

**ROTMAN SCHOOL OF MANAGEMENT
UNIVERSITY OF TORONTO
105 ST. GEORGE ST.
TORONTO, ONT.
CANADA M5S 3E6**



**LAURENCE BOOTH
PROFESSOR OF FINANCE
Room 449 RSM
PHONE: (416) 978-6311
FAX: (416) 978-5433
INTERNET: booth@mgmt.utoronto.ca**

EMBA: International Finance & Global Capital Markets

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Meet the Professor

Laurence Booth holds the Newcourt chair in structured finance and is the finance area coordinator at the University of Toronto. His major research interests are in domestic and international corporate finance and the behaviour of regulated industries. He has published over forty articles in academic journals, as well as a major textbook for McGraw Hill, International Business (with Alan Rugman and Don Lecraw) and is on the editorial board of four academic journals. At the University of Toronto since 1978 he has taught graduate courses in business finance, international financial management, corporate financing, mergers and acquisitions, financial management and financial theory, as well as short executive programmes on the money & foreign exchange markets, business valuation, mergers and acquisitions and financial strategy. His advice is frequently sought by the media and he has appeared as an expert witness before the Ontario Securities Commission, and the National Energy Board, as well as most of the major regulatory tribunals in Canada. His personal web site is at <http://www.mgmt.utoronto.ca/~booth>.

About this course

This course follows the introductory business finance course and is designed to develop a critical managerial perspective on key financial management issues confronting firms operating in a global environment. Topics covered include financial risk management principles, hedging foreign exchange exposure, financial policies in a global environment, identifying real options, valuation principles, and mergers and acquisition analysis.

Approach

Finance is best learned by doing. To this end we will discuss a series of cases covering major aspects of global capital markets and strategic decision making. Each case will be presented by a group as a lead in to class discussion, on average this presentation should last about twenty minutes. Five cases will be presented (each one except Martell) so the class will be divided into five groups and EACH case will be handed in

for grading as a group assignment. Case analyses should not exceed six double spaced pages in 12 point font.

Course Materials

No new textbook is required. Students should re-read Lusztig and Schwab (L&S), Managerial Finance in a Canadian Setting. A package of readings and cases will be made available and relevant chapters in L&S are highlighted on the course outline. Most finance cases require basic financial analysis so chapters 25 & 26 in L & S and the Pearson Hunt paper should be read before the course begins.

Grading

Class participation:	10%
Group case analyses (8% each):	40%
Final exam:	50%

Outline for International Finance & Global Capital Markets

Session 1: International Finance

Readings L&S: pages 664-666

Pearson Hunt, "Funds Position: Keystone in Financial Planning," Harvard Business Review, May-June 1975.

Big Mac Currencies

Session 2 Techniques for Managing Financial Risk

Readings L&S: Chapters 16-19

Session 3 Foreign Exchange Risk

Readings "Measuring Foreign Activities"
"Note on Operating Exposure to Exchange rate changes"

Case: ***Tiffany & Co. - 1993***

Session 4: International Financing

Case: ***Companie de Telefonos de Chile***

Session 5 Real Options

Readings L&S Chapter 16

A. Dixit and R. Pindyk, "The Options Approach to Capital Investment," Harvard Business Review, (May-June 1995).
Tim Luehman, "Capital Projects as Real Options"

T. Luehrman, "Capital Projects as Real Options: An Introduction,"

in Kester et al “Case Problems in Finance, 11th edition, Irwin, 1997.

Business week, Exploiting Uncertainty, June 7, 1999.

Case: ***Arundel Partners***

Session 6: M & A

Readings: L&S Chapter 24

Note on European buyouts

Session 7 The Mergers and Acquisition Process

Case: ***Martell***

Session 8 Valuation Techniques

Readings: Note on Cross Border Valuation

Session 9 Cross Border Investment

Case: ***Prince SA***

Session 10 Motivation for Mergers and Acquisitions

Session 11: Using M&A to Change Strategy

Case: ***Time's Entry into the Entertainment Business***

Session 12: Final exam