

second*edition*

MULTINATIONAL *Finance*



Kirt C. Butler

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Second Edition

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Preface

*Nothing you write, if you hope to be good, will ever come out
as you first hoped.*

Lillian Hellman

This book assumes the viewpoint of the financial manager of a multinational corporation with investment or financial operations in more than one country. The goal of *Multinational Finance* is to provide a framework for evaluating the many opportunities, costs, and risks of multinational operations in a manner that allows readers to see beyond the algebra and terminology to general principles.

Key Features

- **An emphasis on financial management.** *Multinational Finance* engages the reader by emphasizing the managerial aspects of multinational finance.
- **An emphasis on the basics.** Intended for MBA and advanced undergraduate classes, *Multinational Finance* requires only a single preparatory course in finance. Chapters that extend material from the first course begin with a brief review of the fundamentals. Advanced material is placed in chapter appendices so that study can be tailored to each individual's objectives.
- **A visual approach.** Numerous graphs and figures are used to assist the reader in understanding key concepts and techniques.
- **Numerous real-world examples.** Financial concepts and techniques are explained in simple terms that have direct applications to the real world. Examples are used to illustrate how the concepts and techniques are used in practice.
- **Comprehensive coverage of traditional topics.** Comprehensive coverage is provided on the traditional topics of multinational finance, including in-depth treatments of the international currency and Eurocurrency markets, cross-border investment and financing decisions, and currency risk measurement and management.
- **Distinctive chapters on key topics.** Entire chapters are devoted to topics of special interest to practitioners of multinational finance. These include:
 - Multinational corporate strategy (Chapter 6)

- Country risk (Chapter 9)
- Real investment options (Chapter 10)
- Corporate governance and the international market for corporate control (Chapter 11)
- Multinational treasury management (Chapter 12)
- International portfolio diversification. (Chapter 22)
- International asset pricing (Chapter 23)
- International portfolio management (Chapter 24)

Changes in the Second Edition

Just as a successful sports team displays the most improvement between its first and second games, *Multinational Finance* has been greatly reorganized and improved in its second edition. In addition to the normal updating and polishing that takes place between editions, several other changes have been made.

- **An emphasis on corporate finance.** The Table of Contents has been reorganized to emphasize the multinational corporation's investment and financial decisions. Chapters on international financial markets and investments support and extend this material.
- **Expanded coverage of risk measurement and management.** The second edition contains several new chapters.
 - **Country risk** (Chapter 9)
 - **Transaction exposure to currency risk** (Chapter 14)
 - **Operating exposure to currency risk** (Chapter 15)
 - **Translation exposure to currency risk** (Chapter 16)
- **More problems.** Many new end-of-chapter problems have been added.

The text retains its traditional strengths, including clear and concise treatments of currency and Eurocurrency markets, cross-border investment and financing decisions, multinational financial strategy, corporate governance and the international market for corporate control, real investment options, treasury management, and international portfolio management.

Study Aids

A number of learning aids highlight the main points in each chapter.

- Sidebars run in the margins alongside the text and highlight key concepts and definitions.
- Boxed Essays provide practical insights and real-world examples of the conceptual material.
- Key Terms lists at the end of each chapter contain the essential terms found in the chapter. These key terms are found in boldface the first time they appear in the text.

All key terms are defined in a comprehensive Glossary at the end of the book.

- Conceptual Questions at the end of each chapter summarize the key ideas in each chapter and allow students to test their understanding of the material.
- Problems at the end of each chapter provide exercises in implementing that chapter's financial techniques, analyses, and strategies. Solutions are provided in a Solutions Manual that is available to instructors adopting *Multinational Finance* for classroom use.
- Suggested Readings are listed at the end of each chapter and are annotated to indicate the topic that is addressed by each article.

Supplements

A comprehensive Instructor's Manual is available to adopting instructors. It contains a Solutions Manual, with answers to the end-of-chapter questions and problems, and a Test Bank, with over 1,000 test questions including objective questions, problems, and essays.

Two versions of PowerPoint slides, which review the key elements in each chapter and illustrate applications, are accessible through the Web site <http://butler.swcollege.com>. An instructor's version of the PowerPoint slides with NotesPages, which supplement the slides with additional insights, alternative examples, and anecdotes, is accessible through the "Teaching Resources" icon on the Web page. A student version of the PowerPoint slides, without NotesPages, is accessible through the "Learning Resources" icon. The PowerPoint slides can be used in an electronic slideshow or printed and used as transparency masters.

The objective in providing these supplements is to reduce the burden of preparation and allow instructors to spend their time where it is most needed—in teaching the students.

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Professor Butler's research has appeared in a variety of academic and practitioner journals, including the *Journal of Finance*, *Journal of Accounting Research*, *Financial Analysts Journal*, *Journal of Portfolio Management*, *Financial Review*, *Journal of Banking and Finance*, *Journal of Business Finance and Accounting*, *Journal of International Financial Management and Accounting*, and the *Journal of International Business Studies*, among others. He is a former Midwest (U.S.) Regional Chairperson of the Academy of International Business.

Professor Butler is also a Sensei of Okinawan Shido-Kan Karate, with more than 25 years of experience and a rank of sixth degree black belt.

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