

INVESTMENT BANKING: VALUATION, LEVERAGED BUYOUTS, AND MERGERS & ACQUISITIONS

Written by two current Wall Street professionals, *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions* breaks new ground in explaining how the pros perform valuation, M&A, capital markets analysis and leveraged finance. The book focuses on the primary methodologies used to determine valuation for public and private companies on a stand-alone basis, as well as within the context of M&A and capital markets transactions, restructurings, and investment decisions.

A Word from the Authors, Joshua Rosenbaum & Joshua Pearl

Business Today: Why did the authors of *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions* decide to write this book?

Joshua Rosenbaum & Joshua Pearl:

We wrote *Investment Banking* because this is the book we wish we had when we were looking for jobs and internships. It is the ultimate job-seekers guide for those looking to break into Wall Street. There is nothing else on the market that teaches the nuts-and-bolts of the pillars of corporate finance – valuation, comps, DCF, M&A, LBOs and leveraged finance – in such an accessible and effective manner.

The overwhelming majority of books available for students, and even finance professionals, are written by professors and have much more of an academic emphasis. These books are centered on theory, and are far less applicable to how finance is actually practiced at investment banks. No valuation book previously

in the market was authored by current Wall Street professionals or walked people through the core valuation methodologies in a practical, step-by-step guide. Our book broke ground by doing both.

Even the best business schools, including our alma maters (Rosenbaum: Harvard College and Harvard Business School, Pearl: Indiana University- Kelley School of Business), do not quite teach the skills that are needed on Wall Street. Although universities and other finance books provide a foundation, they do not capture the specific techniques, frameworks, and real-world applications that are needed to fully understand the highly specialized world of investment banking.

In our book, we harnessed the ultimate blend of theory and practice, and filled the void that was missing in finance literature. The financial techniques and applications in *Investment Banking* reflect contributions from both academia and Wall Street. Throughout the writing of

our book we consulted with top bankers, private equity investors, hedge fund professionals, corporate lawyers, accountants, and business school professors.

Feedback on the book has been incredible. *Investment Banking* is currently being used by numerous bulge bracket banks and private equity firms, and over 50 undergraduate and MBA programs have incorporated it into their curriculum. We were featured in the Wall Street Journal and several Wall Street titans have recommended our book, including Joseph R. Perella, David M. Rubenstein, Thomas H. Lee, and Josh Harris.

Since its publication in May 2009, the book has been, and continues to be, the best-selling valuation book in the world.

BT: How can students interested in a career in finance best prepare for landing a job in investment banking? How can a student stand out in such a competitive landscape?

Josh & Josh: We have recruited and conducted interviews on-campus for many years and have several insights in this area. For your resume, it is important to have certain traditional things in your favor – strong grades, leadership experience, and other indicators of achievement and commitment such as sports, music, running a business, etc. The resume points, however, are often necessary but not sufficient. Assuming all of the above is in good standing, the best way to truly distinguish yourself from other students is to demonstrate relevant finance working experience, ideally in investment banking.

This brings us to the ultimate chicken-and-egg conundrum that our book seeks to solve for student job-seekers – namely, how do you get investment banking or corporate finance experience unless you get a job on Wall Street; and, conversely, how do you get a job on Wall Street un-

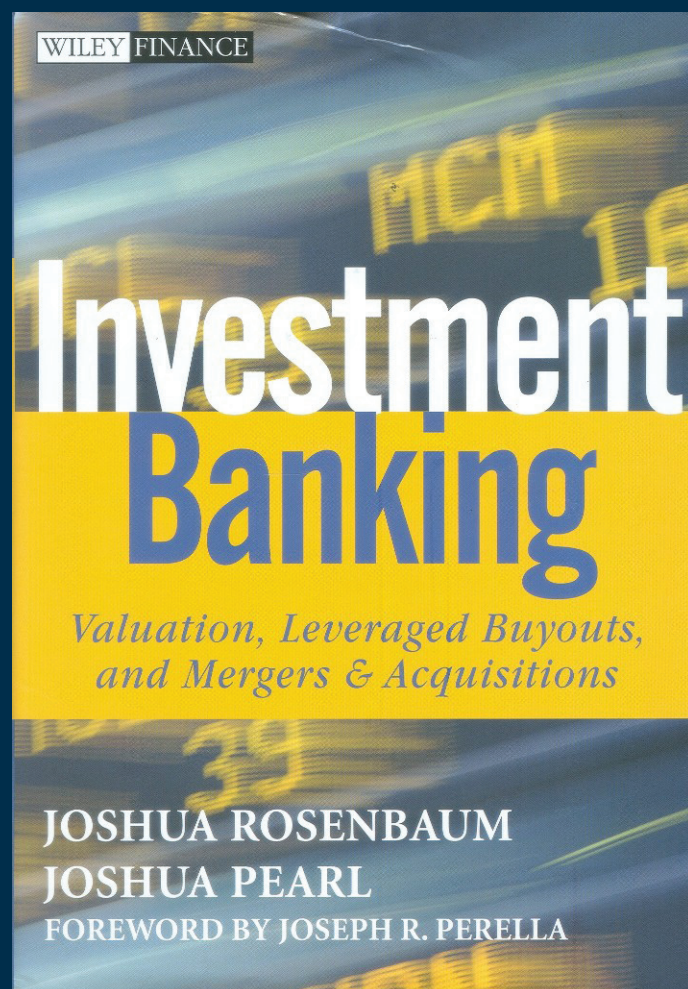
less you get this training and experience? By teaching all the key technical valuation techniques for investment banking, private equity and hedge funds, our book is the ultimate preparation tool for interviews, including a how-to for building financial models.

As with the resume, the key differentiator for interviews is a mastery of the finance techniques used on Wall Street. Interviewers will be very impressed if a student without prior investment banking internship experience knows the inner workings and complexities of valuation and modeling, and is able to articulate them. Technical questions are increasingly commonplace in interviews so students should be very prepared. Questions on valuation, comps, DCF, WACC, LBOs – all of them are fair game in the interviews!

BT: In such tumultuous financial mar-

kets, what kind of future can students expect in investment banking and in the financial industry in general in the next 3-5 years? Will the outlook change in the next 5-10 years?

Josh & Josh: First off, let us say that there is, and always will be, a critical need for investment banking, arguably even more so in an increasingly global, fast-moving and complex world. An ever-growing global pool of companies across the world need financial intermediaries for their M&A, equity and debt financing needs, among other financial products and transactions. At the same time, investment banks will have to adapt to new regulations and the ever-changing volatile markets. Long term, investment banking will probably look different than it does today due to new laws and regulatory standards, but it will continue to be dynamic and present exciting career opportunities for aspiring students.



This book will surely become an indispensable guide to the art of buyout and M&A valuation, for the experienced investment practitioner as well as for the non-professional seeking to learn the mysteries of valuation.

David M. Rubenstein, Co-Founder and Managing Director, The Carlyle Group

Investment Banking provides a highly practical and relevant guide to the valuation analysis at the core of investment banking, private equity, and corporate finance. Mastery of these essential skills is fundamental for any role in transaction-related finance. This book will become a fixture on every finance professional's bookshelf.

Thomas H. Lee, President, Lee Equity Partners, Founder, Thomas H. Lee Capital Management

As a practitioner of hundreds of M&A and LBO transactions during the last 20 years, I recommend this book to advisors, financiers, practitioners, and anyone seriously interested in investment transactions. Rosenbaum and Pearl have created a comprehensive and thoughtfully written guide covering the core skills of the successful investment professional with particular emphasis on valuation analysis.

Josh Harris, Managing Partner, Apollo Management