**Managing Operating Exposure and FX Risk at Nissan**

Global businesses are often exposed to financial risks such as currency volatility. These foreign exchange (FX) risks affect all aspects of a global firm. Next, you will read about the automobile industry. Auto makers' operations and manufacturing can be affected by currency fluctuations. In the assigned articles and case you will find out how Nissan and other firms managed this FX risk.

**Required Reading:**

Kim, Yong-Cheol & R. McElreath (2001) "[Managing  operating exposure: A case study of the automobile industry](http://proquest.umi.com/pqdweb?did=69045429&sid=41&Fmt=6&clientId=29440&RQT=309&VName=PQD)", *Multinational Business Review*. Detroit: Spring 2001. v 9, Iss. 1; pg. 21-27. \*\*\*THIS FILE IS ATTACHED ON BRAINMASS.COM\*\*\*

Book Review (2005) "The gaijin who saved Nissan", Business Week,1/17/2005, accessed 10/16/2010 at: <http://www.businessweek.com/magazine/content/05_03/b3916021_mz005.htm>

Napolo, D. (2005) "Managing FX risk; an eight step plan to establish corporate foreign exchange policy", Treasury & Risk Management magazine, March 2005. Accessed10/16/2010 at: <https://www.wellsfargo.com/downloads/pdf/com/focus/risk/manage_fx_risk_reprint.pdf>

Note: We also recommend you examine information on Nissan's websites below. Bandwidth restrictions may prohibit your accessing Nissan's website; however, it is still possible to complete the assignment without access.

<http://www.nissanusa.com/more-nissan-sites/>  <http://www.nissanusa.com/about/>

**Assignment:**

Write a 2-3 page paper, answering these questions:

What did Carlos Ghosn and Nissan do in order to manage global financial risk and why?

Did Nissan follow Napolo's (2005) 8 steps? Discuss which steps they did and those they did not follow.

**Expectations**

* Write a 2-3 page report that includes the following.
* State the problem, then use the mod 5 materials to discuss how Nissan's CEO Ghosn was or was not effective in managing the international finances and risks of Nissan.
* Using the FX risk management tools in your Mod 5 materials, discuss and illustrate which tools were used by Ghosn at Nissan, draw and state your conclusions.
* List supporting references and cite sources.
* Use appropriate writing style (organization, grammar, & spelling- see Writing Guidelines).