



Vault 2009 Finance Rankings

Houlihan Lokey

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#1 - Relationship with Managers
#2 - Selectivity



#1 - Best Employers to Work For
#2 - Overall Satisfaction

DEPARTMENTS

Mergers & Acquisitions
Financing
Financial Opinions & Advisory Services
Restructuring

THE STATS

Employer Type: Private Company
Co-CEOs: Jeffrey Werbalowsky & Scott Beiser
No. of Employees: 800+
No. of Offices: 14

UPPERS

- "Sense of community and teamwork hard to find at a big bank"
- Work on deals "in a capacity few bankers at [the junior] level in other firms" do
- "Secure environment"—"we're not cutting people like the other investment banks"

THE SCOOP

Top-notch advisor

Since California-based Houlihan Lokey was founded in 1970, financial advisory services have been the firm's stock in trade. Over the years, financial restructuring and mid-market M&A have become an equally important part of the firm's arsenal. In 2007, the firm was ranked the No. 1 M&A advisor for U.S. deals under \$1.25 billion and the No. 1 M&A fairness opinion advisor by Thomson Financial. Houlihan Lokey was named the Investment Banking Firm of the Year in the middle-market sector and received one Dealmaker of the Year

and three Deal of the Year awards from M&A Advisor in 2007. The firm was also named the No. 1 restructuring investment banking firm by Bankruptcy Insider. Houlihan Lokey employs 800 people in 14 offices in the U.S., Europe and Asia, serving over 1,000 clients ranging from some of the world's largest corporations to small, closely held companies.

Specialist in its class

Houlihan Lokey is divided into four core groups: mergers and acquisitions, financing, financial opinions and advisory services, and financial restructuring. The firm's financial restructuring division, comprised of over 100 bankers, advised creditors' committees in the three largest bankruptcies of all time—WorldCom, Enron and Conoco. The financial opinions and advisory practice, offering consulting, compliance and transaction opinions, consistently ranks among the industry's top fairness opinion providers. Houlihan Lokey's financing division is focused on mid-market companies and has raised over \$7 billion of private capital for its clients in the past six years. Finally, in the M&A division, Houlihan Lokey offers services by industry sector. It also arranges financing and has special capabilities in distressed M&A situations.

Dialing up business in Asia

Houlihan Lokey leveraged its partnership with ORIX to increase investment banking capabilities in Asia. It has the strength of ORIX's significant resources for global financing projects. In 2007 Houlihan Lokey opened representative offices in Hong Kong and Tokyo and hired Ryuta Fujino as head of the Tokyo office.

On the rise in Europe, too

The firm acquired Blenheim Advisors Ltd., an independent leveraged debt advisory firm in

Europe. The firm now offers European debt advisory.

M&A done right

Houlihan Lokey was involved in a number of recent big deals. In October 2007, the firm wrapped up advisory work on Sequa Corporation's acquisition of Chesapeake Finished Metals, a deal which had been ongoing since January 2007. Houlihan Lokey also advised on the sale of PCORE Electric Company to Hubbell Incorporated. In August 2007, Houlihan Lokey served as the exclusive advisor to Movielink on its sale to Blockbuster, experience which may have contributed to Sony Pictures' October 2007 decision to hire the firm to assess the possible sale of portions of its animation-studio and digital visual-effects divisions.

GETTING HIRED

Keeping it tight-knit

Houlihan Lokey is very selective and "tends to hire only those with applicable work experience" and only chooses "very well-qualified" candidates "willing to invest in their future." Bottom line: Houlihan looks for "well-rounded individuals that are dynamic," "quick learners," "hard working" and "self-starters." Plus, "Houlihan is a highly technical shop—so knowing all the valuation, modeling and other financial analytical tools is a given." The firm also "looks for extremely proactive individuals who are comfortable taking on a lot of responsibility early in their career." "Deal teams tend to be smaller compared to some of the larger bulge bracket banks," which enables "junior professionals to be involved in all aspects of the deal process."

RANKING METHODOLOGY

This year's edition of the *Vault Guide to the Top 50 Banking Employers* rates 81 firms, all of which principally operate in either commercial banking or investment banking (or both). The guide provides a thorough review of the largest North American investment and commercial banking firms, as well as the most prestigious investment banking boutiques, regional commercial banks and foreign-based banks with a significant North American presence.

HOULIHAN LOKEY

The following is independent Vault research

Ramp it up

Just don't turn off the charm once you get called in for an interview. The firm has a "thorough interview process for limited spots." There are "typically two rounds of interviewers"—"you meet with one individual in the first round and then three to four interviews in the second round." Interviews focus on "financial knowledge" and "fit/personality, especially since relatively few are hired on an annual basis."

Expect that "interviewers will ask a wide range of questions and draw out conversation on topics such as discrete valuation principals to macro/microeconomic events impacting the market," so "candidates should be prepared for engaging discussions about more than their resume."

Getting you in the door

Internships—provided you can snag one—seem to be tremendously helpful. "All of the summer interns in my group took full-time positions," reports one insider. And while the firm recruits candidates "nationally," it focuses regionally as well, recruiting at "Notre Dame and a number of big-10 schools" such as Michigan, Indiana, Iowa, Illinois and Wisconsin. Houlihan also recruits at the top finance programs such as "UVA" and "Wharton," and at "some of the top-quality schools such as Columbia."

One insider reports going through "first-round interviews on campus" and "second-round interviews at the respective office of interest." During second rounds, expect "four to six interviews with associates, VPs and MDs who will ask everything from how a candidate believes they are able to contribute from day one to integrated accounting questions related to fund flows across financial statements." Either way, Houlihan's recruiting efforts are "extremely coordinated and well-managed."

OUR SURVEY SAYS

Thumbs up

Insiders give the firm some serious props, calling the firm "collegial," "down-to-earth," "entrepreneurial," "challenging," and "open." Overall, the firm is "tremendous to work for and it treats employees the right way." Another says, "We are all on a first-name basis, all considered important to the firm mission and all empowered." There, employees can "comment on any element of firm operations or strategy, and get a guaranteed answer from the CEO." Others call the atmosphere "very hardworking but rewarding due to the high deal flow that we have." Another insider adds that "we are unrivaled in our approach to investment banking." The firm is "meritocratic by encouraging the notion that you can have as much responsibility as you can handle."

Learn as you go

But then again, "Houlihan Lokey is not a place to work if you expect a rigid hierarchy and formal training." "Our analyst/associate training program is three weeks long," notes an insider. "New hires are thrown into the fire and expected to perform at a high level from day one. My foot has not come off the gas pedal since I started over eight months ago, and I wouldn't have it any other way." And there's also "little anonymity here, which is beneficial because one's work product gets the credit—or lack thereof—that it deserves, but perhaps more importantly, it fosters a sense of community and teamwork that I think is hard to find at a big bank."

For the most part, "the firm allows you to direct your career in any way you see fit, so long as you are being productive at the same time."

Houlihan cares about your growth as an employee, insiders say. "During my time here, I have learned a tremendous amount about banking and about being a banking professional, because I've benefited from being involved on my deals in a capacity few bankers at my level in other firms are," says one contact. The firm also takes care to be inclusive of new workers. "As an analyst, I was included in meetings, both in and out of house, whenever possible," one respondent says.

And there's a sense of camaraderie throughout the firm as well. "I have made real friendships at this bank with contemporaries and my bosses, friendships that won't end when I or they leave," says one insider.

Long, but no face time

Work hours are good here. Of course there are long days, but "if you finish your work, there's no pressure to stick around for face time."

The firm is also good about working with employees' outside engagements. "I have some flexibility to work at home later at night as well to complete engagements and manage projects." Even so, "the volume and diversity of engagements analysts and associates tackle in live deals offers a unique opportunity to learn skills more quickly than many of their contemporaries at other investment banks." "Choosing to work in the investment banking industry means you are making a commitment—you will learn a lot, earn a high income and establish an incredible platform for your career—but be prepared to earn it."

And if you do need time away from the office, Houlihan is pretty good about giving it out. "When I truly need time away from the office, I can always get it," relates one insider. "For instance, while my wife was pregnant, I never had anyone give me a hard time about accompanying her to the doctor for routine or unscheduled visits. Then, when my daughter was born, the officers insisted that I be away from the office for a while." And the firm doesn't stop there—"every time I

have had something come up on a personal level, either an officer or a peer has always stepped in to help out." Houlihan seems to have wised up to the productivity that work/life balance brings. "Being successful at having a life outside of the office is 100 percent dependent on your ability to prioritize and work efficiently. If you can do that, you can become the master of your own domain."

It's a trade-off

Then again, maybe employees tolerate the hours because compensation and perks make up for it. There's the "standard perks including car service after a certain hour and meal allowances," but there's also "strong bonuses," a "secure environment" ("we're not cutting people like the other investment banks," adds one insider), "discounted gym memberships," "free New York MetroCards," and fun perks such as "sodas," "juice," "breakfast on Friday" and "filtered water—we're environmentally conscious and do not use bottled water to not waste plastic per our co-CEO." Officers within the firm also "have the option to purchase stock."

As for compensation, be prepared to prove yourself. "Top performers will always get top dollar," admits one insider.

The dress code also gets high marks from insiders, which mostly adheres to a business casual vibe, although "officers tend to wear ties more often than not." There's also a jeans Friday during the summers that insiders believe is "great." Still, for all offices, when client contact is involved, "business formal" dress is required.

Room for all

On the ethnic diversity front, there's been "great strides in the past few years since new recruiting management." And because of that, "we have excellent African-American and Hispanic bankers in our group" and there's a "commitment at the board level to try and reach out to qualified people of diversity to attract, hire and retain them." The firm also makes sure the environment is a positive, accommodating one. "We have a respectful culture and derogatory remarks with respect to race, religion or anything else aren't appreciated—or tolerated," says one contact.

With respect to gay and lesbian hiring, one source says, "We have openly gay bankers, and no one thinks a thing about it." Another says, "sexual preference would not play into the decisions of hiring, promoting or mentoring."

Sources also rave about the diversity in place at Houlihan Lokey, especially when it comes to women in the workplace. "We have sensational women at all levels in the organization," says one insider. And even though "investment banking as a whole tends to be a male-dominated atmosphere," the firm still "strives to attract and retain strong female candidates as well as or better than any bank."