**Course Abstract and Objectives**

This course will provide key building blocks necessary for a career in investment banking, valuation and other related fields. It is designed to provide a practical application of financial statement analysis and valuation modeling skills toward a variety of analyses commonly performed by industry professionals. The course has two major parts. The first half focuses on the mechanics of financial statement analysis and ratio analysis. During the second half, we will apply our experience towards the development of many valuation models used in the investment banking and other related industries. As experienced analysts, you will be able to use clean inputs to discover how to value real-life public companies.

Students will gather data from primary source documents and build and apply models typically used in practice by investment banks in order to determine the intrinsic value of companies and price investment banking deals. Specifically, we will explore the process of valuing various transactions and place heavy emphasis on the role of the financial analyst in analyzing each situation. Knowledge of accounting and excel is required. It is recommend that students take at least the first two levels of the excel tutorials offered in the Market Information Lab and/or FIN 418 before enrolling in this course.

At the conclusion of this course, students will be able to:

- Thoroughly analyze financial statements;
- Make necessary adjustments to reported financial results;
- Value companies;
- Link capital structure to valuation;
- Analyze motivations and valuations for mergers and acquisitions;
- Understand issues in private company financing;
- Perform leveraged buyout analyses;
- Complete models and analysis necessary to evaluate mergers & acquisitions

**Required Materials:**

- Laptop – bring it to class.
- *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions*, by Rosenbaum and Pearl (referred to as “IB” in the schedule below).
• Coursepack
• Other handouts may be given in class or will be posted on Compass.

Suggested Materials:

Course Prerequisites:
Students must complete an introductory accounting sequence prior to enrollment in this course. Due to time constraints, the instructor will not be able to alter the pace of the class to accommodate problems stemming from a lack of basic accounting knowledge as covered in introductory financial accounting. Further, students should have completed FIN 300 or have a basic knowledge of concepts in finance (time value of money, etc.).

Assessment of Your Work

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm Exam</td>
<td>20%</td>
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<tr>
<td>4 Cases</td>
<td>60% (15% each)</td>
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<tr>
<td>Final Exam</td>
<td>20%</td>
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<tr>
<td>Participation</td>
<td>Borderline grade</td>
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- Class Participation: Includes class attendance and in-class discussions. Class participation is a real grade and not one to be taken lightly. Some work may be completed in groups (where specified). There may be opportunities during the semester where groups will be required to present their analyses to the class. Your performance and individual contribution will be incorporated in your class participation grade.

- Cases: Groups are limited to **three** people. NO EXCEPTIONS. You are to rotate case responsibilities (model, formatting, qualitative work). Each of you will be graded on your specific part. No person in a group may do any segment of the work more than twice. You will need to label for which part of the case you responsible each time you hand in a case.

- Assignments should be submitted to the posted assignment dropbox when due. Assignments are very time intensive and I encourage you to start your work early. While the TA or the instructor will be available for questions via email or office hours, they may not be around to answer questions for those who wait until the last minute.

- Note for each valuation modeling assignment, **formatting will constitute 25% of your grade**. This is VERY picky. In real life, formatting your work is worth more than that to a banker, hence its weight.

Academic Integrity
All students are expected to follow the University’s Student Conduct Code pertaining to Academic
Integrity and Procedure http://admin.illinois.edu/policy/code/article1_part4_1-401.html and are required to conform to the Academic Integrity guidelines given in these policies and regulations. Violations of academic integrity as given in the Code of Policies and Regulations will be taken extremely seriously, and students found cheating in the course (or helping others to cheat) will be penalized according to the Code’s guidelines. Please note that I consider rotation of homework responsibility to be a violation of the honor code in this class (by rotation, I mean only one person in the group does the assignment in a given week). Violation of the honor code will result in sanctions and a failing grade. Do not test me on this.

**Student Disabilities**
Any student requesting academic accommodations based on a disability is required to register with the Division of Disability Resources and Educational Services (DRES). A letter of verification for approved accommodations can be obtained from DRES.

**BIF Emergency Procedures**
Because BIF is not a designated tornado shelter, in the event of a tornado warning please seek shelter in the Wohlers Hall basement or the Armory (the nearest designated University tornado shelters). If a tornado is imminent, the BIF basement stairwells can be used on an emergency basis. In the event of a fire in BIF, exit BIF and proceed to 141 Wohler’s Hall. In the event of threat from a shooter on campus, lock down the classroom and move to a place of safety within the classroom. If you encounter a suspicious package, do not touch the package, alert campus security, and refrain from cell phone usage until the situation is resolved. More detailed information and action instructions are available in the BIF Building Emergency Action Plan.

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