

International Corporate Finance

(Senior or MA Level)

Instructor: Changmin Lee
E-Mail: changmin74@yahoo.co.kr

Course Description

This course examines the main aspects of international corporate finance by discussing the structure of a firm. In addition, this course focuses on the financial activities of the multi-national enterprise. The multinational enterprise is a corporation that has operating subsidiaries, branches or affiliates located in foreign countries. Students are expected to think from the perspective of financial manager.

Required Text

1. David Eiteman, Arthur Stonehill & Michael Moffett, Multinational Business Finance, 11th Edition, Addison-Wesley, 2006 (hereafter, MBF)
2. Brealey, Richard A., Stewart C. Myers, and Franklin Allen, Principles of Corporate Finance, 9th edition, McGraw Hill, New York, 2008 (hereafter, BMA)
3. Published Papers at Top Journals

Prerequisites

Students are expected to have proper knowledge on basic economics, finance and accounting.

Grades

Grades are based on

1. Attendance (10%)
2. Homework Assignment (10%)
3. Presentation (25%)
4. Term Paper (25%)
5. Final Exam (30%)

There will be some extra credits in this class.

The Final Exam

No make-ups will be given for any reason whatever.

Extra Credits

Students are encouraged to join discussions and debate for each topic and the extra credits will be given based on your participation.

Tentative Course Outline

Please note that this is a tentative outline. **This outline is subject to change, which would be announced in class.**

1 week

Class Introduction

Overview of International Corporate Finance (MBF Ch.1)

- Key: Multinational Corporation, Globalization, Foreign Exchange Market

Part I: Foreign Exchange Market

2 week

Foreign Exchange Market (MBF Ch.4, 6)

3 week-4 week

Foreign Exchange Market (MBF Ch.7, 10)

Other References: P. Krugman, International Economics, Ch.13, 14, 15

Part II: Investment and Global Cost of Capital

5 week

Global Cost of Capital (MBF Ch. 14)

Return, Risk, and CAPM (BMA Ch.8, and 9): Fundamentals to understand “Cost of Capital”

6 week-7 week

International Portfolio Theory (MBF Ch. 17)

Return, Risk, and CAPM (BMA Ch.8, and 9): Fundamentals to Understand “Cost of Capital”
(Continued)

8 week

Multinational Capital Budgeting (MBF Ch.19)

Capital Budgeting and Capital Structure (BMA Ch. 10)

Part III: Global Finance

9 week-10 week

International Corporate Financing (MBF Ch. 15, 16): Sourcing Equity and Debt Globally
Overview of Corporate Financing (BMA Ch.15): Internal and External Capital

11 week-12 week

Corporate Financing (BMA Ch.16): How to Issue Securities

1. Venture Capital
2. IPO and Investment Banking

Modigliani-Miller Theorem (BMA Ch. 18) (Continued)

Part IV: Governance

13 week-14 week

Overview of Corporate Governance and Control

1. Internal Governance: Ownership and Control, CEO Pay, and Boards of Director
2. External Governance: M&A, Law, and Institution

Main Text: Class Note

Final Exam