Pearl have updated their technical guide to the nuts-and-bolts work of valuing companies and arranging buyouts and mergers.

BY JON ASMUNDSSON

IN 2002, JOSHUA PEARL WAS AN INTERN AT UBS AG. It was summer in New York; in September, he would return to school to finish his bachelor's degree at Indiana University's Kelley School of Business in Bloomington.

Pearl was working in fixed-income trading. He says he realized that he was actually more interested in investment banking—advising companies and individuals on buying and selling businesses

and arranging financing for the transactions—so he set out to try to meet investment bankers.

Looking at the UBS directory, Pearl decided to focus on people he might have a basic connection with—those who shared his first name. “I just typed in the name Josh in the First Name field and Investment Banking in the Department field, and Joshua Rosenbaum popped up,” Pearl, now 31, says.

“There are a lot of screens to search for investment bankers; that screen's probably as effective as many,” Rosenbaum says with a laugh. “So we started talking and had a good rapport.” Whereas Pearl's undergraduate education was in business, Rosenbaum had a liberal arts background, having earned a bachelor's degree from Harvard College in 1994. Yet they were each dissatisfied with what they had been taught. “We both had the same frustrations in school,” Rosenbaum, 41, says. “What we were taught in the classroom did not reflect what went on in the real world.”

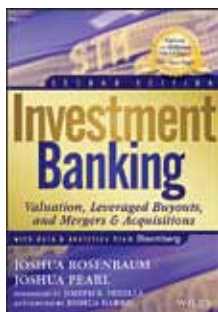
**PROFESSORS MIGHT TEACH THE THEORY** underlying valuation, Pearl says. Yet they typically wouldn't walk you through the actual steps investment bankers use in, say, performing so-called comparable-companies analysis: how to select appropriate peers, find the right financial data, calculate important ratios and multiples, and benchmark the companies by laying out the financial data and ratios in a spreadsheet to come up with a valuation for a target company.

That kind of nuts-and-bolts knowledge—which



Joshua Pearl, left, and Joshua Rosenbaum in front of the New York Stock Exchange. The two met while working at UBS in New York.

PHOTOGRAPH BY PATRICK JAMES MILLER



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generally had been handed down in apprenticeship fashion at investment banks—would be helpful for lots of people. For students who aspired to become investment bankers, a technical guide to the work would be a key to preparing for interviews.

As Rosenbaum and Pearl began talking, it emerged that they'd each had the same idea for a book that would systematize the technical knowledge used by investment bankers. "We both had made notes and had the beginnings of a work in process," Rosenbaum says.

So for the next several years, they collaborated and wrote the book on investment banking. As they wrote it, Rosenbaum and Pearl checked their work by having a broad mix of professionals and academics review it, Pearl says. "In many cases, we were talking to the people who invented some of this stuff," he says.

The first edition of *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions* was published in 2009. As of April 8, it remained the No. 1 best-seller in Amazon.com's

category of books about mergers. The first edition sold more than 50,000 copies, according to its publisher, John Wiley & Sons Inc. Around the world, about 40,000 to 50,000 people work as investment bankers, according to Bloomberg estimates.

**BLOOMBERG PARTNERED WITH ROSENBAUM** and Pearl for the second edition of the book, which was slated to be published in May. The revised and updated version incorporates Bloomberg data and analytics and adds a new chapter on so-called merger-consequences analysis, which bankers undertake on behalf of a potential acquirer to fine-tune the price, structure and financing of a deal.

You can order the second edition of Rosenbaum and Pearl's book, which is also available in a university edition and a version with valuation models, on the Bloomberg Professional service. Type **BOOK <Go>** for a link to the website of Wiley's Bloomberg Press imprint.

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