WELCOME TO THE FINANCE CLUB

September 12, 2004
Financial Services Landscape

EVC Club
- Venture Capital
- Private Equity
- Turnaround Mgmt.

Finance Club
- Corporate Finance
- Investment Banking
- Capital Markets – Syndicate
- Research
- Sales & Trading
- Asset Management
- Private Wealth Mgmt.

Investment Assoc.
- Asset Management
- Equity Research
- Inst. Sales & Trading
- Private Wealth Mgmt.
- Personal Investing
Investment Banks

• Raise debt and equity capital for clients
  – Maintain active securities markets enabling cost effective distribution

• Financial advisory services
  – Mergers & acquisitions
  – Divestitures
  – Restructuring

• Merchant banking (private equity investment)

• Syndicate: selling securities to “the street”
Investment Bankers

- Perform industry analysis
- Create quantitative models to determine return on investment for all stakeholders
- Perform sensitivity analyses based on different scenarios
- Offer the client multiple financing options
- Leverage the Capital Markets to execute these proposals
# Just the Facts

<table>
<thead>
<tr>
<th>Firms</th>
<th>Top investment banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where</td>
<td>Primarily New York, also Chicago, L.A., San Francisco, London &amp; Hong Kong</td>
</tr>
<tr>
<td>Hours</td>
<td>9am to whenever: expect 80+ hr. weeks</td>
</tr>
<tr>
<td>Key Firms</td>
<td>Citigroup, CSFB, Deutsche Bank, Goldman Sachs, JPMorgan, Lehman Brothers, National City, Piper Jaffrey, UBS</td>
</tr>
<tr>
<td>Pros</td>
<td>Challenging, fast-paced, top company interaction, strong compensation</td>
</tr>
<tr>
<td>Cons</td>
<td>Very demanding, less work-life balance, can be stressful</td>
</tr>
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Research

• Sell-side Research

• Buy-side Research
Research Analyst

- Also known as a Sell-Side analyst
- Generates investment ideas for investors
- Conducts fundamental analysis of companies within an industry
- Identifies factors and trends that drive a company’s or industry’s future growth and comments on valuation of securities
- Examples: CSFB, Morgan Stanley, Deutsche Bank
Asset Management

• Known as the Buy-Side
• Manage a portfolio of securities for other investors
• Buy-Side includes
  – Mutual funds, Pension funds, Insurance companies, Hedge funds
• Examples: Fidelity, Janus, Oppenheimer
<table>
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<tr>
<th></th>
<th>Sell-side</th>
<th>Buy-side</th>
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<td><strong>Firms</strong></td>
<td>Typically I-Banks</td>
<td>Fidelity, Janus</td>
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<tr>
<td><strong>Where</strong></td>
<td>Primarily New York</td>
<td>Everywhere</td>
</tr>
<tr>
<td><strong>Hours</strong></td>
<td>7am to 7 pm, plus weekends</td>
<td>7am to 5:30pm, no weekends</td>
</tr>
<tr>
<td><strong>Pros</strong></td>
<td>Pay, entreprenurial, access to top executives</td>
<td>Pay, excitement, work/life balance, clear reward system</td>
</tr>
<tr>
<td><strong>Cons</strong></td>
<td>Long hours, hard to differentiate research</td>
<td>Difficult to find jobs, tough market cycles</td>
</tr>
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Sales & Trading

- Represents the public or secondary market where investors can trade securities
- Traders “make markets” in securities, providing liquidity to the market
- Salespeople builds relationships with the buy-side to draw trading business to its bank
- Trading and sales desks must work together to be successful; many internship programs include rotations in both
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<th>Trading</th>
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<td><strong>Where</strong></td>
<td>Primarily New York</td>
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</tr>
<tr>
<td><strong>Hours</strong></td>
<td>7am to 5:30pm + some evenings</td>
<td>7am to 5:30pm, no weekends</td>
</tr>
<tr>
<td><strong>Pros</strong></td>
<td>Pay, expense account lifestyle, entrepreneurial</td>
<td>Pay, excitement, camaraderie, hours, clear reward system</td>
</tr>
<tr>
<td><strong>Cons</strong></td>
<td>Intensity/stress, insecurity, cyclical</td>
<td>Intensity/stress, insecurity, narrow focus</td>
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Sales

• Manages the relationship with top clients
• Markets the firm’s new issues with analysts
• Communicates what the traders on the desk would like to buy and sell
• Ideally, provides clients trade ideas, market “color”, and smooth execution
• Ideally, provides traders with market feedback
Traders

• Market makers for variety of securities
• Provides liquidity to the firm’s top clients
• Communicates to the sales force what he/she wants to buy/sell and at what price
• Attempts to match orders to generate riskless income
• Risks capital on a selective basis for directional bets
Private Wealth Management

- Develop and manage relationships with wealthy investors
- Markets the investment services of the firm
- Advises clients on investment opportunities
- Analyze client portfolios
CONFUSED?

- Finance is a wide field offering many different and exciting opportunities
- Learn more about the functional areas
- Pursue your interests
- Ask questions
- Second-years are your best resources
Corporate Finance

• CFO and management team
  – Forecast revenues/expenses - budgeting
  – Invest in projects to maximize shareholder value
• Treasury
  – Cash management, Invest excess cash
• Controller
  – Internal auditing
• Risk Management
• Strategy and Corporate Planning
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<tr>
<td><strong>Firms</strong></td>
<td>Major corporations across industry</td>
</tr>
<tr>
<td><strong>Where</strong></td>
<td>North East, Mid-west, West Coast</td>
</tr>
<tr>
<td><strong>Hours</strong></td>
<td>8:00 am to 5:30 pm</td>
</tr>
<tr>
<td><strong>Pros</strong></td>
<td>Lifestyle, work-life balance, C-level exposure, overall view of organization, CFO/CEO track</td>
</tr>
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<td><strong>Cons</strong></td>
<td>Can get monotonous, potentially heavy on accounting, steady pace</td>
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