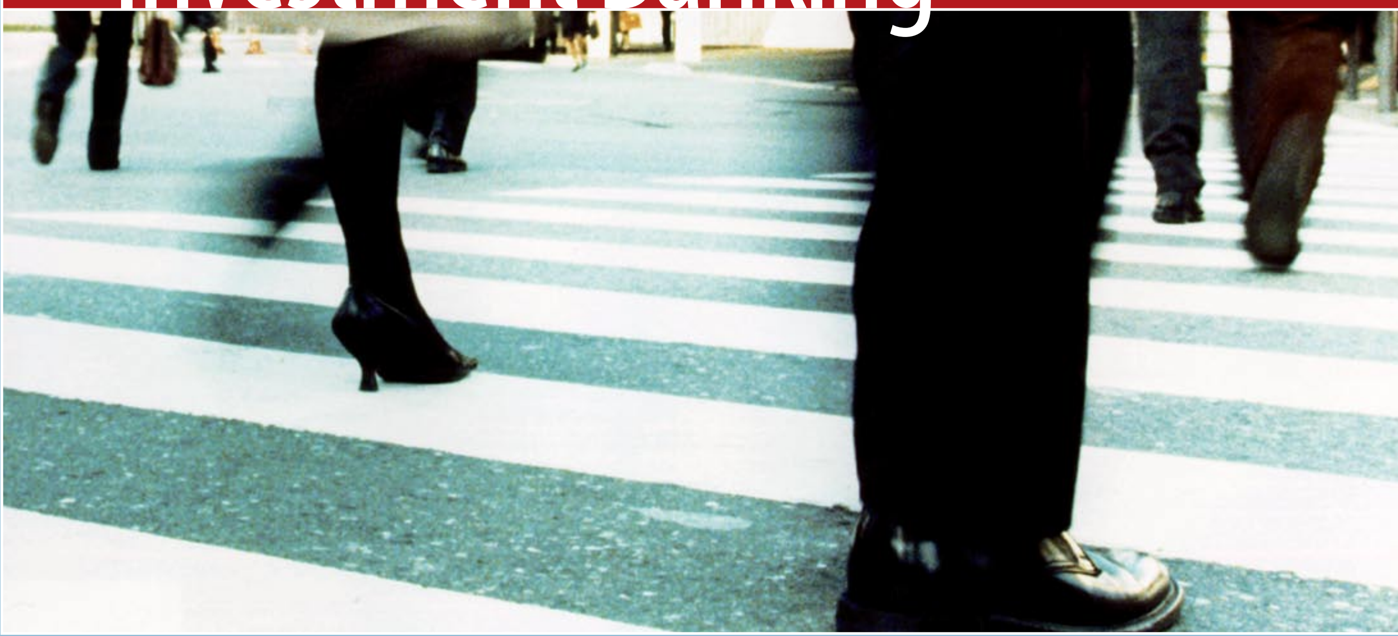
Careers in Investment Banking



WetFeet Insider Guide

2005 Edition

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Insider Guide

Careers in Investment Banking

2005 Edition

WetFeet®

Helping you make smarter career decisions.

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Opportunity Overview

Undergrads and MBAs from top schools are recruited for a number of openings that is small even in the best of times. Competition is fierce, so if you're not from a top-tier school, you may need to be more resourceful and persistent than those who are. Doing an internship in investment banking is essential to breaking into the field in today's business environment. Networking is key; make use of your alumni network. Undergrads vie for 2-year positions as analysts. If you do well, depending on the firm, you may get to stay for a third year, perhaps even abroad. MBAs compete for fast-track associate slots, and international assignments may be available for those who want them. Midcareer people are recruited by headhunters or hired on an ad hoc basis for positions at various levels. Though relatively few people come into the industry from other fields, it can be done, especially by those who have a technical background in a specific industry and an aptitude for and interest in finance. Otherwise, expect to start at the bottom.

Major Pluses about Careers in Investment Banking

- Big bucks. Despite the fact that investment banking compensation is down in recent years from its apex during the tech and dot-com boom, this industry still pays more than just about any other you can think of.
- Excellent opportunity to learn the financial aspects of business inside out.
- Work with talented, intelligent, hardworking people.
- Build a network of networked people.
- Your life is the market—riding a bull is exciting and lucrative.

Major Minuses about Careers in Investment Banking

- How many different ways can you say, "Work your tail off?"
- No job security—only the unemployment line has more people who have been fired.
- The work can be tedious, especially at the lower levels.

- The industry has more than its share of big egos, abrasive personalities, and workaholics.
- Your life is the market—a bear could put you out of work.

Recruiting Overview

- Very formalized and extremely competitive process at the entry level; it's exceedingly difficult to get in the door these days if you haven't done an internship in the industry.
- Primary channel is on-campus recruiting, but there are opportunities for midcareer hires, non-MBA advanced-degree holders, and candidates from non-top-tier schools.
- Heavy emphasis on quantitative and analytical abilities.
- Hard work is rewarded regardless of race or gender; however, white males dominate the industry.

The Industry

- Overview
- The Bottom Line
- The Basics of Investment Banking
- From the Inside
- Emerging Industry Trends
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Overview

You've seen all the headlines, over the past few years, deriding Wall Street firms. You've seen the news photos of disgraced research analysts who recommended certain stocks to the public even while they trashed them in e-mails to colleagues; you've heard about the nine-figure fines investment banks have had to pay for transgressions like conflicts of interest. Still, there's something intriguing about the industry—the legendary long hours and mega-bonuses—and you like to imagine yourself a pinstripe-wearing, jet-setting investment banker. But suddenly it dawns on you. What the heck is investment banking? You panic. What do investment bankers do? What's the difference between sales and trading and corporate finance? More to the point, why do you want to be a banker?

The intensely competitive, action-oriented, profit-hungry world of investment banking can seem like a bigger-than-life place where deals are done and fortunes are made. In fact, it's a great place to learn the ins and outs of corporate finance and pick up analytical skills that will prove useful throughout your business career. But investment banking has a very steep learning curve, and chances are you'll start off in a job whose duties are more *Working Girl* than *Wall Street*.

Wall Street is filled with high-energy, hardworking young hotshots. Some are investment bankers who spend hours hunched behind computers, poring over financial statements and churning out spreadsheets by the pound. Others are traders who keep one eye on their Bloomberg screen, a phone over each ear, and a buyer or seller on hold every minute the market's in session. Traders work hand in hand with the institutional sales group, whose members hop from airport to airport trying to sell big institutions a piece of the new stock offering they have coming down the pipeline. Then there are the analytically minded research analysts, who read, write, live, and breathe whichever industry they follow.

So where do you begin, and how do you focus your job search? Let's begin with an important reminder: Investment banking isn't one specific service or function. It is an umbrella term for a range of activities:

- Underwriting, selling, and trading securities (stocks and bonds)
- Providing financial advisory services, such as M&A advice
- Managing assets

Investment banks offer these services to companies, governments, nonprofit institutions, and individuals.

Traditionally, commercial banks and investment banks performed completely distinct functions. When Joe on Main Street needed a loan to buy a car, he visited a commercial bank. When Sprint needed to raise cash to fund an acquisition or build its fiber-optic network, it called on its investment bank. Paychecks and lifestyles reflected this division, too, with investment bankers reveling in their large bonuses and glamorous ways while commercial bankers worked 9 to 5 and then went home to their families. Today, as the laws requiring the separation of investment and commercial banking are reformed, more and more firms are making sure they have a foot in both camps, thus blurring the lines and the cultures. The action and players are still centered in New York City and a few other money centers around the world, but the list of players is getting smaller as the industry consolidates. Today, leading banks include Merrill Lynch, Goldman Sachs, Morgan Stanley, Citigroup (whose investment banking arm was until recently known as Salomon Smith Barney), Credit Suisse First Boston, and J.P. Morgan Chase. These and other firms are regular visitors to campus career centers.

But before you get excited about the promise of riches (and bid all your on-campus interview points), you'll want to do a little research on the industry and think about whether investment banking is a good career for you. One thing is certain: You shouldn't go into investment banking just for the money—the lifestyle is too demanding. To survive in investment banking, much less to do well, you'll need to like the work itself. And, even if you love the work, an investment banking career can still be a tough road. If the market or your industry group is in a slump (or if your firm suddenly decides to get out of a certain segment of the business), there's always the chance that you may find a pink slip on your desk Monday morning.

Things were tough on Wall Street for a few years after the stock market tumble of the early 2000s. The demise of the dot coms and the drop in the stock market ended one major source of revenues for I-banks: IPOs, which became all but impossible to bring to market. In 1999, there were 480 initial public offerings, which raised a total of $91.7 billion. In contrast, the first quarter of 2003 saw only five IPOs, worth a total of $1 billion. At the same time, M&A activity all but dried up. The extended market decline hurt the profits of investment banks' brokerage operations, as investors (and the commissions they pay each time they trade) dropped out of the market. And September 11, 2001, hit the industry hard: Morgan Stanley and Merrill Lynch both had offices in the World Trade Center, and bankers throughout the Street had a frightening new understanding of how they make ideal symbolic targets for those who hate the West. One result of all this turmoil on the Street has been layoffs: By 2003, according to some, Wall Street employment levels were some 25 percent lower than they were at their peak in 2000.

But things have been looking better of late. The economy has gotten stronger, and industry is spending money again, meaning more mergers and more acquisitions. Indeed, in the first half of 2004, M&A dollar volume clocked in at $891 billion, up from $625 billion in the first half of 2003. The stock market is up, meaning more equity underwriting and rising brokerage volume. Indeed, global equity and equity-related dollar volume was $256 billion in the first half of 2004, up from $149 billion in the first half of 2003.

Still, firms are always looking for new (read: cheaper) bodies; even though they might not be hiring to the extent they did back in the late 1990s, banks are still bringing on best-and-brightest hires for analyst and associate programs.

So if you like fast-paced, deal-oriented work; are at ease with numbers and analysis; have a tolerance for risk; and don't mind putting your personal life on hold for the sake of your job, then investment banking may be a great career choice. But if this doesn't sound like you, a job in investment banking could turn out to be a bad dream come true.

The Bottom Line

Investment banking is one of the best ways a young person can learn about finance and make good money right out of school. Even if you ultimately decide to reclaim your personal life by pursuing other options, the skills you learn on Wall Street will be valuable in most business careers. But before you can cash in on those potential returns, you'll have to put up with some very substantial hardships, including high pressure, long days and nights of hard work, a few difficult personalities, and the expectation—no, the requirement—that all personal plans are subject to the demands of work.

In addition, you'll find that life on the Street is very much at the mercy of the markets. Bull markets bring more work to do than is humanly possible, but you'll be rewarded with a paycheck that can sometimes double year-to-year. Bear markets can leave you sitting at your desk with a pile of deals on hold, hoping that the rumored layoffs and smaller-than-usual bonuses don't come to pass. Despite this inherent uncertainty, the field remains an extremely popular destination for undergraduates and MBAs. Indeed, Citigroup, Goldman Sachs, Bank of America, Morgan Stanley, Lehman Brothers, J.P. Morgan Chase, Merrill Lynch, UBS, and Deutsche Bank are all on *Fortune*'s 2004 list of the "50 Most Desirable MBA Employers." And, because of the current difficult economic environment and the resulting lower demand for employees among investment banks, competition for open spots is especially stiff. As a result, getting your foot in the door by doing an internship with a bank should be your top priority if you want to start a career in investment banking.

The Basics of Investment Banking

You're beginning your job search, and from what you've heard so far, you want to give investment banking a shot. But there's one small problem: You're not exactly sure what an investment bank does, so convincing the recruiter that you're perfect for the job is going to be a challenge. We'll help solve that problem by giving you a basic introduction to investment banking and a view of its different job opportunities.

The terms *brokerage firm*, *broker-dealer*, and *investment bank* are used interchangeably in popular conversation, but they actually represent different types of companies:

- A **brokerage firm** executes trades, acting as an intermediary between investors and stock exchanges. For this, it takes a commission.
- A **broker-dealer** works similarly, except that it also trades for its own account. That means that if you purchase a stock, it may be bought through an exchange, or it may be bought from the dealer's own account. You pay the current market price, regardless of what the dealer paid for it.
- An **investment bank** is a broker-dealer that provides financing services to corporations, including stock and bond offerings, merger and acquisition advice, and some strategic planning.

These activities are supported in part by the sales, trading, and research functions of the firm.

An investment bank is an advisor to corporations. It's a middleman in the creation and issuance of financial products (stocks, bonds, etc.), it's a sales and distribution organization for those same financial products, it's a major investor and position-taker in the financial markets, and it's a research organization. All of these activities support each other, but it might be helpful to look at them individually.

Capital Raising and Underwriting Services

A primary service of an investment bank is to raise capital for corporations, governments, and other institutions by selling those clients' stock, debt, or other financial paper. The bank helps the client determine a reasonable price for the stock or bond issue and then buys the securities and resells them to investors. The investment bank makes its money on the *spread*, or the difference between the price it pays the client for the securities and the price at which it resells the securities.

Financial Advisory Services

Investment banks advise companies, government entities, and other institutions about their financial strategies and the most effective use of the financial markets. A very high-profile service is mergers and acquisitions (M&A) advice. Examples of other services include assisting companies with their option programs, providing pension-fund managers with up-to-the-minute information and advice on investment strategies, and helping international companies understand how to best minimize their exposure to foreign currency exchange risks.

Sales and Distribution

To be an effective underwriter, an investment bank must have a wide distribution network and a knowledgeable sales force that can consistently find buyers for all of the stocks, bonds, and other financial instruments that the I-bank underwrites. The bulk of the underwritten securities are sold to institutional investors such as pension funds, money management firms, mutual funds, and other large-quantity buyers. The institutional sales force advises and cultivates these important buyers (a job that requires a lot of traveling, schmoozing, and hand-holding) and executes the sales. In addition to these institutional salespeople, many banks have or are adding a retail sales force of stockbrokers plus online discount brokerage services that funnel offerings into the hands of the average investor. However, retail sales—sales to individual investors—is usually considered a completely separate business unit unrelated to investment banking.

Trading and Market-Making Services

To support the institutional and retail sales efforts, most investment banks actively trade securities in the marketplace, thereby providing liquidity (cash) and market prices for their investors. When a firm decides to make a market in a particular stock, it stands ready with its own capital to buy and sell the stock at publicly quoted prices. A firm can make a market either on the exchange floor for listed stocks or on its own trading desk for over-the-counter stocks. Traders usually focus on one group of stocks at a time, often becoming specialists in a particular industry.

Research Services

Nearly all banks have a staff of research analysts who study economic trends and news, individual company stocks, and industry developments to provide proprietary investment advice to institutional clients and in-house groups, such as the sales and trading divisions.

Until recently, the research division has also played an important role in the underwriting process, both in wooing the client with its knowledge of the client's industry and in providing a link to the institutions that own the client's stock once it's publicly traded. Indeed, in many cases, research analysts' compensation was tied to investment banking revenues. However, in recent times banks have faced public and regulatory outcries over conflicts of interest inherent in having bankers and researchers work hand in hand.

As a hypothetical example, consider Bank A, which counts Company X, which is facing financial difficulties, among its banking clients. Should Bank A's research team pan Company X's stock, which would benefit investors who subscribe to Bank A's research, but might upset Company X to the point that it drops Bank A and hires another firm to be its investment banker? Or should it recommend the purchase of Company X stock, which would help Company X financially and keep the banking revenues from Company X rolling in—and pump up research analysts' bonuses, which are based in part on the success of Bank A's banking operations?

In an effort to end the legal scrutiny of their operations, investment banks are now attempting to reinforce the separation between their banking and research arms. You can certainly count on research playing a lesser role in selling banking deals.

Also, independent research houses (e.g., Needham & Co., Sidoti & Co., and JMP Securities) are benefiting in a big way from a settlement between the investment banking industry and regulators that requires investment banks to spend a total $432.5 million over 5 years to give clients independent research. And as the full-service investment banks move to purchase independent research, as they're required to do by regulators, certain research specialists—Standard & Poor's and BNY Jayhawk (which actually aggregates research from more than 100 research organizations)—are looking like they're going to make out handsomely.

From the Inside

Everything coming into focus? Before you say yes, understand that although the services provided by investment banks are relatively standard, different firms can have significantly different market niches and client bases. It's especially easy to get confused when you start paging through the corporate brochures, since every firm has a slightly different way of organizing and marketing its activities. So as you're reading, think in terms of the basic banking functions, and suddenly "capital markets" will reveal itself to be plain old sales and trading.

Keep in mind that although most investment banking org charts look complex, there are essentially three major professional divisions to a full-service investment bank:

- Investment banking
- Sales and trading
- Research

It's important to understand which is which, because the specific tasks (as well as the skills and personalities of the people themselves) are very different. You'll be dinged if you walk into the interview cubicle without some idea of whether you want to structure deals, trade financial products, or do research—and if you pursue and end up getting a job that you're not really a good fit with, work will make you miserable. To help you avoid either fate, we will now take you on a brief tour of a few of the basic jobs within a typical investment bank.

Corporate Finance

The corporate finance group (frequently known as banking or CorpFin) serves the sellers of securities. These may be either Fortune 1000 companies that are looking to raise cash to fund growth or private companies that are looking to go public (i.e., to sell stock on the public markets for the first time). Think of investment bankers as financial consultants to corporations. This is where CEOs and CFOs turn when they're trying to figure out how to finance their operations, how to structure their balance sheets, or how best to move ahead with plans to sell or acquire a company. (M&A can fall under the CorpFin umbrella, but we've written it up separately in this guide.)

The activities of the CorpFin department can range from providing pure financial advice to leading a company through its first equity issue (or IPO). As a result, industry or product knowledge is key, and many investment banks divide their corporate finance departments into industry subgroups, such as technology, financial institutions, health care, communications, entertainment, utilities, and insurance, or into product groups like high-yield, private equity, and investment-grade debt.

As a whole, the corporate finance group will do any and all of the following:

- Underwrite equity offerings (translation: The investment bank buys all of the shares of stock for sale from the corporation or government entity and then sells them on the market to investors.)
- Underwrite fixed-income (debt/bond) offerings
- Help firms analyze their financial needs
- Help firms devise and implement financial strategies (e.g., how to structure their balance sheets, and when and how to proceed with funding initiatives)
- Determine valuations for offerings (i.e., what the opening price for the stock should be)

Who Does Well

Investment banking jobs like corporate finance require critical, detail-oriented thinking. If you have a knack for using numbers to understand patterns that influence business, you're going to be valuable to a company. If you can't crunch and analyze them, this isn't going to be the right job for you. You should also enjoy and excel at solving problems and be able to think critically about the numbers you're working with.

They also require excellent communication and people skills, both to work on banking teams and to build solid relationships with clients.

Lawyers can make as good a fit in this career as MBAs, and experienced candidates with strong experience in a given industry make good candidates for investment banking positions.

Undergrad and grad students should try to get an internship—it's the best way to secure an eventual offer.

An advanced degree (an MBA or other degree) is all but required to advance in this career, and some sales ability is necessary to sell banking business to potential clients.

Sample Project

When a private company's growth demands larger and larger amounts of cash, management will often turn to an investment bank to develop a financing strategy that's more economical than, say, the revolving stack of credit cards it's been using to meet payroll. By selling a portion of its stock to the public in an IPO, a private company can raise a significant amount of capital without increasing its debt burden. An analyst's or associate's role in the process begins once the bank has been invited to pitch for the underwriting business. First, you and the rest of the deal team (senior bankers from your group, plus the appropriate research analyst) will put together a pitch book that includes a preliminary valuation of the company and a description of how the bankers will position the company to make its stock most attractive to investors. If your firm is selected as an underwriter, you and the other analysts and associates staffed on the deal will do most of the legwork to finalize the valuation, prepare and submit the prospectus to the SEC for review, accompany management on the road show, and coordinate with the company's lawyers and other underwriters during the process. After the market has closed on the day the deal is scheduled to price, the deal team will gather for a conference call with the other underwriters and company management to decide the final price for the offering. The next morning, the stock begins trading (with any luck, up!) and you start making plans for the deal team to gather with the company at a posh restaurant for a celebratory closing dinner.

Job Tips

This department generally hires a significant number of MBAs and undergraduates to develop financial models, create the offering memorandum (an important document that can run 200 pages), and facilitate the due diligence process. If you are hired into one CorpFin industry group, think of your relationship with that group as dating rather than marriage. Don't necessarily plan to spend the rest of your 2 or 3 years or career in that group. Market trends are ever changing, and so are the compositions of specific industry groups.

Mergers and Acquisitions

The mergers and acquisitions group (known as *M&A*) provides advice to companies that are buying another company or are themselves being acquired. M&A work can seem very glamorous and high profile. At the same time, the work leading up to the headline-grabbing multibillion-dollar acquisition can involve a Herculean effort to crunch all the numbers, perform the necessary due diligence, and work out the complicated structure of the deal. As one insider puts it, "You have to really like spending time in front of your computer with Excel." Often, the M&A team will also work with a CorpFin industry group to arrange the appropriate financing for the transaction (usually a debt or equity offering). In many cases, all this may happen on a very tight timeline and under extreme secrecy. M&A is often a subgroup within corporate finance; but in some firms, it is a stand-alone department. M&A can be one of the most demanding groups to work for.

M&A groups will

- Advise firms on merger and acquisition strategies.
- Determine target company valuations.
- Help the target of a hostile acquisition arrange a defensive strategy.
- Conduct due diligence on a target or acquiring company (i.e., examine the financial results and other business factors that will affect the value of an acquisition).
- Negotiate price, terms, and conditions of an acquisition or merger.
- Work with the other company's advisory team and the lawyers to structure the deal.

Who Does Well

Like corporate finance, M&A requires detail-oriented thinking, a knack for using numbers to understand business patterns, problem-solving skills, an ability to think critically about the numbers you're working with, and excellent communication and people skills.

Also like corporate finance, lawyers, MBAs, and experience candidates with specific industry knowledge make good M&A candidates. Entry-level candidates should try to get an internship to increase their chances of eventually getting full-time offers.

Sample Project

IBM Corporation decides it has an opportunity to strengthen its hardware business by acquiring an innovative developer of communications software. It approaches an investment bank to get advice on the potential deal. The bankers help IBM secretly value the target company's assets and the potential value of its products to IBM (which may be higher than their current value because of the opportunities to link with IBM hardware and because of Big Blue's marketing muscle). The M&A group then develops IBM's acquisition strategy and makes contact with the target company. Once the offer is made, the target company will consult its own investment bankers. They help the target evaluate IBM's proposal, determine various strategies for defending against or negotiating with IBM, and work out a deal that will be in the best interest of the company's shareholders. After some back and forth, the sides agree on a price (usually a combination of stock and cash), sign the documents, and become one. (Meanwhile, the advisors take their own hefty fees to the bank.)

Job Tips

The M&A department usually recruits under the CorpFin or investment banking umbrella, although within the group you may find further specialization along industry lines. The work here tends to be intense and very deal-focused, and the hours are unpredictable. "You might be staffed on five transactions and not much is happening. Then one turns live, and you have to cancel your weekend plans," says an insider. "Or you could be very busy, and the next day something happens and work gets pushed back a week and suddenly your weekend is free." The job provides an excellent introduction to the high-stakes, high-power push and pull of the corporate world. Insiders tell us that personal ambition is a big success factor in M&A. "You can learn the technical skills like accounting and modeling," says one first-year associate. "It's not so easy to learn how to be driven and to take responsibility, to own the deal." If you're depressed by the thought of spending 3 or more weeks of your life crunching numbers for a deal that never happens, there may be better alternatives in CorpFin.

Public Finance

Public finance is similar to corporate finance except that instead of dealing with corporations, it works with public entities such as city and state governments and agencies, bridge and airport authorities, housing authorities, hospitals, and the like. Although the basic services (financial advisory and underwriting) and the financial tools (bonds and swaps, but no equity) are similar to those used for private-sector clients, numerous political and regulatory considerations must be assessed in the structuring of each deal. A particular key issue involves how to get and maintain tax-exempt status for the financial instruments the client will use.

The public finance group will

- Advise public entities on capital-raising strategies.
- Advise public entities on portfolio management.
- Arrange project finance.
- Help municipal entities restructure their debt.
- Determine a valuation for a debt/bond offering.
- Underwrite tax-exempt notes, bonds, derivatives, and other municipal securities.

Who Does Well

These jobs require strong numbers skills and excellent analytical ability. They also require strong communication skills, since people in this area spend a lot of time dealing with clients. People with experience working in or with government are especially attractive when it comes to landing jobs in public finance, as are lawyers.

An internship is the best point of entry for inexperienced candidates.

Sample Project

Let's say the city of San Francisco wants to give the 49ers a new stadium. The city invites a number of I-banking firms to help it determine the lowest-cost financial structure to pay for the new stadium. The firms research the financial, political, and regulatory issues involved in raising the necessary cash, develop a strategy for raising the funds through tax-exempt instruments, price the deal, and prepare a proposal. The proposal will include a profile of the strategy and its cost, as well as reasons for choosing the presenting firm for the deal. Once a bank is chosen to execute the financing, it will prepare all the necessary financial and regulatory documentation and work with other departments in the bank to shop the offering.

Job Tips

Public finance specialists tend to spend more time with each other than with the rest of the people in the bank. Because it helps to have an understanding of government, many people in public finance come from government backgrounds. Municipal positions were hot in the '70s and '80s, when firms could earn fat underwriting fees for their work. However, as competition has heated up and clients have become more sophisticated, bank fees have fallen, causing the public finance business to become more of a marginal activity for many banks on the Street.

Sales and Trading

Job opportunities in sales and trading—an investment bank's distribution arm—differ from those in the investment banking divisions. Remember, I-banking is more than just corporate finance. You can think of sales and trading as being similar to the sales force for any corporation. This group is responsible for selling all of the financial products (stocks, bonds, and their derivatives) sponsored by the investment banking department. As such, it serves as the vital link between the sellers (corporations and government entities) and the buyers (investors). Depending on the firm, the buyers may be institutions (pension funds, mutual funds, insurance companies, hedge funds, and other asset managers), high-net-worth individuals, or private investors. Although frequently lumped together, salespeople and traders actually perform different functions.

Who Does Well

Sales jobs and trading jobs have many overlapping skill requirements, such as verbal communication skills, sales skills, and a facility for numbers. But the people who do well in each area are not identical. For example, salespeople have to be good at building relationships with a variety of personality types, whereas traders only have to be good at building relationships with other traders. Salespeople have to be good at giving presentations, whereas traders have to be good at making snap decisions based on constantly changing information. Sales jobs typically require a lot more travel than do trading jobs. People in both careers have to be aggressive self-starters.

People in both of these careers will have to take exams to become licensed in their area of specialty. For example, most salespeople have to pass the Series 7 exam.

Unlike investment banking careers, it's not always necessary to get a graduate degree to advance up the ladder in sales or trading.

Sales

Sales professionals typically have a list of institutional clients to whom they pitch new offerings, offer portfolio management advice, and sell securities. The sales department may be divided by account size, security type (debt or equity), geography, or product line. The department is typically divided into large institutional, middle market, and retail (or private-client services) sections.

In other words, a salesperson who manages a high-volume institutional account would not likely handle a smaller, low-volume buyer as well. Groups may be further divided based on the complexity of a bank's financial products, such as government securities, corporate securities, asset-backed securities, futures, options, foreign exchange, derivatives, and others. Because a salesperson works largely on commission, there are major bucks to be made, especially with some of the high-volume accounts.

Sales will typically perform the following:

- Develop strong relationships with institutional investors
- Meet with economic and equity research departments to discuss economic and industry trends and their impact on the markets
- Work with the investment banking department to market new debt and equity issues
- Assist and advise clients in developing and executing investment strategies
- Watch company/industry/economic/political news and market activity, and advise clients about the likely impact on their portfolios
- Attend company presentations and research conferences, typically with clients
- Arrange meetings between clients, research analysts, and company management

Sample project. You're sitting at your desk when suddenly the live news feed on your computer flashes an article about a Fortune 100 company that is firing its CEO and replacing him with a highly respected industry veteran and current board member. You immediately get on the phone to four of your major institutional clients who own big chunks of the company's stock and tell them that this seems to indicate that potential merger talks between the company and its rival have been called off. Two of the clients had been expecting a buy-out and decide to sell a portion of their shares. The third client wants more information about the new CEO's likely plans, so you bring in your head research analyst who covers the company, for a conference call with the client. The fourth client wants to maintain its position unless there's a further drop in the stock price.

Job tips. Along with corporate finance, the sales and trading area typically hires the largest number of MBAs and undergraduates. This is a particularly desirable job for people who love to sell and make money. Along with the big bucks, however, comes a great deal of stress. Because salespeople are essentially account managers, they're the ones who have to take the heat from a client who is irate that a particular stock in his portfolio is falling. It's not easy keeping all of the people happy all of the time, especially in a down market. As you progress up the ranks, you'll typically get more (and more important) clients to manage.

Trading

Traders are responsible for taking positions in the market through purchases and sales of equities (stocks), debt (bonds), and other securities. Trading functions are typically divided by the product lines offered by the investment bank. It's not a job for the meek, timid, or easily offended. During market hours, all trading floors are loud, high-energy environments. Traders must juggle several phone lines, scan computer screens flashing headlines and quotes, and respond to orders from salespeople—all while executing trades with precision timing. The firm's capital is on the line, and every second can be worth millions.

Traders typically

- Develop a solid knowledge of market, company, and industry information. (An insider says, "A good trader is constantly on top of what's going on.")
- Evaluate market activity and supply/demand indications from salespeople and clients.
- "Make markets"—maintain a position in a stock the firm has underwritten, quote bid and ask prices, and buy and sell at those prices.

- Advise salespeople, clients, and research analysts on market activity and pricing for different stock and equity issues.
- Put major trades together by negotiating with salespeople/clients and other dealers.
- Perform valuation analysis of derivatives, convertibles, or baskets of stocks.
- Manage the firm's investment risk.

Sample project. The life of a trader is less project-driven and more market-driven. For instance, let's assume you're at an equity trading desk responsible for trading stocks in timber companies. If you're good at your job, you're constantly reading the news about the economy and the real estate and stock markets. You're also good at picking up the phone and chatting with others in the business about what's going on behind the scenes in government and industry.

Over time, in your reading, you've seen a few articles about some big homebuilding companies, which included anecdotal evidence that demand for their services in some regions may be slackening. Then, one morning, during your daily morning phone call with the research associate covering the same companies you trade for your bank, you learn that he's learned from his homebuilding-industry contacts that a couple of the major players in the sector have definitely experienced lower demand in the past month or so. You also know that this afternoon, new-housing starts will be announced; this is a closely watched number, and the current consensus on the Street is that today's is going to be a high number.

You know that a lower-than-expected number will send the timber sector tumbling. You think the problem through, doing some risk analysis, and decide that odds are very good that the housing-starts number will not come in as high as expected. So you take medium-sized short positions for your bank in the couple of companies in the industry with the worst fundamentals.

Late in the day, during a trading lull, you're talking on the phone with a buddy at another desk about how great the Pistons looked against the Lakers in the first game of the NBA Finals, when the new housing-starts figure flickers across the computer screen in front of you. The number's lower than expected!

Immediately, most of the phones in front of you are ringing, with (you know) sell orders for the companies you trade. You say good-bye to your buddy, smile to yourself, and pick up a phone, knowing that as the market for timber stocks tumbles you'll be able to close out your short position at a sizeable profit for the firm—and a sizeable positive impact on your bonus.

Job tips. On the trading floor of an exchange, the action never stops while the market is in session. (In case you haven't seen a trading floor, it looks something like NASA's Mission Control, only instead of dozens of sleepy-looking engineers, the room is dominated by clean-cut twenty-somethings, most of whom have their sleeves rolled up and are often talking on several phones at once.) Most exchanges have different departments or "desks" focusing on different types of securities. While the market is open, traders are pretty much tied to their spot on the desk, which is an inch away from the next guy's and jam-packed with multiple computer screens. But don't worry: Not every day is a hectic nightmare. Fridays in August will find the floor more concerned with Nerf balls and sports scores than frantic trades. Better yet, the job is essentially done after the market closes and all orders have been reconciled. Unlike your colleagues in most other areas of the bank, you're almost guaranteed your personal time. A special note to University of Chicago MBAs: No one on a trading desk believes that markets are efficient.

Research

Every full-service investment bank has a research department that provides analytical support for investment banking, sales, and trading activities. Research may seem a lot less glamorous than some of the other departments, but these analysts' industry knowledge can often be the most important factor in winning a new CorpFin client or convincing Fidelity to buy shares in an unknown company's IPO. Investment banks regularly lose and gain business as a result of the annual rankings of research analysts that come out in *Institutional Investor* magazine.

Research departments are generally divided into two main groups: fixed-income research and equity research. Both types of research can incorporate several different efforts, including quantitative research (corporate financing strategies, specific product development, and pricing models), economic research (economic analysis and forecasts of U.S. and international economic trends, interest rates, and currency movement), and individual company research. It's important to understand that these are "sell-side" analysts (because they in effect "sell" or market stocks to investors), rather than the "buy-side" analysts who work for the institutional investors themselves.

An equity research analyst will become an expert on a particular group of companies in software, semiconductors, health care, oil and gas, or some other industry group. Unlike the deal-oriented work in investment banking, research is responsible for maintaining a long-term relationship with corporate clients, long after the deal is done. Researchers meet regularly with company management, analyze the company's position relative to its competitors, and provide investors and the sales and trading departments with recommendations about the company's stock (usually rating the stock according to some system, e.g., "strong buy," "buy," or "hold"). Depending on the number of companies in his or her universe, the analyst is responsible for writing one or two reports every quarter on each company, updating interested clients on the company itself, and following market trends that may affect the company's performance. Insiders tell us that though there are different models for the way researchers cover their industries or sectors, those who hope to rank well in the *Institutional Investor* research team ratings tend to cover a small number of companies in great depth. One insider who covers the biotech sector regularly follows the eight companies with the largest market caps.

When you hear on the news that "Microsoft exceeded Wall Street's expectations," newscasters are referring to the average of the earnings estimates published by all research analysts who follow Microsoft. Research analysts listen to presentations from the management of companies they follow, run the new information through their financial models, and relay the information and their predictions about the companies' future performance to investors and the sales force. Their predictions are tested four times a year, when companies release quarterly results, prior to which the company's research department works long days for several weeks (insiders refer to these periods as "reporting seasons" or "earnings"). Companies usually report earnings after the market closes for the day, so analysts must rush to prepare investment recommendations based on the earnings reports, in order to provide them to clients before the market opens the next morning.

Research insiders have long told us that one of the trickiest aspects of the job is to mediate the competing needs of CorpFin, traders, and the companies the analyst covers. "Investment banks are paid for doing deals," says one insider. "On the other hand, I have an obligation to my buy-side clients, who trade stocks on my recommendation. . . . If I sell people deals that don't perform well, they won't listen to me and I won't have a career anymore. I also have a relationship with the companies I cover and [which my bank] might want to take public. They don't take kindly to negative recommendations about them. You put a sell recommendation on somebody's stock, and management might not return your call."

Indeed, with the decline in the markets hurting investors' portfolios, analysts are facing tremendous criticism for helping create the market bubble by recommending stocks of companies that turned out to be dogs—and sometimes even recommending stocks publicly while deriding them internally. And banks are facing criticism for the way they have tied research analysts' compensation to the performance of their banking operations, which can cause conflicts of interest.

The research analyst position involves

- Meeting with company management and analyzing (modeling) the company's financial statements and operations.
- Providing written and oral updates on market trends and company performance to sales and trading as speedily as possible.
- Attending or organizing industry conferences.
- Speaking with the sales force, traders, and investment bankers about company or industry trends, and recommending positions on stocks.
- Developing proprietary pricing models for financial products.
- Making presentations to clients on relevant market trends and economic data, and offering investment recommendations and forecasts.
- Staying on top of emerging new companies in the industry.

Sample Project

Merck & Co. announces that it has requested FDA permission to begin clinical testing of several antistroke medications. The research analyst who covers the pharmaceutical industry calls up contacts at Merck and the FDA and makes a preliminary assessment of Merck's likelihood to receive final approval for the drug. Based on this analysis, and the prospect that this could blossom into a

$300-million-a-year business within 5 years, the analyst issues a "buy" recommendation on the stock. The analyst writes a report, including information about the drug and the impact an FDA green light will have on Merck's business. Before the market opens the following day, the report will be distributed to institutional clients and the sales force. Also, during the daily morning conference call, the analyst will share his or her findings and predictions with all of the traders and salespeople and recommend that they contact their clients and encourage them to purchase the stock.

Who Does Well

This is a detail-oriented career and a very analytical career. If you can't bear studying something (in this case, a company, industry, or financial instrument) from all possible angles, research probably isn't for you. Also, if you require a lot of external stimulus to get you through the workday, you're better off looking into other career tracks in investment banking.

Research could be right up your alley if you have the skills to interact with clients, bankers, and traders (people skills); if you enjoy and are good at analyzing data and figuring out puzzles; and if you can make persuasive arguments verbally and in writing (communication skills).

Research may be especially right for you if you have all of the above skills plus deep knowledge about a particular industry. For example, if you're a biochemist and can show you have the other skills necessary for this career, and you're interviewing for a position analyzing companies in the biotechnology and pharmaceutical industries, your resume will go straight to the top of the pile. As with a number of other careers in investment banking, many lawyers fit well into this career.

Job Tips

The research field tends to be a relatively specialized group within an investment bank. Because the department usually hires for the long term rather than for positions that turn over every 2 or 3 years, there are not as many openings for MBAs and undergrads as there are in banking. Those who are hired generally start as associates and move up to become senior analysts after a couple of years.

Associates generally work long hours, conducting research and working on financial models for the analyst, who may be on the road, meeting with company management or making marketing presentations to institutional clients. One insider tells us that the associates at his firm pull all-nighters on a weekly basis: "You have to be a senior vice president before you start going home at a reasonable hour."

Although research departments take people from a wide variety of backgrounds, they especially appreciate people with financial analysis skills or experience in a particular industry. (PhDs take note: The research department may be your best bet for breaking into banking.) "There's an extreme requirement for trust and discretion," says an insider. "I'm frequently privy to knowledge of upcoming events that will have a dramatic effect on stock prices. There's a huge temptation to tell your cousin, and, of course, you can't do that."

In research, there's less movement between groups than in investment banking, and a research associate must live and breathe the industry he or she covers. A lucky analyst will get a good industry right off the bat. A mediocre analyst with a good industry will have an easier time collecting a nice bonus than will a good analyst covering a dog of an industry.

If you take a job in research, you may find your job description altered somewhat as your bank takes steps to reinforce the separation of its research and banking functions. At the very least, you can count on having less of a role in selling banking business than your more senior colleagues have had in the past.

Controlling

The controlling function oversees the financial details of an investment bank, from the micro level (e.g., making sure trades are booked accurately) to the macro level (e.g., setting budgets for all the departments of the bank). It keeps track of the bank's finances, overseeing the P&L and balance sheet for everything from individual departments and trading desks to the bank as a whole. It advises senior management on the financial state and performance of all the areas of the bank, as well as on ways to lower costs, manage risk, and increase financial performance, and forecasts financial performance and budgetary needs. It also delivers information to external entities such as shareholders, creditors, tax authorities, regulatory authorities, and the bank's auditors.

At the lower levels, people in the controlling function are generally assigned to a specific department or sales or trading desk. They conduct activities such as producing daily P&L reports, checking the accuracy of bookings, creating reports assessing risk or whether the products they are overseeing are priced properly given market conditions, updating balance sheets, and so on. At higher levels, people in the controlling function oversee more areas of the bank, develop annual business plans and budgets, and advise management on overall business strategy, risk management, and reporting processes.

A controller in an investment bank requires the following skill set:

- Often requires a bachelor's degree or better in economics, accounting, or a related field
- Strong analytical and problem-solving skills
- Strong attention to detail
- Excellent communication skills
- Facility with numbers and an understanding of accounting
- Demonstrated interest in or understanding of investment banking

Information Technology

Investment banks have a growing need for IT experts—people to develop, install, manage, and troubleshoot the various technologies banks use as part of conducting business. These technologies vary from internal sales and trading and accounting systems to corporate intranets, online trading systems, and big enterprise systems, like those offered by SAP or Oracle, that manage everything from customer relationships to human resources. Investment banks employ software engineers, system administrators, Web developers, database administrators, and those in similar careers to fill these and related IT roles. Often the IT specialist in an investment bank will work closely with the specific department or departments that use or are developing the technology that the IT person specializes in—for example, techies focused on HR systems will work closely with the human resources department, making sure that a bank's HR system meets the needs of that bank's HR department. Many banks now offer internships to IT types; this is the best way to get a foot in the door in the field.

The specific skills required for investment banking IT positions vary according to the specific role. Most, however, will require the following skill set:

- A bachelor's degree or better in a technology field
- Strong analytical and problem-solving skills
- Certification in or experience with the specific technology on which the job is focused
- Attention to detail
- Solid communication skills
- The desire and ability to continuously update one's tech skills
- Demonstrated interest in or understanding of investment banking

Operations

At the highest levels, people in operations help decide how to structure the bank so that it can perform at the highest possible level, advising management on things such as where the bank should be based, who its vendors should be, what technology systems can optimize the bank's various businesses, and what its employment policies, business processes, and accounting practices should be.

At the lower levels, people in operations are responsible for activities such as transaction processing, handling account transfers, balancing daily entries, and other administrative functions. Lower-level operations professionals are generally assigned to a specific product, department, or sales or trading desk, for which they handle the clearing and settlement of trades and funds transfers, accurately record security positions, make sure regulatory requirements are met, and so on. Lower-level operations professionals may also play a role in improving systems and processes for their department, product, or desk.

Required skills include the following:

- Bachelor's degree or better
- Strong analytical and problem-solving skills
- Attention to detail
- Excellent communication skills
- Facility with numbers and an understanding of accounting
- Demonstrated interest in or understanding of investment banking

Emerging Industry Trends

Warming Trend?

As the global economic climate cooled down following the economic and financial swoon of the early 2000s, so did investment banking performance. IPO and M&A activity all but dried up; the only bright spots on the Street were areas in which lower interest rates drive business, such as mortgage-backed and municipal securities. At the same time, the big banks found themselves tremendously overstaffed, having hired new employees like gangbusters in the boom years of the 1990s. As a result, investment banks laid off tens of thousands of employees. Reports vary, but some say employment levels were 25 percent lower in 2003 than they were at their peak. At the same time, I-banking bonuses, which can account for half or more of some employees' total annual compensation, fell by 50 percent and then some.

But things are looking up today, in mid-2004. The economy is adding jobs. The stock market is up. Businesses are spending money again. More companies are going public. More companies are spending money to acquire other companies. Emerging markets like China promise vast new banking opportunities. And investment banks are enjoying stronger revenues than they've had in years.

One result is that all those banks that laid off employees when the markets tumbled are now hiring. And because it's cheaper to employ a recent grad than someone with more experience, there are a growing number jobs to be had for the cream of the crop from the best schools. Remember: Those who do I-banking internships will have the best shot at full-time openings.

Or Stormy Weather Ahead?

Although many believe the industry is moving into a growth period, confidence in the financial markets today is still not what it was 5 years ago. A number of things are making investors nervous. One is the threat of terrorism. Another is uncertainty about the 2004 presidential elections. And then there's the fact that interest rates look to be on the rise. Some wonder whether the inflation threat can be avoided. Others wonder whether the rise in rates will pull the chair out from under the housing boom or will cause money to flee the equity markets.

Industry Consolidation

Investment banking has witnessed a rash of cross-industry mergers and acquisitions in recent times, largely due to the late-1999 repeal of the Depression-era Glass-Steagall Act. The repeal, which marked the deregulation of the financial services industry, now allows commercial banks, investment banks, insurers, and securities brokerages to offer one another's services. As I-banks add retail brokerage and lending to their offerings and commercial banks try to build up their investment banking services, the industry is undergoing some serious global consolidation, allowing clients to invest, save, and protect their money all under one roof. These mergers have added a downward pressure on employment in the industry, as merged institutions make an effort to reduce redundancy.

Among the M&A activity in recent years: First Boston and Donaldson, Lufkin & Jenrette were both acquired by Credit Suisse; J.P. Morgan and Hambrecht & Quist were swallowed by Chase; Robertson Stephens was acquired by FleetBoston; and Alex. Brown was acquired by Deutsche Bank.

Meanwhile, foreign firms like Deutsche Bank and UBS are moving aggressively into U.S. markets. The result: Firms in the United States and abroad are looking for partners or acquisitions to beef up their global presence. "Almost everything we do now has some cross-border component. More than 50 percent of my work is in foreign investments," says one insider. "Every day I see a wire come across about something going on somewhere like Kenya or India."

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Scandals on the Street

The swing in the markets from up, up, up to down, down, down focused a lot of scrutiny on firms on the Street. One of the biggest issues was the fact that banks overrated the investment potential of client companies' stocks intentionally, deceiving investors in the pursuit of favorable relationships—and ongoing banking revenue opportunities—with those companies. Firms also came under fire for the methods by which they allocated stock offerings (specifically, for whether they charged excessive commissions to clients who wanted to purchase hot offerings), as well as for possible manipulation of accounting rules in the course of presenting clients' financial info to potential investors.

By now, almost all of the important investment banks have paid fines totaling in the billions of dollars to settle allegations against them, and the scrutiny of regulators remains sharp. And banks are paying millions to purchase independent research to provide to their customers. In addition, big-time players on the Street, including research analysts like Henry Blodget (Merrill Lynch) and Jack Grubman (Citigroup) and bankers like Frank Quattrone (CSFB) have been accused or convicted of misdeeds and/or fined and fired.

Will the effects of changes coming out of the banking scandals be lasting? Probably not; as the markets improve, and everyone involved starts doing better off than they were in bad times, regulators ease up on doing their jobs, and companies and their employees become more greedy and prone to breaking the rules to make more money.

New Relationships between Research and Banking

All that said, several changes in the way banks do business seem sure, all of them relating to research: less of a link between research analysts' compensation and firms' banking revenues, less of a role for research analysts in seeking banking business, and more objectivity in research reports. Already, banks are enforcing new degrees of separation between bankers and research analysts: Some banks have even thought about spinning off their research arms into separate entities. The SEC is now requiring research analysts to affirm in writing that the recommendations in their reports are truly what they believe, and that they have received no payment for specific research opinions (a requirement designed to de-link research analysts' compensation from their firms' banking efforts). It's also requiring firms to provide investors with independent research.

The tricky thing about all this is that separating research from banking makes it harder for banks to justify the costs of conducting research. Without revenues that are directly or indirectly the result of their research departments, research becomes purely a cost center. As a result, banks are more likely to look to cut costs in research. That means some investment banks' research departments will either have to cover fewer companies or cover a greater number of companies per analyst—or both.

Industry Performance

Just 5 or 6 years ago, it was much easier to put together a list of the most important investment banking concerns for job seekers to be aware of. But since then, industry consolidation and deregulation breaking down the walls between investment banking and other types of financial services operations in the United States have resulted in fewer pure investment banking and securities companies, and many more diversified financial services companies that include investment banking and securities services among their operations. The list on the following page will give you an idea of some of the major companies engaged in investment banking around the world; for a more accurate idea of the top companies focused primarily on investment banking and securities, check out the league tables. In general, these days, the bulge bracket is thought to include Citigroup Global Markets, Credit Suisse First Boston, Goldman Sachs, Lehman Brothers, Merrill Lynch, and Morgan Stanley.

Key Investment Banks by 2003 Revenue

Company	Revenue ($M)	1-Yr. Change (%)	Employees
HSBC Holdings	56,077	38.9	232,000
Deutsche Bank AG	54,064	–6.6	67,682
BNP Paribas	52,096	8.3	89,100
UBS AG	49,961	8.2	69,061*
Bank of America Corp.	49,006	5.7	133,549
J.P. Morgan Chase & Co.	44,363	2.3	110,453
Morgan Stanley	34,933	7.8	51,196
Barclays PLC	32,577	17.8	74,420
Merrill Lynch & Co.	27,745	–1.8	48,100
Goldman Sachs Group	23,623	34.0	19,476
Societe Generale*	22,939	–14.4	88,278
Citigroup Global Markets Holdings	20,722	–2.5	39,000
Royal Bank of Canada	18,828	26.2	59,549
Lehman Brothers	17,287	3.0	16,200
The Bank of Nova Scotia	13,089	11.3	43,986
Credit Suisse First Boston LLC	11,718	–9.8	18,341
Nomura Holdings**	10,554	48.2	14,385
The Bear Stearns Companies	7,395	7.3	10,532
Daiwa Securities Group	3,235	–12.1	11,559

*2002 figures. **2004 figures.
Sources: Hoover's; WetFeet analysis.

Global Debt (Including ABS, MBS, and Taxable Munis)

During the first half of 2004, debt issuance rose to $2.73 trillion, from $2.69 trillion in the first half of 2003. Citigroup, Merrill Lynch, and J.P. Morgan came in first, second, and third in global debt issuance in the first half of 2004, but Credit Suisse First Boston slipped into the top three, in place of Merrill Lynch, in the rankings for the second quarter of 2004.

Sources: Thomson Financial; WetFeet analysis.

Global High Yield

High-yield issuance came in at $86 billion during the first half of 2004, compared to $70.5 billion in the same period of 2003. Junk debt issuance heated up in the telecom sector, rising to $9.3 billion in the first half of 2004, compared to $2.4 billion in the same year-earlier period.

Sources: Thomson Financial; WetFeet analysis.

Global Equity and Equity-Related

Proceeds from global equity and equity-related new issues rose to $256 million in the first half of 2004, up from $149 million in the first half of 2003. Morgan Stanley was the number-one bookrunner during the first half of 2004, with transactions including Belgacom SA's $4.4 billion IPO and a $3.8 billion secondary equity offering for General Electric. Goldman Sachs came in second, with transactions including Royal Bank of Scotland's $4.79 billion equity offering and Belgacom's IPO. Citigroup ranked third.

Sources: Thomson Financial; WetFeet analysis.

Global IPOs—U.S. Issuers

IPO activity picked up in the first half of 2004, with issues totaling some $17 billion, more than in the whole of 2003. After some bone-dry years, strength in the IPO market looks to continue in coming months, as there are more than 180 companies that have filed to go public.

Sources: Thomson Financial; WetFeet analysis.

Municipal Securities

Excluding short-term notes and private placement issues, volume decreased in the first half of 2004 to $187.0 billion from $204.3 billion in the year-ago period. However, second quarter volume increased to $101.9 billion, from $85.1 billion in the first quarter of 2004. California's $15.2 billion debt issuance was the biggest issuance in the first half of the year.

Sources: Thomson Financial; WetFeet analysis.

Mergers & Acquisitions Advisory

The M&A market, like other areas of Wall Street, looks like it's undergoing a revitalization in 2004, after a long dry spell. Announced worldwide dollar volume came in at $891 billion in the first half of 2004, up 42 percent from $625 billion in the same period in 2003. But observers fear that rising interest rates may end up hurting M&A activity, due to higher financing costs.

Sources: Thomson Financial; WetFeet analysis.

Industry Rankings

To see who's number one in securities underwriting, investment banking insiders look to the quarterly league tables. The league tables show overall industry underwriting activity by security type and the ranking/market share of the individual firms as measured by underwriting volume. You can find the league tables in *Investment Dealers' Digest*, which publishes and reports on the underwriting volumes and industry rankings each quarter. The league tables are produced by Thomson Financial.

To see who's number one in investment research, take a look at *Institutional Investor*'s All-America Research Team (published each fall) and Global Research Team. More subjective than the league tables, these are the result of *I.I.* polls of buy-side analysts and portfolio managers. *I.I.*'s annual rankings are closely watched and often have a direct impact on an analyst's compensation and job security. (Along with All-America and Global Research Teams, *I.I.* puts out rankings for All-Europe, All-Asia, All-Japan, Emerging Markets, and Latin American Research Teams.)

The *Wall Street Journal* also ranks analysts each year. These rankings don't have quite as much clout as *I.I.*'s, but they're still considered important.

Here's a taste of how the firms stacked up in the league table results for the first half of 2004, along with the most recent research rankings when we went to press. For more details on each firm, check out individual WetFeet Company Insider Guides (see the last two pages of this book for a complete list of available WetFeet Insider Guides).

Global Debt, Equity and Equity-Related, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Citigroup	284,874.1	9.5	1,019	1
2	Morgan Stanley	225,969.7	7.6	770	3
3	Merrill Lynch	216,496.9	7.2	920	4
4	J.P. Morgan	209,593.7	7.0	845	2
5	Credit Suisse First Boston	198,490.9	6.6	804	6
6	Lehman Brothers	195,943.3	6.6	682	5
7	Deutsche Bank	187,581.3	6.3	749	8
8	UBS	163,840.1	5.5	655	9
9	Goldman Sachs	150,570.2	5.0	454	7
10	Banc of America Securities	101,506.8	3.4	429	10

Source: Thomson Financial, www.thomson.com/league.

Global Equity and Equity-Related, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Morgan Stanley	33,622.5	13.1	116	2
2	Goldman Sachs	29,657.0	11.6	106	1
3	Citigroup	22,608.6	8.8	127	3
4	UBS	19,879.2	7.8	110	6
5	Merrill Lynch	19,644.7	7.7	88	5
6	Deutsche Bank	15,396.1	6.0	77	10
7	J.P. Morgan	14,302.2	5.6	92	4
8	Credit Suisse First Boston	11,832.6	4.6	77	7
9	Lehman Brothers	10,606.4	4.1	63	9
10	Nomura	7,318.2	2.9	76	11

Source: Thomson Financial, www.thomson.com/league.

Global Common Stock—U.S. Issuers, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Morgan Stanley	12,671.5	18.6	47	5
2	Goldman Sachs	10,903.9	16.0	44	1
3	J.P. Morgan	6,318.6	9.3	39	7
4	Citigroup	6,104.1	9.0	36	2
5	Merrill Lynch	4,961.6	7.3	36	4
6	Credit Suisse First Boston	4,739.1	7.0	33	6
7	Lehman Brothers	4,484.7	6.6	40	3
8	UBS	3,541.5	5.2	33	9
9	Banc of America Securities	2,469.1	3.6	21	8
10	Bear Stearns	2,182.7	3.2	17	10

Source: Thomson Financial, www.thomson.com/league.

Global Initial Public Offerings—U.S. Issuers, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)
1	Morgan Stanley	4,412.0	26.2	10
2	Goldman Sachs	3,299.1	19.6	12
3	J.P. Morgan	1,597.0	9.5	11
4	Credit Suisse First Boston	1,232.3	7.3	10
5	Merrill Lynch	1,003.5	6.0	8
6	Friedman Billings Ramsey	980.4	5.8	8
7	Citigroup	826.1	4.9	4
8	Banc of America Securities	723.2	4.3	8
9	UBS	629.7	3.7	6
10	Lehman Brothers	468.5	2.8	7

Source: Thomson Financial, www.thomson.com/league.

Global Debt, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Citigroup	262,265.5	9.6	892	1
2	Merrill Lynch	196,864.6	7.2	833	4
3	J.P. Morgan	195,291.6	7.2	753	2
4	Morgan Stanley	192,347.3	7.0	654	3
5	Credit Suisse First Boston	185,692.4	6.8	726	6
6	Lehman Brothers	185,336.9	6.8	619	5
7	Deutsche Bank	172,185.2	6.3	672	7
8	UBS	143,960.9	5.3	545	8
9	Goldman Sachs	120,913.1	4.4	348	9
10	Barclays Capital	97,550.1	3.6	340	12

Source: Thomson Financial, www.thomson.com/league.

Global High-Yield Corporate Debt, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Credit Suisse First Boston	12,432.1	14.4	73	2
2	Citigroup	11,011.5	12.8	64	1
3	Deutsche Bank	10,290.2	11.9	58	4
4	Banc of America Securities	9,118.6	10.6	58	5
5	J.P. Morgan	8,998.9	10.4	54	3
6	Morgan Stanley	7,721.7	9.0	32	9
7	Lehman Brothers	5,025.3	5.8	38	6
8	UBS	4,503.0	5.2	34	8
9	Goldman Sachs	4,336.9	5.0	29	7
10	Bear Stearns	3,019.7	3.5	26	10

Source: Thomson Financial, www.thomson.com/league.

U.S. Investment-Grade Corporate Debt, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	Citigroup	66,832.4	20.5	278	1
2	J.P. Morgan	46,911.4	14.4	249	2
3	Lehman Brothers	29,339.5	9.0	98	4
4	Goldman Sachs	29,219.1	9.0	100	7
5	Credit Suisse First Boston	28,898.4	8.9	161	9
6	Morgan Stanley	28,627.7	8.8	80	3
7	Merrill Lynch	20,676.9	6.3	97	5
8	Banc of America Securities	16,988.2	5.2	82	6
9	UBS	12,233.2	3.8	43	11
10	Deutsche Bank	10,699.6	3.3	55	8

Source: Thomson Financial, www.thomson.com/league.

U.S. Mortgage-Backed Securities, First-Half 2004

Rank	Bookrunners	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	UBS	45,001.3	12.5	55	2
2	Bear Stearns	42,612.6	11.9	64	3
3	Lehman Brothers	34,883.8	9.7	42	4
4	Banc of America Securities	32,977.3	9.2	42	6
5	Citigroup	27,763.6	7.7	36	7
6	Morgan Stanley	26,899.5	7.5	40	8
7	Royal Bank of Scotland	23,799.6	6.6	42	9
8	Credit Suisse First Boston	22,017.1	6.1	39	5
9	Goldman Sachs	20,391.9	5.7	39	1
10	Deutsche Bank	18,238.7	5.1	29	13

Source: Thomson Financial, www.thomson.com/league.

U.S. Long-Term Municipal New Offerings, First-Half 2004*

Rank	Managing Underwriter	Proceeds ($M)	Market Share (%)	Issues (#)	First-Half 2003 Rank
1	UBS Financial Services	25,721.2	13.8	420	2
2	Citigroup	20,721.2	11.1	324	1
3	Lehman Brothers	17,628.1	9.4	114	6
4	Goldman Sachs	14,832.7	7.9	104	7
5	Merrill Lynch	12,640.5	6.8	137	3
6	Bear Stearns	11,423.2	6.1	92	5
7	J.P. Morgan Securities	9,908.1	5.3	95	8
8	Morgan Stanley	9,706.0	5.2	116	4
9	RBC Dain Rauscher	7,456.3	4.0	346	9
10	Banc of America Securities	6,830.5	3.7	153	10

*Full credit to bookrunner.

Source: Thomson Financial, www.thomson.com/league.

Worldwide Announced Mergers & Acquisitions, First-Half 2004

Rank	Firm	Value ($M)	Deals (#)	First-Half 2003 Rank
1	Goldman Sachs	252,266.2	172	1
2	Merrill Lynch	237,206.4	96	4
3	Morgan Stanley	218,632.1	154	9
4	Citigroup	206,773.6	175	2
5	J.P. Morgan	201,071.5	178	3
6	Lehman Brothers	140,871.9	86	10
7	UBS	120,198.5	111	7
8	Lazard	103,084.8	87	6
9	Rothschild	91,512.0	105	11
10	Credit Suisse First Boston	82,076.5	141	5

Source: Thomson Financial, www.thomson.com/league.

U.S. Completed Mergers & Acquisitions, First-Half 2004

Rank	Firm	Value ($M)	Deals (#)	First-Half 2003 Rank
1	Goldman Sachs	134,552.5	55	1
2	Morgan Stanley	92,119.2	56	4
3	Banc of America Securities	70,798.1	28	13
4	Merrill Lynch	50,235.9	39	5
5	Citigroup	48,173.4	61	9
6	Lehman Brothers	45,217.3	46	7
7	J.P. Morgan	37,558.1	48	8
8	Credit Suisse First Boston	33,661.7	56	6
9	Lazard	27,962.2	20	2
10	Houlihan Lokey Howard & Zukin	20,521.3	39	16

Source: Thomson Financial, www.thomson.com/league.

Overall Research Strength

See the following tables for the number of analysts from each investment bank on *Institutional Investor*'s research teams.

Institutional Investor 2003 All-America Research Team

Rank			Total Positions		1st Team	
2002	2003	Firm	2003	2002	2003	2002
2	1	Lehman Brothers	50	52	7	9
5	2	Morgan Stanley	36	42	8	9
2	3	Merrill Lynch	35	52	9	11
1	4	Smith Barney Citigroup	34	53	8	14
-	5	UBS	32	0	8	0
4	6	Credit Suisse First Boston	27	44	5	8
6	6	Goldman Sachs	27	36	5	5
7	8	Bear, Stearns & Co.	23	29	6	6
11	8	J.P. Morgan Securities	23	16	4	3
-	10	Deutsche Bank Securities	18	0	1	0

Sources: *Institutional Investor*, WetFeet analysis.

Institutional Investor 2003 All-America Fixed-Income Research Team

Rank 2002	Rank 2003	Firm	Total Positions 2003	Total Positions 2002	1st Team 2003	1st Team 2002
1	1	Lehman Brothers	35	35	15	12
2	2	Credit Suisse First Boston	33	31	9	7
2	3	J.P. Morgan	30	31	6	12
4	4	Citigroup	19	25	3	2
-	5	UBS	17	0	7	0
7	6	Morgan Stanley	16	17	4	8
9	7	Bear, Stearns & Co.	15	10	4	2
9	7	Deutsche Bank	15	10	4	2
8	9	Goldman Sachs	14	13	1	2
5	10	Merrill Lynch	13	22	3	6

Sources: *Institutional Investor*; WetFeet analysis.

Institutional Investor 2003 Global Research Team

Rank 2002	Rank 2003	Firm	Total Positions 2003	Total Positions 2002	1st Team 2003	1st Team 2002
4	1	UBS	23	18	9	5
3	2	Merrill Lynch	22	19	4	4
1	3	Morgan Stanley	20	21	5	6
5	4	Deutsche Bank Securities	19	13	5	5
5	5	Smith Barney Citigroup	18	13	1	1
1	6	Credit Suisse First Boston	15	21	2	6
8	7	J.P. Morgan	9	6	1	0
7	8	Goldman Sachs	8	7	2	1
9	9	Lehman Brothers	6	4	0	0
10	10	Dresdner Kleinwort Wasserstein	2	2	0	0

Sources: *Institutional Investor*; WetFeet analysis.

Wall Street Journal's 2004 "Best on the Street" Survey

Rank	Firm	Total Awards	Qualifying Analysts (#)	"Batting Average"*
1	Merrill Lynch & Co.	13	59	.220
2	UBS	12	48	.250
3	Raymond James	11	32	.344
4	Legg Mason	8	25	.320
5	A.G. Edwards	8	37	.216
6	Bear Stearns	8	42	.190
7	Needham & Co.	7	15	.467
8	Sidoti & Co.	7	16	.438
9	Wachovia Securities	7	28	.250
10	Piper Jaffray	6	20	.300
11	SG Cowen	6	23	.261
12	JMP Securities	5	8	.625
13	Morgan Keegan	5	14	.357
14	Robert W. Baird	5	17	.294
15	Prudential Equity Group	5	33	.152

*Firms are ranked by total awards; "batting averages" (ratio of a firm's total awards to its total number of research analysts who qualified for the survey) were used to break ties.
Source: Thomson First Call.

The Firms

- The Big Picture
- Major Players
- Other Firms

The Big Picture

Until the wave of consolidation and convergence that started in the 1990s in the financial services industry, the playing field had changed very little and was easy to understand. Commercial banks and investment banks each had their roles, as defined by federal regulations, and seldom did the two meet. And within investment banking, firms could be neatly categorized by their size, market focus, or both. At the top was the bulge bracket, which consisted of the six largest firms: Merrill Lynch, Goldman Sachs, Morgan Stanley, Salomon Smith Barney, First Boston, and Lehman Brothers. These firms still dominate the securities underwriting and M&A markets, though you'll notice a few name changes in the past few years. All firms beyond the bulge bracket were labeled *boutiques* or *regionals*. Boutiques are niche firms that focus on a particular industry, such as technology, or financing vehicle, such as munis. Regionals, as the name implies, focus on financing and investment services in a particular geographic region.

These labels are still used (although the smaller firms scorn the boutique image), but as the rapid pace of mergers and acquisitions continues to alter the landscape, the traditional categories are becoming less and less meaningful. Large commercial banks that have acquired investment banks are bringing large amounts of capital to the playing field, along with a mix of financial services more varied than ever before.

To help you understand who the major players are today, we've profiled a number of the largest investment banks, plus a number of second-tier banks. To give you an idea of the broader range of options available in investment banking, we've also listed a number of other firms that you can research on your own.

Major Players

Banc of America Securities LLC

9 West 57th Street
New York, NY 10019
Phone: 212-583-8000
www.bofasecurities.com

Overview

Banc of America Securities is the U.S. investment banking arm of Bank of America, one of the biggest commercial banks around. Together with Bank of America's U.K. investment banking subsidiary, Banc of America Securities Ltd., it offers a full range of investment banking and brokerage services.

The company was created in 1998, when its parent bank acquired Montgomery Securities. Later, Bank of America was acquired by NationsBank, and the combined entity took on the Bank of America name.

Banc of America Securities' main offices are in San Francisco, New York, and Charlotte. It employs people in areas including corporate and investment banking, the global markets group (debt capital raising, sales, trading, and research), portfolio management, e-commerce, global treasury services, and asset management.

Banc of America Securities offers full-time and summer associate and analyst programs in the United States and in Europe. In the United States, it recruits at a long list of schools across the country, everywhere from Amherst, Dartmouth, and Yale, to Indiana and Illinois, to Stanford and University of California—

Berkeley, to Texas A&M and University of Texas, to Wake Forest, Vanderbilt, and Duke. It also recruits at top schools in Europe. For a complete list of schools where Banc of America Securities recruits, visit its career website (www.bofasecurities.com/corporate/content/oncampus.asp).

Key Facts

- A senior foreign-exchange officer in the New York office sued Bank of America for gender discrimination in April 2004.
- Has been poaching bankers of late. Hired a top telecom banker away from CSFB in April 2004 to run its media and telecom mergers group, and hired a team of bank analysts from UBS AG in March 2004. Also hired three new European M&A bankers in March.
- In March 2004 agreed to a censure and a fine of $10 million to settle SEC charges of improper record-keeping and failure to produce requested documents in a timely manner.
- Recently settled a class action suit brought by investors in Enron for $69 million and may have to pay $250 million or more to settle SEC charges that it allowed a client to trade mutual fund shares illegally.

Key Financial Stats

2003 revenue: $8,933

1-year growth rate: 3 percent

Personnel Highlights

Not available.

The Bear Stearns Companies Inc.

383 Madison Avenue
New York, NY 10179
Phone: 212-272-2000
www.bearstearns.com

Overview

It was the end of an era in 2001, when longtime Bear Stearns CEO Ace Greenberg stepped down from his leadership post. Greenberg had instilled the firm with an aggressive, no-frills, no-bull corporate culture that is Bear Stearns's calling card to this day. Founded in 1923 by Joseph Ainslee Bear, Robert B. Stearns, and Harold C. Mayer, Bear Stearns built its business reputation around strong trading and clearinghouse operations. In the 1990s, the firm began an effort to build its banking and advisory operations, as well as its asset management business. Still, it has one of the largest clearing operations in the country.

The firm has a big presence in Latin America and has long done a lot of business in Europe. Anticipating bigger and bigger business in Asia, along with the other big banks on Wall Street, Bear is currently building its presence in that region.

Bear Stearns is on the lookout for experienced candidates in asset management, controlling, IT, operations, and private client services. It hires MBAs and other advanced-degree holders for positions in asset management, commercial mortgages, financial management, investment banking, research, and sales and trading. Undergrads can find jobs here in asset-backed securities, asset management, capital markets, collateralized debt obligations, controlling, fixed income and equity, global credit, investment banking, mortgages, operations, and private client services. All candidates should apply online. If you're a student, you should also attend Bear Stearns's campus events and sign up for an on-campus interview.

Key Facts

- Sued in March 2004 by insurance commissioners alleging that the firm helped financier Martin Frankel steal $200 million.
- Bear's mortgage-backed business has been very strong during the active housing market, but rising rates in 2004 are a threat to this business.
- Considered a prime candidate for a merger or acquisition as banks consolidate to enhance their market power.
- Was one of a number of major banks paying between $80 million and $125 million as part of a $1.335 billion settlement with regulators for research misdeeds, in 2002.

Key Financial Stats

2003 revenue: $7,395 million

1-year growth rate: 7 percent

Personnel Highlights

Number of employees: 10,532

1-year growth rate: 0 percent

Citigroup Global Markets Holdings Inc.

388 Greenwich Street, 38th Floor
New York, NY 10013
Phone: 212-816-6000
www.citigroupcib.com

Overview

In 1997, the insurance conglomerate Travelers Group, owner of Smith Barney, acquired the investment bank Salomon Inc., creating Salomon Smith Barney. In 1998, Travelers acquired Citicorp, creating the financial services giant Citigroup. Until recently, the investment banking arm of Citigroup went by the name Salomon Smith Barney, but in the spring of 2003, it dropped the SSB name and replaced it with Citigroup's Corporate & Investment Bank.

The bank operates in areas including capital raising, advisory, lending, risk management, trading, cash management, trade finance, and custody. It operates in more than 100 countries. A major player on the street, in the first half of 2004 it finished at or near the top of the league tables in junk debt, investment-grade corporate debt, municipal debt, mortgage-backed debt, global equity and equity-related business, and M&A advisory. You can learn in great detail about the bank's operations and strategy by downloading the Citigroup Global Corporate & Investment Banking Day Presentation, available at www.citigroup.com/citigroup/fin/gcib.htm.

Citigroup's Corporate & Investment Bank recruits at top schools across the United States and Europe. It recruits undergrads, MBAs, and other advanced-degree candidates for positions in capital markets, equities, fixed income, research, corporate finance, investment banking, transaction services, operations, and technology. Check www.citigroup.com/citigroup/oncampus/homepage/calendar.htm to learn whether the bank recruits at your school. The career section also has information for experienced candidates.

Key Facts

- Federal and state investigations into research misdeeds at the firm resulted in Citigroup paying a $400 million fine in 2002, and onetime star telecom research analyst Jack Grubman resigned, was barred from the securities industry, and agreed to pay a $15 million fine.
- On to-do list: Continue to grow coverage in Europe; continue to grow M&A/ advisory business; focus on restructuring opportunities around the world.
- Announced in February 2004 that it is restructuring its global corporate and investment banking business segment into two main groups, the capital markets group and the banking group.
- Beefed up its trade execution capabilities by acquiring Lava Trading in July 2004.

Key Financial Stats

2003 revenue: $20,722 million

1-year growth rate: –3 percent

Personnel Highlights

Number of employees: 39,000

1-year growth rate: –3 percent

Credit Suisse First Boston LLC

11 Madison Avenue
New York, NY 10010
Phone: 212-325-2000
www.csfb.com

Overview

Credit Suisse First Boston is the result of the 1988 merger of the investment bank First Boston and Credit Suisse, a European commercial bank. In 2000, the firm acquired Donaldson, Lufkin & Jenrette, a leading underwriter of high-yield bonds with a golden reputation in research. A bulge-bracket bank, CSFB ranked fifth among all banks in 2003 in terms of global debt, equity, and equity-related issuance.

CSFB has experienced trouble in recent years, with business slackening in key areas (e.g., IPO underwriting) and regulatory trouble (the firm paid a $200 million fine in 2002 for research improprieties and another $100 million in 2002 to settle charges that it received kickbacks in the form of higher commissions from clients to whom it allocated hot IPO shares—and in the process rock-star tech banker Frank Quattrone resigned and eventually was convicted of criminal charges). The firm has also been losing key bankers in recent times; epitomizing this trend, the CEO of the investment bank, John Mack, announced plans to leave the firm in the summer of 2004, reportedly due to the fact that his desire to merge Credit Suisse with another firm was not in line with the desires of the majority of the directors of Credit Suisse. After that announcement, the firm's head in China announced plans to leave the firm, and as this guide goes to press the firm must surely be worried that an exodus of the firm's talent in Asia will ensue.

The bank recruits undergrads and MBA and other grad students for positions in IT, asset management, private client services, sales and trading, research, private equity, and investment banking. CSFB has a presence at top schools across the country. Experienced job candidates and students at schools where CSFB does not recruit can apply through the company's website.

Key Facts

- Known for excellence in high-yield debt; ranked first among all banks in junk debt underwriting in the first half of 2004.
- 69 locations in some 34 countries.
- For minority students, offers all-expenses-paid trip to New York in June to learn more about investment banking and CSFB (application deadline: March 15).
- Considering responding to demands for stronger separation of banking and research by creating an independent research business bearing the DLJ name.
- Named co-lead underwriter for 2004's Google IPO, along with Morgan Stanley.
- Sold its Pershing clearinghouse to Bank of New York in 2003.

Key Financial Stats

2003 revenue: $11,718 million

1-year growth rate: –10 percent

Personnel Highlights

Number of employees: 18,341

1-year growth rate: –20 percent

Deutsche Banc Securities Inc.

60 Wall Street
New York, NY 10019
Phone: 212-469-4000
www.db.com

Overview

Deutsche Banc Securities is the full-service North American investment banking arm of German financial services giant Deutsche Bank AG. It includes Deutsche Bank Alex. Brown, which provides M&A, acquisition finance, and project finance advisory to clients in the health-care, media, real estate, technology, and telecom sectors.

The bank has been undergoing some changes, with some key employees leaving the firm and the addition of a number of senior-level hires. In March 2004, Deutsche announced it was laying off 50 employees in the equity group, including nine senior research analysts, dropping coverage of 100 of the 731 companies it used to cover in the process. Observers report that layoffs could continue as the bank cuts back on research coverage, a common trend on the Street.

Overall, though, Deutsche Bank has been focused on building its presence in North America. The bank's investment banking arm hires undergrads and MBA and other grad students for entry-level positions in global corporate finance, global capital markets, global equities, technology, operations, controlling and finance, risk management, HR, and private wealth management.

DB recruits for region-specific positions on campuses around the world, but all job applicants, even those on campuses where the bank has a presence, must start the application process by completing an online application form. The bank then screens candidates and sets up interviews with those it wants to learn more about. The bank interviews MBA, undergrad, and other entry-level candidates on campus or, if the bank isn't recruiting on a given campus, in an arranged location (e.g., a hotel) or in a Deutsche Bank office. Check the DB website to learn whether the bank comes to your campus or to learn more about the careers available at the bank or the application and interview process, including deadlines in various regions and for various positions.

Key Facts

- As of July 2004, Deutsche Bank is reportedly planning on settling charges brought by the SEC and the New York DA over alleged conflicts of interest between research and investment banking.
- Launched a correspondent mortgage lending group in June 2004 and is looking to staff up the group in following months.
- Is geared up for an increase in investment banking activity, having hired 12 new senior bankers in late 2003.

Key Financial Stats and Personnel Highlights

Not available.

Friedman, Billings, Ramsey Group, Inc.

1001 19th Street North
Arlington, VA 22209
Phone: 703-312-9500
www.fbr.com

Overview

Friedman, Billings, Ramsey has made a big splash on the Street in recent times. In 2003, the bank ranked third in U.S. initial public offering underwriting, behind only Goldman Sachs and Credit Suisse First Boston. And it continues to do well: In the first quarter of 2004, FBR's underwriting revenues increased to $62.8 million from $8.8 million in the year-earlier period, its corporate finance revenue grew to $28.3 million from $5.7 million in the year-earlier period, and its institutional brokerage revenues came in at $35.2 million, up 211 percent from the year-earlier period. And the bank's investment banking deal pipeline included $5 billion in potential deals at the start of 2004.

All this growth means more jobs at Friedman, Billings, Ramsey; indeed, the bank is in the process of staffing up in a number of areas. FBR offers top students internships in areas such as asset management, equity research, investment banking, institutional sales, accounting/finance, corporate communications, human resources, information technology, and legal/compliance. Students should check the firm's website to learn more, as should those interested in full-time jobs.

Friedman Billings Ramsey has offices in Arlington, Atlanta, Bethesda, Chicago, Cleveland, Dallas, Denver, Houston, Irvine, New York, Portland, San Francisco, Seattle, London, and Vienna.

Key Facts

- Hired six new research analysts in April 2004, increasing the number of industries it covers from six to eight: consumer, diversified industrials, energy, financial services, health care, insurance, real estate, and technology, media, and telecommunications.
- In February 2004 announced plans to hire 60 new bankers during the year.
- Said in February 2004 that it plans to grow its capital markets business, with an emphasis on the technology, health-care, and consumer sectors.
- Sponsors the FBR Open, formerly the Phoenix Open, a stop on golf's PGA Tour.

Key Financial Stats

2003 revenue: $629 million

1-year growth rate: 134 percent

Personnel Highlights

Number of employees: 496

1-year growth rate: 3 percent

The Goldman Sachs Group, Inc.

85 Broad Street
New York, NY 10004
Phone: 212-902-1000
www.gs.com

Overview

Goldman Sachs was founded in 1869 when Marcus Goldman, an immigrant from Europe, began a small enterprise to provide an alternative to expensive bank credit. In the 1950s, Goldman played a lead role in establishing the municipal bond market, and in the 1970s the firm formed the first official M&A and real estate departments on Wall Street. Today it continues to sit at or near the top in most areas of investment banking advisory, sales, and trading. In the first 6 months of 2004, Goldman ranked second in global equity and equity-related business, second in global IPO underwriting, fourth in global investment-grade corporate debt, fourth in muni underwriting, and first in M&A advisory. Perhaps even more significant, it is probably considered by the majority of people in the industry as the gold standard in terms of the quality of its employees (a belief that's especially true among Goldman employees, naturally), what an investment bank should be, and how a bank should do business. (A fact that's a bit ironic given that Goldman has faced as much scrutiny as any other bank as the SEC and other regulators try to clean up Wall Street in the wake of the early-2000s banking scandals—and has had to pay a pretty penny to settle charges of misdeeds brought against it.)

The bank is very sophisticated—and successful—in its recruiting practices. Its website includes a "Where Do I Fit?" quiz to help visitors understand where it might make sense for them to work within Goldman Sachs. The bank recruits on campuses around the globe. Students should check the site to learn more about whether Goldman recruits on their campus, what they should do if it doesn't, and how the Goldman interview process works. Students and experienced candidates can also apply for jobs online.

Key Facts

- In 2002, the firm was one of a number of major banks paying between $80 million and $125 million as part of a $1.335 billion settlement with regulators for research misdeeds.
- Agreed to pay $2 million in 2004 to settle SEC charges that it improperly marketed IPOs in 1999 and 2000. Also in 2004, agreed to pay $40 million to settle SEC charges that it received higher commissions from investors who were offered in-demand IPO shares and that it gave client executives IPO shares for agreeing to give Goldman more banking business.
- In 2004, is the target of an SEC investigation into improper handling of Dutch auctions in the bond market.
- In 2004, Spear, Leeds & Kellogg, the clearinghouse unit of Goldman Sachs, agreed to pay a total of $45.5 million to settle charges that it violated New York Stock Exchange rules.
- Former President and COO John Thain left the firm to head the NYSE in 2004.
- Has hired S&P to provide independent research to Goldman clients, per new industry regulations.
- Hasn't had an M&A department since disbanding its M&A group after the 2000 market tumble, but is considering reviving the group in 2004.
- In February 2004 laid off several dozen traders and salespeople, with those in the cash equities group the primary victims of the ax, as the bank focuses more on selling and trading more complex financial instruments.

Key Financial Stats

2003 revenue: $23,623 million

1-year growth rate: 3 percent

Personnel Highlights

Number of employees: 19,476

1-year growth rate: –1 percent

Jefferies Group, Inc.

520 Madison Avenue, 12th Floor
New York, NY 10022
Phone: 212-284-2300
www.jefco.com

Jefferies, which was founded in 1962, serves small- and middle-market corporate clients, offering investment banking, including M&A, research, off-exchange institutional brokerage, research, asset management, and equity and debt underwriting, sales, and trading, with an emphasis on high-yield debt.

It is in the process of expanding both organically and via acquisition. In December 2003, for example, it acquired Broadview International, a global M&A advisor focused on the technology sector, and the fixed-income desk of Mellon Securities. It acquired Quarterdeck Investment Partners, a boutique bank specializing in M&A for the aerospace and defense and federal IT industries, in 2002.

Meanwhile, it has expanded existing business groups including the general industrial group in investment banking, the private placement group in the fixed income department, the equity research department, private client services, and health care investment banking in recent months—largely by picking up talent laid off by the bulge bracket banks. Indeed, Jefferies has grown from 77 bankers in 1999 to more than 165 in 2004. It also has some 80 research professionals covering some 500 companies.

Visit the Jefferies website to learn more about job opportunities with the firm.

Key Facts

- Had major business difficulties way back in 1987, when it was revealed that Jefferies had illegally "parked" stock for Ivan Boesky for his corporate takeover attempts.
- Looking to expand in Asia and Europe.
- Has offices in London, Paris, Zurich, and Tokyo.

Key Financial Stats

2003 revenue: $927 million

1-year growth rate: 23 percent

Personnel Highlights

Number of employees: 1,626

1-year growth rate: 20 percent

J.P. Morgan Chase & Co.

270 Park Avenue
New York, NY 10017
Phone: 212-270-6000
www.jpmorganchase.com

Overview

This firm was formed by a mega-merger when Chase Manhattan, one of the largest commercial banks around, paid $33 billion to join with J.P. Morgan, one of the oldest and most prestigious commercial and investment banks in the world. Subsidiaries include J.P. Morgan Fleming Asset Management, which serves institutional investors; J.P. Morgan Partners, a private-equity house; J.P. Morgan H&Q, an investment banking arm focused on areas like tech and health care; and J.P. Morgan Private Bank, which serves wealthy private clients. And now, with the 2004 acquisition of Bank One, it's getting even bigger. (However, the acquisition probably won't have a major effect on the way things are done in the investment bank, J.P. Morgan.)

J.P. Morgan is a major player in terms of debt and equity issuance worldwide; in the first half of 2004, it was third in the league tables in global equity underwriting, in U.S. IPO underwriting, and in overall debt underwriting. It is also a player in M&A—fifth best in the business, in terms of worldwide announced deals in the first half of 2004.

The bank hires undergrads and MBAs and other grad-degree holders in areas including corporate finance, fixed-income sales and trading, equity research, fixed-income research, derivatives research, investment management, and private banking. It recruits at schools across the United States. Check the bank's website and with your career services center to learn more about how you can apply for positions at J.P. Morgan. Both experienced candidates and students can apply for jobs online.

Key Facts

- In 2002, the firm was one of a number of major banks paying between \$80 million and \$125 million as part of a \$1.335 billion settlement with regulators for research misdeeds.
- In 2003, paid \$25 million to settle charges of illegal IPO allocation and \$135 million to settle Enron-related charges.
- \$58.7 billion acquisition of Bank One completed in July 2004.
- Reported by Reuters in May 2004 to be looking to add 50 to 100 people in operational roles in its equities and fixed-income groups in Europe.
- J.P. Morgan's investment banking business posted earnings of \$1.11 billion in the first quarter of 2004, a big jump from \$897 million in the same year-earlier period. The bank's investment management and private client arm earned \$115 million in the first quarter, up from \$27 million in the first quarter of 2003.

Key Financial Stats

2003 revenue: \$44,363 million

1-year growth rate: 2 percent

Personnel Highlights

Number of employees: 110,453

1-year growth rate: 17 percent

Lazard LLC

121 Boulevard Haussmann
75382 Paris Cedex 08, France
Phone: 33-1-4413-01-11

U.S. Headquarters:
30 Rockefeller Plaza
New York, NY 10020
Phone: 212-632-6000

www.lazard.com

Lazard, the biggest remaining private investment bank on the Street, is a full-service investment bank, operating in areas including securities origination, sales and trading, research, asset management, and investment banking. Its reputation in M&A and corporate restructuring advisory is the bank's biggest strength. Bruce Wasserstein, a legend on Wall Street, has been CEO since 2002.

Currently the firm is considering going public, at Wasserstein's urging; analysts have given the bank a valuation of between $3.5 billion and $4.1 billion.

Lazard is known for having an entrepreneurial, nonhierarchical culture. In other words, if you need to be managed to be at your best, or you want a clear career path, there are other places that might be a better fit for you.

In North America, Lazard recruits MBAs for associate programs on-campus at Haas, Columbia, Harvard, Stanford, University of Chicago, and Wharton. It also recruits undergrads for analyst programs at University of California—Berkeley, Claremont McKenna College, Columbia, Florida A&M, Georgetown, Harvard, Northwestern, Howard, McGill, Princeton, Queens College, Stanford, University of Chicago, University of Illinois, University of Michigan, Notre Dame, University of Virginia, Wellesley, Penn, and Yale. If you're an experienced candidate, check Lazard's website for information on opportunities and how to apply for them.

Key Facts

- Has about 550 banking professionals and about 2,500 employees overall.
- Various arms of Lazard merged into a single organization in 2000. Its resulting one-firm structure allows for greater cross-border collaboration than was possible before the merger.
- In the United States, has offices in New York, Chicago, San Francisco, Los Angeles, Houston, and Atlanta.

Key Financial Stats and Personnel Highlights

Not available.

Lehman Brothers Holdings Inc.

745 Seventh Avenue
New York, NY 10019
Phone: 212-526-7000
www.lehman.com

Overview

Traditionally one of the bulge-bracket firms, Lehman Brothers went through a troubled marriage to American Express in 1989; it was spun off from Amex in 1994. Curiously, the firm started out in 1850 as a dry goods store in Alabama and quickly became a force in the cotton industry. The firm is known for its excellence in fixed-income underwriting and research but is also strong in other areas. Lehman has put in strong performances in some recent years, but it doesn't have the size or clout of some of its rivals. In the first half of 2004, Lehman ranked sixth in M&A, sixth in debt underwriting, and sixth in global debt, equity, and equity-related proceeds.

The firm is currently beefing up its Hong Kong operations, in anticipation of ample financing and equity origination opportunities in the region, and expanding its European derivatives capabilities. In April 2004 it announced that it is looking to acquire overseas banks and investment companies, and that it plans to expand its European operations.

While other banks have been making heavy cuts in their research departments during the business and market slowdown of the past few years—as well as company and industry coverage—Lehman has been less aggressive in trimming research positions. As a result, while other banks are responding to the pick-up in the economy by making lots of research hires, landing a research position at Lehman is going to remain extremely difficult.

Lehman has associate and analyst summer and full-time programs for MBA and other grad degree candidates and undergrads. Check its website for recruiting contacts, information on how to apply, and whether Lehman recruits on your campus, as well as information for experienced candidates.

Key Facts

- In 2002, the firm was one of a number of major banks paying between \$80 million and \$125 million as part of a \$1.335 billion settlement with regulators for research misdeeds.
- Chosen by California to lead management of its \$15 billion bond offering, which will be the largest Lehman has ever handled, worth double the amount of the previous largest bond offering lead managed by the firm.
- Lehman has a reputation of being a bit less white-shoe (i.e., less formal) than most other banks and a bit more street-wise than those banks.

Key Financial Stats

2003 revenue: \$17,287 million

1-year growth rate: 3 percent

Personnel Highlights

Number of employees: 16,200

1-year growth rate: 31 percent

Merrill Lynch & Co., Inc.

4 World Financial Center
250 Vesey Street
New York, NY 10080
Phone: 212-449-1000
www.ml.com

Overview

Merrill was founded in 1914, when Charles Merrill opened the first U.S. retail brokerage firm, winning his company the nickname "the firm that brought Wall Street to Main Street." He was joined a year later by his friend Edmund Lynch.

In recent years, the company has worked to increase its presence in the global marketplace. The firm's strength lies in its vast retail brokerage network and large asset management business, as well as its position near the top of the global underwriting and advisory league tables.

All has not been rosy for Merrill of late. Poor performance has forced the firm to drop thousands of employees over the past several years. In 2002, the firm was forced to pay $100 million to New York State after evidence supporting allegations of fraudulent stock recommendations by Merrill research analysts came to light. Also in 2002, the firm was one of a number of major banks paying between $80 million and $125 million as part of a $1.335 billion settlement with regulators for research misdeeds. In 2003, the firm was charged by the SEC with helping Enron fraudulently pump up its profits in 1999, and Merrill agreed to pay $80 million to settle.

Merrill recruits undergrads for positions in debt, equity, and relationship management; investment banking; private client; credit; investment management; services and operations; technology; and accounting and finance. It hires MBAs into debt, equity, investment banking, private client, private wealth, research, and business development. If you're a student, check with your career center to see whether Merrill Lynch holds on-campus interviews or resume drops at your school and whether the center has an application procedure that you must follow in addition to completing the firm's online application. Experienced candidates can apply for jobs at the Merrill website.

Key Facts

- Rumor has it that Merrill may sell some or all of its $513 billion investment management business. Companies that moved into investment management, looking at the business as a way to add a predictable revenue stream, are now looking at getting out of the business, citing increased regulatory scrutiny.
- Reportedly considering making a $2 billion acquisition of energy trader Entergy Koch LLP.
- Ordered to pay $2.2 million after an arbitration panel found the firm guilty of discriminating against female stockbrokers in April 2004.

Key Financial Stats

2003 revenue: $27,745 million

1-year growth rate: –2 percent

Personnel Highlights

Number of employees: 48,100

1-year growth rate: –6 percent

Morgan Stanley

1585 Broadway
New York, NY 10036
Phone: 212-761-4000
www.morganstanley.com

Overview

Morgan Stanley is one of the leading firms in underwriting, retail distribution, and asset management. Indeed, in the first half of 2004, the bank was ranked first in global equity and equity-related proceeds, global IPO underwriting, and global debt underwriting and second in U.S. completed M&A business.

Morgan Stanley was formed in 1935 after the Glass-Steagall Act forced banks to cease underwriting and other investment banking activities, when Henry Morgan and Harold Stanley left J.P. Morgan and established a separate I-banking firm. A 1997 merger with Dean Witter gave Morgan Stanley access to that company's extensive retail brokerage business. In 2002, the firm was one of a number of major banks paying between $80 million and $125 million as part of a $1.335 billion settlement with regulators for research misdeeds.

Morgan Stanley hires undergrads and MBAs around the globe for programs including equity research, fixed income, IT, investment banking, investment management, public finance, and strategic planning. For more information, check www.morganstanley.com/careers/recruiting/programs/index.html. While there, you can check whether Morgan Stanley recruits at your campus and apply for programs online if it doesn't.

Key Facts

- More than 600 offices in 27 countries.
- Settled for $54 million in July 2004 over charges by the Equal Employment Opportunity Commission that it engaged in gender discrimination; specifically, that it denied women promotions and raises and subjected them to groping, crude sexual comments, and the likes. The *Wall Street Journal* reported on June 2, 2004, that the firm tried to silence witnesses in the case via cash settlements.
- In 2004 tentatively agreed to pay $40 million to settle SEC charges over improper IPO allocation practices.
- In 2003, reached $50 million settlement with SEC over charges that it offered sales incentives to staff to sell Morgan Stanley funds and variable annuities; in 2004, the firm faces a civil suit over the same charges.
- Expanding operations in Russia in 2004, despite the shaky economic climate in that country, and plans to make 40 hires as part of the effort.
- Purchased portfolio risk management firm Barra Inc. and U.K. property firm Canary Wharf in 2004. Hopes that Barra's products will differentiate Morgan Stanley from competitors and boost its institutional equities and prime brokerage businesses.
- Announced plans in March 2004 to physically separate research staff from fixed-income sales and trading staff in order to avoid conflicts of interest.
- Expanded foreign exchange business in 2004.

Key Financial Stats

2003 revenue: $34,933 million

1-year growth rate: 8 percent

Personnel Highlights

Number of employees: 51,196

1-year growth rate: –8 percent

Piper Jaffray Companies

800 Nicollet Mall, Suite 800
Minneapolis, MN 55402
Phone: 612-303-6000
www.piperjaffray.com

Overview

Piper Jaffray is a full-service investment bank serving the middle market. It offers investment banking, securities underwriting, mergers and acquisitions, institutional equity sales and trading, and equity research services. Piper Jaffray's two main lines of business are private client services and capital markets; its investment research group supports both. Piper Jaffray also has a private capital group, which offers investment funds to institutions and high-net-worth individuals, and a venture arm that focuses on health-care investments.

In 1913, H. C. Piper Sr. (the grandfather of the firm's current vice chairman) and C. P. Jaffray formed a commercial paper company called Piper, Jaffray & Co. In 1917, Piper, Jaffray merged with George B. Lane & Co., another commercial paper business, started in 1895, to become Lane, Piper & Jaffray. Over the years the firm branched into a variety of other business areas, until it became a full-service investment bank. In 1997, the firm was acquired by U.S. Bancorp; at the end of 2003, it once again became an independent entity, when it was spun off by U.S. Bancorp.

Piper Jaffray believes the middle market is attractive due to the fact that investment banking industry consolidation has resulted in fewer smaller banks focused on middle-market corporate clients.

With the funds raised by the public offering of Piper Jaffray shares, the firm is engaged in a major expansion effort. In the first half of 2004, the firm made steps to build its research capabilities by adding analysts in the health-care, specialty finance and insurance, credit card, commercial and consumer finance, and mortgage REIT sectors. (Look for Piper Jaffray to try to chase new banking business in these areas.) In addition, the firm has hired new technology bankers and new fixed-income sales and trading professionals.

The bank recruits for investment banking and research positions. It offers summer investment banking internships to undergrads and MBA candidates. It recruits undergrads and MBAs at University of California—Berkeley, UCLA, University of Michigan, University of Minnesota, and Stanford; MBAs at University of Chicago, Kellogg, and Wharton; and undergrads at University of Colorado, Duke, University of Illinois, University of Iowa, University of Kansas, Macalaster College, Notre Dame, University of St. Thomas, University of Texas, and University of Wisconsin—Madison. If Piper Jaffray does not come to your school, or if you're an experienced job candidate, contact the firm directly.

Key Facts

- In the first quarter of 2004, Piper Jaffray revenue clocked in at $209 million, up from $162 million in the first quarter of 2003.
- Spun off as a newly traded public company by U.S. Bancorp on December 31, 2003.
- Equity research covers some 400 companies; fixed-income research covers some 100 companies.
- Has locations in London, New York, Chicago, San Francisco, and Menlo Park in addition to Minneapolis.

Key Financial Stats

2003 revenue: $702 million

1-year growth rate: 6 percent

Personnel Highlights

Number of employees: 2,992

1-year growth rate: 3 percent

UBS Investment Bank

1/2 Finsbury Avenue
London EC2 M2PP, United Kingdom
Phone: 44-20-7567-8000

U.S. Headquarters:
677 Washington Boulevard
Stamford, CT 06901
Phone: 203-719-3000

www.ibb.ubs.com

Overview

UBS Investment Bank is part of UBS AG, which is the world's largest private bank. UBS AG is based in Switzerland, so UBS Investment Bank has a wealth of valuable European and other international connections. The current incarnation of the firm was created through a series of acquisitions, starting with Swiss Bank Corp.'s purchase in the 1990s of O'Connor & Associates, an equity-derivatives trading firm in Chicago. SBC next bought SG Warburg, a London- and New York–based investment bank. Next, SBC acquired Dillon Read, a small, distinguished U.S. investment banking firm, to increase its presence in the United States. In 1998, SBC merged with the Union Bank of Switzerland. And finally, in 2000, Paine Webber was added to the fold, enhancing UBS Warburg's distribution capability as well as its business with high-net-income individuals.

The investment bank operates in three main areas: equities, investment banking, and fixed income, rates, and currencies. Its equities business has membership on 82 stock exchanges in 31 countries, and has a physical presence in 40 cities around the world.

The equity research group's 700 analysts around the world follow some 2,900 companies, as well as producing economic, strategy, and derivative research. The investment banking group advises clients on mergers and acquisitions, strategy reviews, and restructuring. It's known for expertise in cross-border mergers and acquisitions and capital raising strategies. The fixed income, rates, and currencies group employs some 2,200 professionals and operates in major markets around the world. UBS is especially strong in foreign exchange.

The bank is a major player in Europe. Indeed, a 2004 poll of European companies by the Institutional Investor Research Group named UBS the best investment bank for equity transactions. And in recent years, it's been growing its U.S. business. It was recently crowned the number-one U.S. equity bookrunner for 2003 as part of The EuroWeek Awards.

Key Facts

- Expecting big results from the Asian markets in coming years and allocating resources accordingly.
- During the first half of 2004, the research group was named by *Institutional Investor* as the number-one research firm in Emerging Markets in Europe, the Middle East, and Africa; number one in the All-Asia research survey; and number one in *I.I.*'s All-Europe research survey. It also came in second on the *Wall Street Journal*'s Best on the Street research survey and in *Institutional Investor*'s All-Japan research survey. And it came in first in the 2004 *Institutional Investor* All-Europe poll in sales, trading, and execution.
- Number one among investment banks outside the United States in terms of its share of the investment banking fee pool, and the fastest growing in the United States.
- Has the largest FX business in the world, by market share, and finished number one in the 2003 Euromoney FX poll for the second year in a row. It also ranked third in the United States in the 2003 *Institutional Investor* fixed-income sales and trading rankings.

Key Financial Stats

2003 revenue: $10,430 million

1-year growth rate: 30 percent

Personnel Highlights

Number of employees: 15,500

1-year growth rate: –3 percent

Other Firms

Firm	Headquarters	Website
Adams Harkness	Boston	www.adamsharkness.com
Allen & Company	New York	n/a
Brown Brothers Harriman & Co.	New York	www.bbh.com
C.E. Unterberg, Towbin	New York	www.unterberg.com
CIBC World Markets Holdings	Toronto	www.cibcwm.com
Daiwa Securities Group	Tokyo	www.daiwausa.com
Dresdner Kleinwort Wasserstein	London	www.drkw.com
Fox-Pitt, Kelton	New York	www.foxpitt.com
FTN Midwest Research	Cleveland	www.midwestresearch.com
Greenhill & Co.	New York	www.greenhill-co.com
Hoenig	Rye Brook, NY	www.hoenig.com
JMP Securities	San Francisco	www.jmpsecurities.com
Keefe, Bruyette & Woods	New York	www.kbw.com
Legg Mason	Baltimore	www.leggmason.com
McDonald Investments (KeyBanc Capital Markets)	Columbus, OH	www.mcdinvest.com
Merriman Curhan Ford & Co.	San Francisco	www.merrimanco.com
Morgan Keegan & Co.	Memphis	www.morgankeegan.com
Needham & Co.	New York	www.needhamco.com
Nomura Holdings	Tokyo	www.nomura.com
Oppenheimer Holdings	Toronto	www.opco.com
Prudential Equity Group	New York	www.cm1.prusec.com
Ragen MacKenzie Group	Seattle	www.ragen-mackenzie.com

Firm	Headquarters	Website
Raymond James Financial	St. Petersburg, FL	www.rjf.com
RBC Dain Rauscher Corp.	Minneapolis	www.rbcdain.com
Robert W. Baird & Co.	Milwaukee	www.rwbaird.com
Roth Capital Partners	Newport Beach, CA	www.rothcp.com
Ryan Beck & Co.	Livingston, NJ	www.ryanbeck.com
Sanders Morris Harris Group	Houston	www.smhgroup.com
Sandler O'Neill & Partners	New York	www.sandleroneill.com
Sanford C. Bernstein & Co.	New York	www.bernstein.com
Schwab Soundview Capital Markets	Jersey City	www.schwabsoundview.com
SG Cowen & Co.	New York	www.sgcowen.com
Sidoti & Co.	New York	www.sidoti.com
Stephens Inc.	Little Rock	www.stephens.com
Stifel Financial Corp.	St. Louis	www.stifel.com
Sun Hung Kai & Co.	Hong Kong	www.shkco.com
SunTrust Robinson Humphrey	Atlanta	www.suntrustrh.com
SWS Group	Dallas	www.swsgroupinc.com
TD Securities	Toronto	www.tdsecurities.com
The Advest Group	Hartford	www.advest.com
Thomas Weisel Partners	San Francisco	www.tweisel.com
Wachovia Securities	Richmond, VA	www.wachoviasec.com
Wedbush Morgan Securities	Los Angeles	www.wedbush.com
William Blair & Co.	Chicago	www.williamblair.com
WR Hambrecht + Co.	San Francisco	www.wrhambrecht.com

The Workplace

- Lifestyle
- Culture
- Hours
- Workplace Diversity
- Travel
- Compensation
- Vacation and Perks
- Training
- Career Path
- Insider Scoop

Lifestyle

If you talk to people in the industry about what they really do, you'll find that the life of an investment banker is both more mundane and more demanding than Hollywood filmmakers would have us believe. No matter what area of an investment bank you join, you'll need to make a substantial commitment to your work. But the particular nature of that commitment will vary according to the department you join.

Work in trading generally revolves around the daily cycle of the market and is relatively predictable. The days start early and the work can be intense while the market is in session. The trading day, however, usually finishes shortly after the markets close. As a result, it actually is possible for people in this area to make plans to get together with friends in the evening.

By contrast, investment banking (CorpFin, M&A) revolves around the deal of the moment and can be completely unpredictable. When a deal is hot, everybody on the team will be expected to put all plans on hold and grind away until the work is done. Before the champagne corks start popping, there's a lot of heavy-duty quantitative analysis and extensive back and forth with the attorneys.

There is one tenet you'll need to accept right off the bat: In the minds of most investment bankers, there is no such thing as a personal life. "You have to be willing to make this your top priority," says an insider. "I'm single, and it's tough to start dating when you're working these hours and traveling to Jakarta. It's not like I'm working 100 hours every week, but at a moment's notice, I could fly to Albuquerque for 3 days. I was seeing someone last fall and had to cancel a number of dates, and she must have thought, 'This guy is bailing on me. He can't be gone at 2:00 a.m. that many times in a row.'"

By choosing one of the best-paying careers right out of school, you are also opting to forgo most social activities your friends will be enjoying (though likely with smaller paychecks). Everyone you work for will expect you to be available almost 24 hours a day, 365 days a year. Don't even try to weasel out of an emergency call back to the office with some lame excuse like, "Gee boss, it's my anniversary, and I have these tickets for a Broadway show. . . ." If that's a problem—and many decide that it is, either before they start or after a year or two—there are plenty of other jobs WetFeet can help you research and plan for.

Culture

Investment banks are filled with young, hardworking, intelligent people. Some find that they're also filled with arrogant, master-of-the-universe know-it-alls. So be prepared for the possibility of a few nightmare colleagues who may try your patience. And prepare to be surrounded by people whose primary motivation in choosing their career was money. Indeed, a recent study by management professor Peter Cappelli and executive search firm Spencer Stuart found that 73 percent of investment banking professionals surveyed said getting rich was their primary career objective, and just 14 percent said they'd stay in the industry if they couldn't. These are people who believe that a quality life necessitates getting the best that money can buy—whether it's your car, your kitchen appliances, or your vacations.

Beyond that, culture depends on the firm and your particular group. Your managing director (MD) sets the tone. Some firms, such as Goldman and Merrill, are renowned for their team ethic. (They are also sticklers for fairly conformist behavior.) Others have more of a "star system" that encourages individuals to shine on their own—or be cut from the team. Such an environment is often labeled "entrepreneurial," but the word has a very different meaning within a huge corporate structure than it does at a hungry start-up.

A number of the big players, including Goldman and Morgan Stanley, have long been known as "white-shoe" firms, while Merrill Lynch is known as the firm that "brought Wall Street to Main Street," and it tries hard not to be as elitist.

Your ability to adapt to the culture of a firm may determine whether you sink or swim. Therefore, in gauging your interest in a firm, a particular function, or a group, it's important to think carefully about what aspects of a job matter most to you.

Hours

People who work on the Street tend to work a lot and also tend to exaggerate how much time they actually spend working. For example, one insider claimed to work 110-hour weeks "regularly"—which works out to 15-hour days, 7 days a week. But even taking some exaggeration into account, the young minions of investment banking work an enormous number of hours, especially compared to just about anybody else right out of school. "My attitude going in for the first 3 years is that I want to be working long hours and learning as much as I can," says an insider. "I don't consider [90 hours per week] to be bad at all."

Within a bank, the hours do vary from department to department. They also vary depending on the time of year, the amount of new business a firm is generating, and the bull/bear market cycle. Employees in investment banking/corporate finance work the longest hours. According to insiders, 80-plus hour weeks are the rule rather than the exception, and most people spend at least 1 weekend day at the office. Nearly all employees can tell war stories about periods when they virtually lived out of a briefcase and didn't see the insides of their own apartments for days on end. "Equity research is more civilized than banking, but it's still a lot of hours," says a research analyst, who told us that the associates at his bank work all night on a weekly basis. "I pull very few all-nighters. But you have to be a senior vice president before you start going home at a reasonable hour."

On the sales and trading side, the market drives the hours. When the market's in session, you're on. That means that sales and trading staff arrive at the office early enough to review all the news and overnight developments before the opening bell and then work intensely until the closing bell. According to our insiders, this makes for about a 60-hour week. One special note for those interested in doing their sales and trading out of a West Coast office: You'll need to be up and running full steam by 5:00 a.m. at the latest, but then you'll usually be out the door by 2:00 or 3:00 p.m. Your afternoons will be free, but no one will be around to play with you.

Workplace Diversity

The investment banking stereotype is the WASP male who attended a prep school and an Ivy League college and who knows of no other stores but Brooks Brothers and L.L. Bean. The stereotype is and isn't true. Says an insider, "You don't see a lot of black people and you don't see a lot of Latinos, but there are a lot of Asians. All of the top people are white men." On the other hand, firms have an interest in changing, although most firms are highly evasive when discussing specifics. Two factors are leading the change: The first is that firms have realized they can be more effective if they look more like their clients, and more and more Fortune 500 companies have diverse management teams. Second, many departments at investment banks are meritocracies, particularly at lower levels and on trading desks. There is a glass ceiling, but it is getting thinner. Still, this remains an issue for the industry: Merrill Lynch, Morgan Stanley, and Salomon Smith Barney (now Citigroup's Corporate & Investment Bank) have all faced sex-discrimination charges in recent years—and in 2004 Morgan Stanley paid $54 million to settle a gender discrimination suit. But if you bring in the clients, make winning stock picks, generate commissions, and get deals done, your gender or skin color shouldn't hold you back too much. After all, two of the most prominent people on Wall Street are women: Abby Joseph Cohen of Goldman Sachs and Mary Meeker of Morgan Stanley.

As for family-friendly practices, well . . . anyone in or considering a two-career family should keep in mind that the long hours and high travel demands of most investment banking jobs can make a tough balancing act even tougher. As a result, the higher ranks seem to be populated mostly by men with stay-at-home wives raising children. Your boss might not understand that you need to be at your daughter's school because your wife is out of town on a business trip. Generally speaking, corporate finance has the most demanding hours and travel requirements, while trading has the least (in terms of the investment banking industry).

The bottom line on gender and other diversity issues is that Wall Street is more open now than at any time in its history, but it still has a ways to go.

Travel

Travel requirements in investment banking can be significant, especially on the banking side of the business. Unlike management consulting, however, where a consultant may take the same flight to Kansas City every Monday morning for 6 months and the same flight back home every Thursday evening, in investment banking most people tend to make shorter, less predictable trips. People in corporate finance, for example, may travel to visit prospective client offices or facilities. Or they might go on road shows, during which a team of bankers and client executives hit as many as 20 cities in a period of 8 to 10 days to "shop" an upcoming issue. Salespeople and traders visit clients, and research analysts visit companies and institutions around the globe. Get yourself a passport if you don't already have one, because more than one investment bank employee has been ordered to be on the next flight to London (including one trading assistant we know who had to courier IPO papers).

The good news? You'll get to stay in nice hotels, your firm may pay for business class, and you will collect so many frequent-flyer miles that you may never pay for a plane ticket again. One research analyst told us that 1 year he put 100,000 miles on his frequent-flyer account for one airline and 50,000 on another. "And that was with no travel to Asia and almost none to Europe." Insider tip for the mileage-rich who can't bear to get near an airport on that rare day off: Plane tickets make great wedding and graduation presents.

Compensation

All right, like any good banker you want the bottom line. Exactly how much are these guys going to pay you to sign your life away? We'll get to the numbers in a minute. But before we do, there are several things to keep in mind. First, salaries at investment banks, even for nonprofessional staff, almost always consist of a base salary plus a fiscal year-end bonus. Second, bonuses are determined at the end of each year and are based on the performance of Wall Street, as well as the performance of your firm and department and your contribution to them. Third, base salaries tend to be relatively low at the entry level (well, let's say moderate), and bonuses are discretionary. As a result, your take-home pay from year to year can go through swings of more than 100 percent, especially when you move up in seniority.

One other useful point: Firms often have different methods of calculating employee bonuses. Some allocate a portion of profits to a particular department while others may divvy up the proceeds among the departments according to performance. Others may use a commission structure based on revenue instead of profits. Some firms are more generous than others with regard to bonuses, and policy can change, too.

Because of the tremendous decline in investment banking revenues over the past few years, bonuses have plummeted. Indeed, investment banks have cut bonuses by as much as 60 percent over the last several years.

Due to scrutiny of research-analyst compensation, research analysts are almost certain to see their total compensation level off or fall in coming years. During the boom years, many research analysts received bonuses based on the amount of banking business they attracted to their firms. Due to concerns about conflicts of interest in research, banks are separating research bonuses from underwriting and other banking business results.

A final note: Investment banking opportunities, of course, exist outside the bulge bracket and outside New York. If you go to work for a boutique or regional bank, don't be surprised if your compensation is not as hefty as that of your bulge-bracket peers.

Undergraduates

In the bulge bracket, starting salaries for undergrads average $45,000 to $55,000. In the boom times of the late 1990s, year-end bonuses for analysts usually fell within a range of $10,000 to $20,000; that ended as soon as the bottom dropped out of the markets. Now, as the United States moves out of recession, bonuses are on the rise, but you probably wouldn't notice much of a difference. We know this isn't what you want to hear, but it's better to know up front what can happen when the market loses steam.

MBAs

Pay increases of 30 percent were reported for 1999 and 2000, but those days are over. Recruiting competition from dot coms is practically nonexistent today, and consulting firms' recruiting efforts have been in a nosedive, while at the same time investment banks are hiring fewer MBAs. As a result, salaries have flatlined. Still, at bulge-bracket banks, MBAs from top-tier B-schools should start at around $85,000 in base salary, plus a signing bonus in the low $20,000s. Any year-end bonus will be contingent on what the market does in the second half of the year.

Summer Hires

Dreading another summer of being the office flunky—fetching coffee and smiling and filing, all for a measly wage? Well, have no fear. It isn't like that for summer interns at investment banks. Many firms use intern programs to attract future analysts and associates, offering challenging work and substantial pay to college sophomores and juniors in hopes of being at the top of their lists come recruiting time. Successful interns at some firms reportedly earn up to $1,200 a week. The price tag for this juicy summer salary is often your social life; some interns report working 70 to 80 hours a week.

On the other hand, successful interns have a better shot at landing a full-time spot after graduation.

Vacation and Perks

What vacation? Are you kidding? Actually, it's rumored that most investment banks offer employees at least 2 or 3 weeks of vacation a year. However, you'll have a hard time taking it all. Moreover, no matter where in the world you go, you can expect to have to check your voice mail multiple times a day and be ready to drop all plans and take the first flight back to New York at a moment's notice. (You might start preparing your potential vacation partners for this as you get ready to interview.)

Do you relish the thought of unlimited long-distance calls, free take-out dinners at the office, and a prepaid limo back to your apartment at 3:00 a.m.? These are regular perks in the world of investment banking. But don't expect a luxurious office. "It's amazing to me that you can go into the office of someone you know is making more than a million a year and it's no bigger than that of an insurance agent," says an insider who made the switch from another industry. Employees may usually set up any investment or other type of financial account with the firm without the usual fees—in fact, you are usually required to do so.

Training

Given the highly technical, jargon-laden nature of jobs in an investment bank, the training program is critical for most people. The specifics of training programs vary from department to department and firm to firm. Many resemble a mini B-school experience, with case studies, work projects, lessons, and post-case discussions, all designed to help new employees better understand how the bank functions. Some banks conduct their programs, which may last anywhere from a few weeks to several months, in a highly structured classroom setting. Others start people off with a few classes and then let them do a lot of on-the-job learning. Another difference between firms: Some training programs take a generalist approach; others a specialist approach. That is, some firms use the training period to give you experience on as many desks in as many divisions as possible, so that you (and the bank) can determine where you fit best when it comes time to commit to a group. Other firms start you off in one group (with any luck, one of your top choices) and focus most of your training in that area; then, if you're not happy in a few months, you can ask to try something else.

Your training will almost surely include help in preparing for the NASD's licensing exams. The basic Series 7 General Securities license is required for most people who will be involved in selling securities, including corporate finance and research professionals as well as salespeople and traders. Take these seriously; you may be given a limited number of chances to pass (and you will probably have to do most of the studying on your own time). A caution against lying: Your fingerprints will be taken and will be checked by the NASD as part of the registration process. We know of a mutual fund employee who lost her job when her prints were run and it turned out that she had been convicted of felony shoplifting—on her job application, she said she'd never been convicted of a crime.

Career Path

Opportunities for Undergraduates

All investment banks are looking to hire the best, the brightest, and the most motivated undergraduates they can find, because the work is very, very demanding. Undergraduates are usually hired as analysts. Note the derivations of that word: anal + yst. Anal is important because you have to cross all of your *T*s and dot all of your *I*s carefully and twice. Banks typically hire undergraduates with some background in accounting, finance, or economics, because those majors teach you many of the basics you'll need and demonstrate your interest in the industry. However, if you're an engineer or a liberal arts major from a top school, you'll find yourself in good company on Wall Street, too. Just be sure you can present a strong case for what you have to offer and why you are interested in the bank you are courting.

Opportunities for MBAs and Other Advanced-Degree Holders

Each year investment banks hire significant numbers of MBAs from programs across the country. Although the banks also take people with advanced degrees in economics, law, math, computers, and other less obviously related fields, it is less common for people to enter investment banking midcareer. If, after a few years elsewhere, you suddenly realize that investment banking is your true calling, chances are you'll have to start on the ground floor with all of the newly graduated MBA recruits. One possible exception: People with wide industry experience or specific skills (or a Rolodex full of rich and powerful connections in government or industry) may be able to fill a specialized function, such as research analyst or product specialist, higher up within a firm. Although a pedigree from a top university may help you get a foot in the door, becoming a partner or managing director depends much more on your performance and endurance. In fact, insiders tell us that people from lesser-known institutions often outperform people from brand-name schools. As one ex-banker says, "You gotta really want it to give up your life the way they want you to. The people who came out of second-tier schools and worked hard enough to get a spot with a firm are often the hungriest."

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The career trajectory of an investment banker usually follows one of two paths. Those who grind away on the career track move from associate to VP to managing director over the course of 4 to 8 years. Others will tire of the work, put in enough time to collect a bonus or two, and then leave the industry (or be fired). Investment banking experience can open many doors to future opportunity. "You certainly have a great Rolodex when you're done," says one insider. "You can go work with a company, with venture capital, with funds on the buy side, or you can go off and write a novel."

Although it is very common for people to move around the industry, insiders recommend that new MBAs spend several years with their first firm, to establish a track record.

Insider Scoop

What Employees Really Like

Experience

The world of high finance is, like New York City itself, fast-paced, high-energy, and go, go, go. This is no place for loafers. It's also no place for the sensitive, hesitant, or meek. Insiders tell us that the experience you gain in investment banking comes at twice the speed of that acquired in many other professions. This may be due in part to the fact that investment bankers put in twice as many hours as those in other professions, but other factors are involved as well. There may be times in your first year when you are juggling four projects, for four different people, at once. "You work with lots of different personalities, fight a lot of fires, and get a crash course in time management," one insider says. Furthermore, you may have the opportunity to meet and interact with the CEOs and CFOs of major public corporations. Be on your best behavior. It's not uncommon for an impressive young investment banker to be recruited into a client's finance or business development department.

Education

Many insiders tell us that the education and skills you gain in investment banking are invaluable. There is no better way to learn about finance, the inner workings of Wall Street, and how the business world generally works. When you read a headline stating that IBM is acquiring a hot new software developer, you can be sure a team of investment banking analysts is grinding out spreadsheet model after spreadsheet model to tell IBM how much it should pay and what return it will get on the investment. Those analytical skills, in conjunction with the introduction investment banking gives you to the world of finance, provide a great launching pad for almost any career path you may ultimately choose. Just don't get used to the big paycheck.

Money

Okay, let's face it. You're not considering a career in investment banking because you want to save the world. You have the rest of your life for that, and you probably won't be spending the rest of your life on Wall Street. If you're an undergraduate or MBA steeped in debt, or you want to be at the top of your peer group in terms of salary, investment banking is a good choice. Even with big-city rents and restaurant prices, you'll almost certainly build up a hefty savings account. While starting salaries and bonus packages are similar in the first 2 years for both consultants and bankers, when business is good investment bankers usually continue up a steep salary curve while consultants do not.

Watch Out!

Hours

Has anyone seen my social life? Being an analyst or associate at an investment bank is like being a doctor on call. This doesn't just mean that you'll regularly be working 60 to 80 hours a week. It means canceling vacations, receiving phone calls between 4:00 and 6:00 a.m., and, probably worst of all, just when you're wrapping up your mellow day around 6:00 or 7:00 in the evening, having the new hotshot banker come over and add an urgent item to your to-do list. And hotshot needs it before tomorrow's 8:00 a.m. flight to Chicago. You go back to your desk, order dinner, and settle in for the night. In the banking business, your life comes second to your job. Though this varies both by firm and by department, insiders tell us that you can generally plan on working at least 12-hour days—and count yourself very lucky if that's all you do.

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The politics and personalities in investment banking are not the easiest to deal with, particularly as an analyst. First-year analysts often deal with hazing, practical jokes, and the worst assignments.

Three Ps

Investment banking revolves around the three Ps—power, politics, and personalities. Most of the investment bankers you'll work with will be hardworking, goal-oriented young people like you, but when you have a lot of motivated, competitive Type As jockeying for their shares of the year-end bonus pot, political skirmishes are bound to erupt. Here's what one of our undergraduate insiders says: "The politics and personalities in investment banking are not the easiest to deal with, particularly as an analyst. This is ultimately why I left investment banking. First-year analysts often deal with hazing, practical jokes, and the worst assignments. (MBA-laden associates are generally excluded.) Second-year analysts often delegate their own grunt work to the first-years and horde the more interesting and challenging work. And management often doesn't manage; life is the deal, and everything else is secondary. You don't move up the ranks of an investment bank because you are a good manager, but rather because you work hard, understand finance, and bring in deals."

One insider from a non-top-tier business school tells us that some firms can get arrogant about whom they interview. If you run into a firm that interviews candidates only from top-tier schools and you're not, consider it a reason to think twice about working there. "If management is a bunch of Harvard guys, you have to wonder how many jokes you'd have to take about not attending Harvard. And what are the odds the choice assignments would go to a Harvard guy?" Others, however, tell us firms are easing up on this a bit.

The Work

It might be sacrilegious to say this in the company of corporate recruiters, but insiders tell us that the work you do as an investment banker is not always interesting. Don't be blinded by dreams of a Wall Street job filled by constant excitement, glamour, and wheeling and dealing. All insiders tell tales of coma-inducing spreadsheet work that would threaten analysts' lives if they weren't jolted back to reality by the endless blinking of their voice-mail lights. In most offices, the assistants go home at 5:00 p.m. or so, and who do you think handles copying and faxing after that hour? Not the senior managing directors, that's for sure. The adrenaline junkie in you ought to be pleased.

Getting Hired

- Recruiting Overview
- The Recruiting Process
- Interviewing Tips
- Getting Grilled
- Grilling Your Interviewer

Recruiting Overview

Being hungry for an investment banking job is at least as important as having a top-tier school on your resume. Wall Street firms see a lot of flashy pedigrees, but what really makes a candidate stand out is enthusiasm and commitment to work.

With fewer job offers available from banks, and increased demand for those offers due to cutbacks in recruiting by consulting firms and most other types of companies, today it's more important than ever to do an internship in the field if you want to break into investment banking. Banks take this as proof that you are dedicated to working in investment banking and as an opportunity to see whether you have what it takes to make it in the business. So make landing an internship a top priority.

In addition, be sure to research the banks you end up interviewing with. With the increased competition for each open position, these days you won't stand a chance of receiving a job offer if you don't know how each bank works and has been performing, or if you haven't networked your way into talking to some of the professionals at the banks you're interested in.

The Recruiting Process

The investment banking recruiting process begins with the scheduling of a first-round interview. While it's true that banks are looking to fill fewer openings in the current difficult economic environment, all of the bulge-bracket investment banks recruit analysts and associates from top colleges and universities across the country, typically in the fall for MBAs and in the winter for undergrads. (Typically, banks make most of their campus hires into their investment banking departments, such as corporate finance or mergers and acquisitions; fewer hires into sales and trading; and fewer hires still into research, though MBAs stand a chance of landing a research job if they have the right skills and demonstrated interest in the field.) If you attend a school at which the big firms recruit, sign up for an on-campus interview. Firms typically fill their schedules through a combination of closed- and open-schedule interviews; if you're signing up under an open schedule, bid a lot of points. Increasingly, investment banks post their schedules and a lot of other very useful information on their websites. Make those websites the first stop in your research. WetFeet also has a rich array of information on investment banking firms and recruiting online at www.WetFeet.com.

The Interview Cycle

Regardless of where your interests lie (sales and trading, research, corporate finance), your first-round investment banking interview will typically be a traditional 30-minute resume review and informal get-to-know-you session. Many of the firms send alumni of schools they recruit at to conduct first-round campus interviews, so interviewers will often be familiar with your classes and school activities. Insiders tell us that your interviewer will be looking for you to communicate two points very clearly:

1. Why you want to go into the investment banking business

2. Why you want a job with this firm in particular

If you make it through the initial round, you'll be invited to second-round interviews in New York (or in a regional office, if that's where you're applying). Second rounds are half- to full-day affairs (often held on a Saturday and called "Super Saturday"), during which you'll be grilled by at least a half-dozen people with varying degrees of seniority. Sometimes you'll be interviewed one-on-one, other times two-on-one. Some firms sit you in a conference room while the recruiters cycle through; others will send you out to meet your interviewers on their turf, whether that's the trading floor or the analyst pit. Don't bother packing a sandwich; you'll probably be taken to lunch by an analyst or associate. Some firms also conduct third-round interviews, which are similar to second rounds, before extending their offers.

Beyond the Ivies

What if you're not currently a student or the big-name firms don't recruit at your school? Well, your job seeking is going to be a little tougher, but you have several options. One is to use your alumni network to identify a colleague within the firm who can serve as your advocate. First, ask lots of thoughtful, informed questions about the firm and demonstrate your commitment to an investment banking career, and then ask for the colleague's advice in pursuing your job search. Perhaps he or she can persuade the appropriate recruiting manager to watch for your resume and find you a spot in the interview cycle. Basically, the name of the game when you're not recruited is to find any way to make your resume stand out from the thousands of others that investment banks receive every week. It's important to be in sync with the firm's recruiting schedule, so be sure to start contacting alumni early in the fall. Most firms fill their new hire rosters by early spring.

The Aggressive Option

Some investment banking insiders have told us that if you're serious about getting a job on Wall Street and the big firms don't recruit at your school, your best bet is to go to them. "You can drop your resume and play, or you can take fate into your own hands and go to Wall Street and kind of load the deck," says an insider who used this strategy to garner seven Wall Street offers. It may cost you a few bucks, but if you land a job on Wall Street, your salary will more than pay back the investment. Schedule a job-hunting trip to New York and set up as many appointments as you can with the firms you're most interested in. Making the effort to arrange interviews and visit the firms on your own demonstrates your commitment to landing a job on Wall Street; anyone can send in a cover letter and resume, but relatively few go the extra mile.

One insider tells us he made regular trips to New York (it helped that he went to school not far from there) for informational interviews. He said people rarely turned down his requests. "The same five people get calls every week. Instead, try for that senior person that most people don't know about. You want that person to write 'good guy' on your resume and forward it on to HR." He says the informational format helped prepare him for his actual job-hunting trip. "By the time you have your first real interview with Merrill Lynch," he says, "you're much more polished. You've been asked those questions ten different times. You have a battle-tested response."

Extra initiative will also be required of all candidates wishing to work with one of the smaller boutique banks. For the most part, smaller firms don't have the recruiting budgets to support an extensive on-campus recruiting program, so you'll have to contact them on your own.

Also, since investment banking is a meritocracy, you may well be able to start in a clerical position and move up. This possibility is most likely in trading and least likely in corporate finance. Be nice to everyone you meet, do a knockout job, and make it clear that you don't want to be the receptionist or mailroom clerk forever. A lot of firms encourage ascent from below, in part because they like the idea of well-scrubbed, nicely dressed college graduates answering the phones. Ace Greenberg, until recently the longtime chairman of Bear Stearns, started in the mailroom. The whitest of the white-shoe firms are probably least open to such back-door entry, whereas smaller and regional firms (and Bear Stearns) are more open.

Honesty Is the Best Policy

Whatever you do, don't lie on your typo-free resume. You may well get caught (finance is a small world), which will pretty much ruin your career on Wall Street forever. Do people do it? One recruiter says, "We once had a guy who claimed he was a Navy SEAL. We checked it out because it seemed so interesting. It turned out he had never even been in the military. Needless to say, we didn't hire him, and we made some calls, and I don't think anyone else did either. You expect a 15 percent exaggeration factor on resumes, but some people just go crazy."

Interviewing Tips

Experienced Wall Street insiders tell us that the recruiting process should begin before your first-round interview. The first step, before you sign up for that interview, is to determine whether you're applying for a corporate finance, sales and trading, or research position. It's true that the content of first-round interviews will be similar in any case. However, insiders tell us that focus on a goal is important, and a lack of focus will earn you a ding. If you're an undergrad, are you interested in being a sales and trading analyst or a corporate finance analyst? MBAs, are you gunning for a research associate position, or is public finance your top choice? Pick one as early as possible, and be sure to clearly communicate your choice to your interviewer.

A great way to learn which area of investment banking turns you on most is to participate in a "Day on the Job" program. When the banks visit your school, ask them about it. Or approach alums from your school or friends already in the business and ask if you can shadow them for a day. (This is a great way to get your foot in the door if you want to work at a firm that doesn't recruit at your school.) Most of the major Wall Street firms have regional offices in which you can spend a day observing traders, bankers, or researchers at work. Even if you don't live near a city in which one of the major banks is represented, visit a smaller bank. If you choose correctly, the work and the atmosphere will be similar. Taking the time to do a "Day on the Job" will not only be highly informative for you, it will demonstrate to your recruiter that you're serious about your job search.

If your recruiter casually asks you, "So, what other firms are you interviewing with?" it isn't a trick question. However, here's a bad answer to this question: "Well, of course an M&A job with your firm is my first choice, but I'm also talking to Lehman Brothers about a trading job and Credit Suisse First Boston about a job in their research group." Remember, focus is important. Pick one area of concentration and stick with it.

An insider tells us not to underestimate the power of this question. "You've got to build momentum for yourself. If you answer with names they've never heard of, they wonder if you're just grabbing at whatever's out there. You need to know the hierarchy of the firms and what it means when you answer that question." If you're serious about a career on Wall Street, you'll be talking to a lot of firms, and your recruiter wants to hear that. The fact that you're talking to other firms is fine. But don't drop names unless you're really interviewing there. "When someone tells me they're talking to Merrill, Goldman, and Lehman, I call my buddies at Merrill, Goldman, and Lehman and ask if they've heard of the guy. We all went to school together and keep in touch," says an insider. "Once you get the really competitive candidate, you stop talking to your buddies, but in the informational phase, we talk across firms a lot."

Your recruiters will be looking for different skill sets depending on the type of investment banking job you're pursuing. One insider who worked in corporate finance after college and pursued a sales position after business school observes that in her corporate finance interviews, the recruiters focused on her analytical skills and experiences, while her sales interviews were more weighted toward evaluating her people skills, particularly those related to negotiation, relationship building, and persuasion.

In a corporate finance interview, the recruiter will be evaluating your analytical prowess. Expect to be asked about relevant coursework (economics, finance, accounting) and professional experiences. Before your interview, walk through your resume and identify an experience or two that required your supreme powers of analysis (even if it was just writing an investment plan for your summer job earnings). One insider says, "Even if you're an undergrad without previous experience in the financial industry, emphasize the analytical aspects of those things you have done."

In a sales and trading interview, demonstrate your ability to persuade. Expect to be asked questions like:

- What kind of sales experience do you have?
- Tell me about a negotiation you've been involved in.
- Convince me to hire you.

All candidates should be prepared to discuss how to value a company. Know which numbers to look for. If you're an MBA, elementary concepts such as discounted cash flow and the weighted average cost of capital should be as familiar as the back of your hand. You should also be prepared to work with a few numbers without breaking into a cold sweat. Undergrads won't be expected to perform quantitative Olympics at an MBA level, but they should be familiar with the basic concepts of valuation. Have a look at WetFeet's *Beat the Street* Insider Guide series for a succinct how-to overview of these and other interview questions as well as a first-person perspective by a student who snagged several job offers.

As stated above, there are two questions you'll certainly be asked in your first-round interviews, and you'll hear them again as you proceed through further rounds:

1. Why do you want to go into the investment banking business?
2. Why do you want a job with this firm in particular?

Our insiders tell us that it's very obvious when a candidate has prepared an answer to these questions before the interview; they typically come off as well-polished and committed. Those who aren't prepared come across as wishy-washy. We're not going to tell you how to answer the first question—you've got to figure that out for yourself (though several tools in this guide can help).

As for the second, know what distinguishes one firm from another. If you're interested in M&A, which firm is on top? A good answer might be, "I want to work for you because you're the best in this category, have been for the last 5 years, and offer the most extensive training program on the Street." Obviously, it's important that this all be true; toward that end, be sure to spend some quality time with the company profiles in this book and with the league tables. For substantive detail, you should also read WetFeet's Company Insider Guides and online company interviews and profiles, and articles on the firms with which you're interviewing.

Wall Street insiders tell us that liberal arts majors have a bit more selling to do to land a finance job. It's not that the banks don't hire English majors, but they hire a lot more economics and finance majors. So if you followed your bliss in college and are now deciding to explore career opportunities on Wall Street, be prepared to demonstrate your analytical skills up front. Play offense, not defense. Tell your interviewer that although you have a liberal arts background, your analytical skills are sharp as a tack because of X, Y, and Z experiences.

Don't forget, all the investment banks are aggressively building their foreign operations, so speak up about any overseas work experience or foreign language skills. Just don't exaggerate. If you claim to speak Japanese, for example, don't be surprised if a native speaker conducts your interview in that language.

Getting Grilled

WetFeet interviewed industry insiders and asked them what questions an investment banking job candidate can expect—and prepare for—before an interview. Here are several representative questions. Be prepared for these, and you'll probably have an easier time with the unexpected material.

- What most excites you about a (corporate finance, research, sales, trading) job?
- What can you tell me about a couple of stocks that you follow?
- Why do you want to work for this bank versus our competitors?
- Who is our competition (in the major categories)?
- Sales/trading: Pretend that I'm a portfolio manager for Fidelity. Explain to me why I should buy the latest IPO the firm has underwritten.
- Research: You've just been hired as our firm's new XYZ industry analyst. In 2 weeks, you're scheduled to address a growth-stock conference on industry trends. How would you prepare?
- Corporate finance: In a merger discussion, Moon Microsystems says Plum Computing is worth $23 per share; Plum says $34 is more in the ballpark. Who's right, and how would you arrive at a valuation?
- Tell me about your leadership experience.
- Tell me about a high-stress situation you've been in. How did you handle it? What could you do better the next time?
- What did the stock market do last week?
- The Fed recently lowered interest rates. Do you think the move will be sufficient to stimulate the stock market? Why, or why not?
- In which areas is our firm the strongest? The weakest?
- What other banks are you interviewing with?
- What career opportunities are you exploring other than investment banking?

Grilling Your Interviewer

You know it's coming: that moment when the interviewer turns to you and says, "Okay, do you have any questions for me?" Ostensibly an opportunity for you to learn about the company and the recruiting process, it's also an opportunity for the interviewer to learn how much you know about the firm, how well you've prepared for the interview, and whether you're really interested in working for the firm. The following are good generic questions that will fit most investment banking interviews. However, you'll want to think of additional ones that apply specifically to the company with which you're interviewing. One important reminder: If you've already covered any of this material in your interview, don't revisit it. You'll appear inattentive and unfocused.

A word to the wise: We've grouped our questions according to our sense of relative risk. Those in the "Rare" section are meant to be boring and innocuous, while those in the "Well Done" section will help you put the fire to your interviewer's feet. But beware: They may also turn you to toast!

Rare

- What kind of person are you looking for? (This question will provide useful information on personal characteristics you should emphasize.)
- What makes a person successful in this business?
- What made you choose this firm over other firms?
- What is a typical career path in the (corporate finance, sales, trading, research) department?
- How much of an analyst/associate's time is spent pitching new business?
- Is there a formal mentoring program for new analysts/associates?
- If I'm a CEO, why would I choose your firm to take my company public?

Medium

- Beyond the league tables, what differentiates your firm from other firms?
- How is an analyst/associate assigned from the generalist pool to a project?
- Can one request specific teams, industries, or product groups?
- How well do the firm's different divisions work together?
- How long does it take most people here to become managing directors? What's the path? Are there specific benchmarks you have to hit?
- What are the firm's biggest challenges and opportunities in the next 2 years?
- What aspect of your job do you find most frustrating?

Well Done

- How has increased consolidation in the industry affected your firm, both positively and negatively?
- If the company has merged: What new business has resulted from the merger? How well have the two cultures mixed?
- If the company has not merged: Do you think the company needs to acquire or merge with a competitor in the near future?
- What percentage of the managing directors are female or minority?
- How would your firm fare relative to the competition if interest rates suddenly skyrocketed? If oil prices plummeted? (Or whatever else you can think of along these lines, to help you gauge how prepared the firm is for future possibilities.)
- How committed is the firm to building its XYZ business? (Investment banks are known to eliminate entire departments when they underperform against expectations, and if you happen to work for one of those departments, that means bye-bye.)

For Your Reference

- Investment Banking Lingo
- Recommended Reading
- Online Resources

Investment Banking Lingo

To become an investment banker, you'll need to talk the talk. While what follows is by no means a complete list of the terms you'll encounter on Wall Street, it's a good start. Some of these might help you in an interview; others won't. Know them anyway.

Bake-off. The meeting where groups of Hermès-tied and -scarved bankers (analyst minions trailing behind, furiously scribbling into Palm Pilots) parade into a company's boardroom one after another to pitch their underwriting or advisory services as the only choice for the company's upcoming deal. Also known as a "beauty contest."

Bulge bracket. Generally defined as the top five to ten full-service investment banks on Wall Street. It is not a fixed set, as firms move into and out of the bulge bracket over time. The name derives from the top bracket on a tombstone ad (see also: Tombstone) in the *Wall Street Journal*.

Bloomberg. Also known as *Pandora's Box* or the *black box*. This funky little computer, used daily by almost every investment banker, is a one-stop shop for a very wide range of company, economic, and market news, provided you can learn its idiosyncratic navigational commands. Bloomberg (the name of the company that sells the service) was one of the first providers of real-time stock quotes, news feeds, and economic reports. Increasingly, other online services are encroaching on its turf, but some banks still prefer Bloomberg's "closed" system and encourage using it in conjunction with other Internet resources. Bloomberg gives you published estimated future earnings for specific companies and can graph performance. It tells you how many shares of the company the president owns as well as the president's salary. It even gives current sports scores, Vegas odds, cartoons, and philosophical quotes about the market.

Buy side and sell side. *Buy side* refers to institutional buyers of securities, specifically asset management firms, mutual funds, and pensions. At an investment bank, you're working on the sell side, providing research and selling securities to investors. Your clients, the investors, are on the buy side.

Chinese wall. The boundaries that separate research, corporate finance, and sales and trading, with the aim of preventing transmission of inside information. The wall may be physical (different departments on different floors of the same building, or trading on Wall Street and corporate finance in Midtown), or it may be an intangible series of procedures to control documents. When a research analyst is finally told of a deal, usually right before it's announced to the public, he or she is "brought over the wall" and becomes restricted from commenting on the stock. See also: Insider Trading.

Comps. Also known as *comparable company analysis* and *competitive pricing analysis*, comps are an endless part of an analyst's work. Comps are spreadsheet models (generally done in Microsoft Excel) that compare the vital financial statistics of companies in the same industry, such as Nike, Reebok, and Converse. Comps help bankers value a company's financial position relative to others in the same industry by comparing data such as current stock prices, earnings, and financial ratios. An analyst can expect to run comps for just about every deal.

CYA. Roughly, "cover your posterior region."

Deals. Deals are deals, but investment bankers are ultimately neither buyer nor seller. For them, a deal is the process and completion of a security issuance or acquisition/merger of a company. The number of deals completed in a year is one of the most important measures of success of both the bank and the individual banker.

Derivatives. The only thing you remember from calculus. A derivative is also a financial instrument with no inherent value other than what it derives from some other underlying asset. For example, one type of derivative is an interest rate cap. Let's say a company has a floating rate loan. In order to manage its interest rate risk, the company might purchase a 7 percent interest rate cap from the issuer for $200,000. The issuer of the cap assumes the risk of an increase in interest rates above 7 percent. If rates exceed 7 percent, the issuer pays for the excess cost owed by the company. If rates stay below 7 percent, the issuer pockets the whole $200 grand. Other types of derivatives include swaps (referring to the swapping of variable- for fixed-rate cash flows) and reinvestment products.

Due diligence. When a bank decides to do a deal for a client, it goes through a process of due diligence, in which the bankers and their lawyers sit down with management and their accountants and ask them every question they can think of that may uncover possible risks. The bank must do this because if it issues a security for a company with undisclosed risks and then the business falters, causing the security to tank, investors could lose a lot of money and the bank could be sued. See also: CYA.

Dutch auction. One of several processes for selling an offering, this one is designed to be highly objective. Interested investors place bids indicating the number of shares they want and the price they will pay. The deal closes at the lowest price at which all the shares would be sold. Bid too low and you don't get any shares (even if you're a Fidelity fund manager); bid too high and you risk driving up the price more than necessary. So far, they haven't caught on.

Face time. This is the time after 8:00 p.m. when you choose to stay at work just because others, particularly senior others, are there, even though you don't have anything to do. The significance of this around bonus time each year is unclear. (Do not ask during your interview how much face time is required.)

Hedge fund. Don't take the name literally. Hedge fund is the term used to describe a private investment partnership. Since they are private, hedge funds (unlike mutual funds that are sold to the public) are not regulated by the SEC and cannot advertise. There are consultants who specialize in reviewing hedge funds and disseminating the information to potential investors. A share of profits/losses is allocated to all partners based on their percentage ownership; the general partner is paid an additional incentive fee.

High yield. High-yield bonds, also called *junk bonds* or *junk*, are bonds to which Moody's or Standard & Poor's gives low ratings. They produce high yields, unless they go into default. See also: Investment grade.

Insider trading. Crack a joke about insider trading around bankers, and you'll certainly be warned that it's not to be taken lightly. As an investment banker, one is privy to a huge amount of information that cannot be acted on. Imagine, for example, that you were part of the team advising IBM in its acquisition of a publicly traded software developer. Knowing that IBM would be offering a 30 to 50 percent premium over the going market price for the company's stock, you could buy a couple of hundred (or thousand) shares of the company and sell them a month later after the deal goes through, making a tidy profit. Unfortunately, this is illegal, and if you're caught, you may be banned from the securities industry for life, fined, and/or thrown in jail. (See the movie *Wall Street* for a Hollywood portrayal of such an event.) See also: Chinese wall.

Investment banker. A term used by outsiders only. If you are in the business, you are a banker. The opposite is commercial banker.

Investment grade. Low-risk bonds, as determined by Standard & Poor's (AAA to BBB) or Moody's (AAA to Baa). Both Standard & Poor's and Moody's provide independent credit ratings, research, and financial information to the capital markets. See also: High yield.

IPO. An initial public offering (IPO) occurs when a privately owned company sells shares of stock to the public for the first time and the shares are then publicly traded through a stock exchange. In 1999 and 2000, being "pre-IPO" was a bigger draw than "dental plan" in *San Jose Mercury News* want ads. In 2003, "dental plan" is more than holding its own.

LBO. Leveraged buyout. This term was more widely used in the '80s, but the activity is still alive and kicking. An LBO happens when a company is purchased using very little equity and a lot of debt. Let's say you buy an ailing automobile for $100, using $10 of your own cash and a $90 loan from your parents. You agree to pay your parents back the full $90, plus 1 percent interest per month until the loan is paid off. You then proceed to sell the wheels for $10 each, the muffler for $8, the stereo and speakers for $25, the engine for $50, the axle and drive train for $17, and the body to the junkyard for $5. You give your parents back their $90 plus 2 months' interest ($1.80), and you still have $53.20 left over, which is a 532 percent return on your initial $10 investment. An LBO is significantly more complicated, but, in general, a corporation is purchased at a low price, its assets are sold off at a much greater value, and the bank in charge makes a handsome profit.

LTM. Last 12 months. For example, a senior banker may say to you, "Get me the company's LTM revenue and earnings numbers."

Lucite. Brand name for a durable clear plastic material, as well as versions of tombstones (see: Tombstone) encased in Lucite that are distributed to members of the deal team. Lucites are highly coveted tchotchkes among bankers, and different firms compete to see which can create the cleverest designs. You may need to keep your pill-shaped, jewel-cut, and working-slot-machine Lucites at home to protect them from covetous coworkers.

M&A. Get used to this shorthand, as virtually no insiders bother saying "mergers and acquisitions."

Make the quarter. When a publicly held company meets or beats an analyst's quarterly or annual earnings estimates.

Municipal bond. Debt issued by local or state government body. Usually the interest is exempt from federal (and sometimes local and state) taxes.

NASD. The National Association of Securities Dealers, the parent company of the Nasdaq Stock Market, is responsible for operating and regulating Nasdaq and other over-the-counter (OTC) securities markets.

Nasdaq. The Nasdaq Stock Market is a decentralized network of competitive market makers, or firms that stand ready to buy or sell securities at publicly quoted prices.

OTC. Over-the-counter securities are those that aren't traded on an organized exchange like the New York Stock Exchange. A broker-dealer will "make a market" for OTC securities.

PE multiple. The price-to-earnings multiple is a very important ratio on Wall Street. It can tell you if a stock is over- or under-valued relative to its historical performance and relative to other firms. To get it, divide the market price of a share of common stock by the earnings per share of common stock for the last 12 months. A forward PE uses estimated earnings in the denominator.

Printer. A company that prints financial documents for a deal. Young bankers and lawyers spend a lot of time here before a deal, checking and rechecking the progress of a prospectus or proxy statement.

Pitch book. Investment bankers spend as much time pitching deals as they do actually working on deals. Every time one of the calling officers (top two or three levels of bankers) goes to a meeting with the management of a potential client, he or she takes along a slide presentation or bound stack (or "deck") of bullet-point pages and charts, which is called a pitch book. It discusses the client's industry and why your bank is the best one for the client to use in any deal it contemplates. The upside of putting together a pitch book? It's one of your initiation rites as an investment banker. Moreover, you'll learn a lot about a company and an industry, and maybe you'll even meet someone cute in the copy center (where you'll be for long, long hours). The downside? Insiders tell us that putting together pitch books can be pretty dull and repetitive, especially for low-on-the-totem-pole analysts. If you're an associate, you'll generally be writing and designing a pitch book, while the undergrad analysts put together the charts and graphs, compile the statistics, and make all of the edits.

Red herring. The preliminary prospectus on a deal. Printed along the side of the front cover, in red ink, is a notice indicating that it is preliminary. A road show (see below) starts once a firm is cleared by the SEC to "print the reds."

Road show. A sales trip around the country (and sometimes other countries) with the upper management of a company during the month or so before the company's securities issue. During the road show, the company management, investment bankers, and research analysts on the deal team will visit institutional investors to tell the story behind the company and convince them to buy into the offering. At times, this means breakfast in San Francisco, lunch in L.A., an evening flight to Denver for meetings the next morning (spending the night at a posh hotel), then on to Chicago, and so on. Exhausting, but a lot of good meals and a chance to see some interesting new faces.

Secondary offering. When a publicly traded company offers more stock on the market. Any offering after the company's IPO is a secondary offering. Also known as a "follow-on."

Share of voice. The amount of credibility a securities analyst has with respect to a particular stock. Usually earned by making accurate calls on the stock's price movement. The analyst with the most share of voice is often called the "ax" on a stock.

Synergy. Often an attempt to explain CEO hubris. In doing an analysis of one company acquiring another, a banker may say that a company makes $50 million per year, and that a company it hopes to acquire makes $20 million per year, but together they'll make $100 million. Nobody taught you this in college math, did they? The basic idea is that neither company can reach its full potential on its own, but by linking with a well-positioned strategic partner, both parties achieve the stuff that dreams are made of.

Tombstone. If you read the *Wall Street Journal* (which you should be doing regularly if you're interested in investment banking), keep an eye out for the big box advertisements in Section C declaring, "Company X completed the issuance of X hundreds of millions of shares (or dollars of debt)" and then listing all of the investment banks involved in the deal. The size and grouping of the bank names show the level of involvement each had on a particular deal. The largest name on the left side of the tombstone is the one to pay attention to, as it is the lead manager—the bank that did most of the work and received the lion's share of fees. See also: Lucite.

Wallpaper. Worthless securities. The issuing company has gone bankrupt or defaulted.

White shoe. Anachronistic (but still often used) characterization of firms that see themselves—or would like others to see them—as upper-crust and above activities as distasteful as hostile takeovers. The term comes from an old Ivy League tradition of wearing white buck shoes in elite fraternities and clubs.

Recommended Reading

Against the Gods: The Remarkable Story of Risk

Peter L. Bernstein (Wiley, 1998)

A cool study of the history of man's understanding of risk and probability, starting with early gamblers in Greece, going through 17th century probability theory, and ending up with chaos theory. Fun reading for those interested in markets and investing.

Barbarians at the Gate: The Fall of RJR Nabisco

Bryan Burrough and John Helyar (HarperCollins, 1991)

The ultimate inside story of the largest takeover in history, this book also provides an insightful look at the culture and personalities of Wall Street. Ross Johnson, CEO of RJR Nabisco at that time, needed a new PR agent after this book came out.

Bombardiers

Po Bronson (Penguin, 1996)

A black comedy about life on a trading desk, this story cuts mighty close to the bone. Bronson worked as a fixed-income sales analyst at Credit Suisse First Boston's San Francisco office.

Den of Thieves

James B. Stewart (Simon & Schuster, 1992)

This is a classic about the 1980s insider trading scandals, which featured names like Michael Milken, Ivan Boesky, and Dennis Levine, changed the world of M&A, and brought down the bank Drexel Burnham Lambert.

Goldman Sachs: The Culture of Success

Lisa Endlich (Knopf, 1999)
Hagiography, but still interesting. If you're interviewing at Goldman, you should definitely read this. Even if you are interviewing with one of Goldman's competitors, you might want to read this for more information about one of the Street's biggest names.

Heard on the Street: Quantitative Questions from Wall Street Job Interviews

Timothy Falcon Crack (Timothy Crack, 2000)
This book is indispensable if you're a PhD or other job candidate vying for a quantitative position (for example, derivatives analysis) on Wall Street.

The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance

Ron Chernow (Atlantic Monthly Press, 1990)
At 720 pages, this isn't exactly beach reading, unless you need something to keep your towel from blowing away. Nevertheless, this is a surprisingly readable history of J. Pierpont Morgan and his empire, which still operates as the modern firms Morgan Stanley and J.P. Morgan Chase. Founded in England in 1838, the firm financed American wars, both foreign and civil; ruled over many of the turn-of-the-century trusts such as U.S. Steel, General Electric, and Standard Oil; survived disasters including the sinking of the Morgan-owned Titanic, the 1929 stock market crash, and tight regulation of banking and underwriting practices; and continues to thrive today. Because of the Morgans' power, this book is also a history of investment banking in Europe and the United States. Highly recommended for anyone interviewing with one of the Houses of Morgan as well as anyone interested in financial history.

Liar's Poker: Rising Through the Wreckage on Wall Street

Michael Lewis (W.W. Norton & Company, 1989)

This fun, easy read provides tremendous insight into the culture of Salomon Brothers, sales and trading, and Wall Street in general during the boom of the '80s. You'll also learn a fair amount about how investment banking works. Though much has changed since this era, the personality types remain exactly the same.

Monkey Business: Swinging Through the Wall Street Jungle

John Rolfe and Peter Troob (Warner Books, 2000)

This book takes readers behind the scenes at Donaldson, Lufkin & Jenrette (absorbed in 2000 by Credit Suisse First Boston), depicting the ridiculous lengths that entry-level grunts on Wall Street can go to cope with long hours, stress, and despotic managers; fit in with their peers; and stand out in the eyes of those who can advance their careers.

The Predators' Ball: The Inside Story of Drexel Burnham and the Rise of the Junk Bond Raiders

Connie Bruck (Penguin, 1989)

Today, Michael Milken is a philanthropist, raising money to fight prostate cancer. This is the story of Milken before he was enjoined from working in investment banking—when he was hot and investment banking was about junk bonds and raids. A nice slice of the '80s.

Online Resources

The Web is loaded with information on investment banking and the securities industry, but most of it exists to attract the interest of individual investors. Trying to find information relevant to your investment banking job search can be a frustrating experience—plugging the term "investment bank" into a typical search engine produces over 500,000 hits. So we did some legwork, surfed for hours, and found the finance sites that are worth a job seeker's look. If you've got the time and want to do some exploring on your own, these are some great places to start.

Finance Site List

www.cob.ohio-state.edu/fin/journal/jofsites.htm

It's hard to imagine that there could be a more comprehensive list of finance links than this one, maintained by the *Journal of Finance*. It's neatly categorized, too, which makes it manageable.

Careers in Business

www.careers-in-business.com

This site provides descriptions of job opportunities in investment banks, some salary information, and industry trends. Careful with the data, though—it's a bit outdated. The site includes a career reference section, which directs you towards help with cover letters, resumes, interviewing, and so on.

Securities Industry Association

www.sia.com

The SIA is the industry trade group. Download the Securities Industry Briefing Book. The briefing book offers a nice history of the capital markets and a summary of the markets' performance last year.

Thomson Financial

www.tfibcm.com

This is the firm that compiles all the data for the underwriting league tables. You can find the latest month's tables here along with some interesting commentary.

Investor Words

www.investorwords.com

Some of that industry jargon still have you confused? Try looking it up on this online encyclopedia of finance. (It's actually more like a dictionary.)

Knowledge @ Wharton: Finance and Investment

knowledge.wharton.upenn.edu

This publication, put out by the Wharton School of Business, offers a lot of timely content regarding news and issues of interest to people on the Street.

Investopedia.com

www.investopedia.com/dictionary

This site provides an extensive dictionary of terms used by the investment community. So if you want to sound like an insider, and use terms like "Guns and Butter Curve," "Big Uglies," and "Bo Derek" like you know what you're talking about, this is a good site to check out.

McKinsey Quarterly: Financial Services and Corporate Finance

www.mckinseyquarterly.com

The *McKinsey Quarterly,* a product of one of the preeminent strategy consulting firms in the world, offers in-depth analysis of news and issues of interest to bankers and potential bankers.

Finance and Business Publications

Most major business publications can be found on the Web. Some are completely free—try Euromoney magazine for a great source of free content—some offer current issues free and then charge for archive searches, and others require paid membership to access any part of their sites. The *Wall Street Journal* Interactive Edition is one that requires a membership, but it's definitely worth paying for. You get a personalized version of the *Journal*, plus access to *Barron's* Online, *SmartMoney* Interactive, the *WSJ* career site, the Dow Jones Publications Library, and the *WSJ* online business glossary.

- *Wall Street Journal Interactive Edition*: www.wsj.com
- *Business Week*: www.businessweek.com
- *The Economist*: www.economist.com
- *Euromoney*: www.euromoney.com
- *The Financial Times*: www.ft.com
- *Forbes*: www.forbes.com
- *Fortune*: www.fortune.com
- *Institutional Investor*: www.institutionalinvestor.com
- *Investors Business Daily*: www.investors.com

WetFeet.com has a number of current articles on the state of investment banking and other financial services careers. Last, but far from least, check out WetFeet's online company mini-sites, where leading financial service firms discuss jobs, recruiting, and themselves in their own words.

WETFEET'S INSIDER GUIDE SERIES

JOB SEARCH GUIDES

Getting Your Ideal Internship

Job Hunting A to Z: Landing the Job You Want

Killer Consulting Resumes

Killer Investment Banking Resumes

Killer Resumes & Cover Letters

Negotiating Your Salary & Perks

Networking Works!

INTERVIEW GUIDES

Ace Your Case: Consulting Interviews

Ace Your Case II: 15 More Consulting Cases

Ace Your Case III: Practice Makes Perfect

Ace Your Case IV: The Latest & Greatest

Ace Your Case V: Return to the Case Interview

Ace Your Interview!

Beat the Street: Investment Banking Interviews

Beat the Street II: I-Banking Interview Practice Guide

CAREER & INDUSTRY GUIDES

Careers in Accounting

Careers in Advertising & Public Relations

Careers in Asset Management & Retail Brokerage

Careers in Biotech & Pharmaceuticals

Careers in Brand Management

Careers in Consumer Products

Careers in Entertainment & Sports

Careers in Human Resources

Careers in Information Technology

Careers in Investment Banking

Careers in Management Consulting

Careers in Manufacturing

Careers in Marketing & Market Research

Careers in Nonprofits & Government

Careers in Real Estate

Careers in Supply Chain Management

Careers in Venture Capital

Consulting for PhDs, Doctors & Lawyers

Industries & Careers for MBAs

Industries & Careers for Undergraduates

COMPANY GUIDES

Accenture

Bain & Company

Boston Consulting Group

Booz Allen Hamilton

Citigroup's Corporate & Investment Bank

Credit Suisse First Boston

Deloitte Consulting

Goldman Sachs Group

J.P. Morgan Chase & Company

Lehman Brothers

McKinsey & Company

Merrill Lynch & Co.

Morgan Stanley

25 Top Consulting Firms

Top 20 Biotechnology & Pharmaceuticals Firms

Top 25 Financial Services Firm

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

Careers/Job Search

The intensely competitive, action-oriented, profit-hungry world of investment banking can seem like a larger-than-life place where deals are done and fortunes are made. In fact, it's a great place to learn the ins and outs of corporate finance and pick up analytical skills that will prove useful throughout your business career. But investment banking has a very steep learning curve, and chances are you'll start off in a job whose duties are more *Working Girl* than *Wall Street*.

Turn to this popular WetFeet Insider Guide to explore

- What working in an investment bank really like . . . beyond all the brochure-speak.
- The opportunities for undergrads and MBAs in corporate finance, public finance, M&A, sales and trading, and research.
- What people really do in each of these areas, in plain English.
- Firm snapshots—brief profiles of leading firms.
- The latest industry trends.
- How industry insiders describe the pluses and the minuses of an investment banking career—lifestyle, culture, perks, etc.
- The compensation and perks you can expect to enjoy when you land a job in investment banking.
- Interviewing tips from industry insiders.

WetFeet has earned a strong reputation among college graduates and career professionals for its series of highly credible, no-holds-barred Insider Guides. WetFeet's investigative writers get behind the annual reports and corporate PR to tell the real story of what it's like to work at specific companies and in different industries. **www.WetFeet.com**