



FT FINANCIAL TIMES
World business newspaper

STUDENT GUIDE

WORLD BUSINESS NEWSPAPER

FINANCIAL TIMES

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AOL Time Warner chief could also become chairman

Drug groups eye \$35bn bonanza

LETTER FROM THE EDITOR



Dear Student,

Congratulations and best wishes for your course.

In today's world, understanding business, economic and political issues requires a global outlook.

The world has become more interconnected, industries are globalizing, companies are more and more international, and investments are affected by global trends. In government and in business, employers are searching for people who have a global perspective.

The FT will help you develop this ability.

In this guide to the FT, we'll show you where to find the news and analysis you need to help you make sense of the issues and trends you'll be discussing and analyzing during your studies in business, finance, economics, international relations, management, geography or political science. We'll explain the global economy to you, what trends to think about and how the Financial Times analyzes a diverse range of topics ranging from the practice of management to the measurement of company and market performance.

Above all, we're confident that you'll find the FT – with a network of almost 500 writers and editors across the world will deliver the news and insights you need for the understanding and innovative thinking that's essential for success in your studies and future career.

We're delighted you've chosen the Financial Times to fulfill such an important role and look forward to contributing to your global understanding now and in the future.

Lionel Barber, US Managing Editor

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HOW TO USE THE FT

Where to look if you're studying:

ECONOMICS

Check out the features page every day - leader articles, and columns by leading FT commentators Martin Wolf and Sir Samuel Brittan.

Also check out the international news pages at the beginning of the front section. They cover the latest economic statistics from all the world's biggest economies (and many developing nations as well). On top of the numbers, they provide human analysis on the impact of global economic trends.

Features Pages: inside back cover, front section

International News: inside front cover, front section

FINANCE

The entire Companies & Markets section is required reading. Alongside a database of stock, bond, commodity and currency prices from around the world, the paper runs coverage of the latest corporate news. It's also worth checking out industry surveys - separate sections available with the main newspaper - which cover single branches of the financial services industry, such as Foreign Exchange or Investment Banking.

Companies & Markets: second section

Special Reports: separate third sections

GEOGRAPHY

The FT's country reports regularly cover nations that do not generate much press coverage in the U.S. They include broad assessments from specialist correspondents on the scene, encapsulating the social and development trends of the country. Each country reports also comes with a handy bank of the key statistics about the country, regularly updated.

Special Reports: separate third sections

INTERNATIONAL RELATIONS

The International Economy page, which appears daily in the first section of the paper, gives definitive coverage of trade and international financial institutions. The international news pages offer a window on the world. The FT also runs regular guest columns from leading international figures and politicians, often on the moral issues surrounding international crises. Contributors include Senator Jesse Helms on membership of the United Nations, and former Treasury Under-Secretary Stuart Eizenstat on how Germany should compensate the people who were forced to work as slaves by the Nazis.

International Economy: inside first section

MANAGEMENT

The Management and Inside Track pages, which usually appear in the middle of the first section, provide in-depth analysis on trends in management thinking, and examples of companies that are trying to innovate. There are regular pieces on Marketing and Technology, with heavy attention on e-commerce and other management changes springing from the Web. Mastering Management, an occasional series available free with the main paper, showcases up-to-date views of business school academics, and offers the latest thinking on topics from risk management to strategy.

Management: usually central pages of front section

Mastering Management: separate tabloids

POLITICAL SCIENCE

The international news pages trace election campaigns across the world and explain the workings of government coalitions. Political coverage also affects the business pages. Political decisions can critically impact businesses, with regulators for the European Union in Brussels - or for federal agencies in Washington - ruling on whether companies can merge and whether new products are safe. Leader articles also cover politics.

International News: inside front cover, first section

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SECTION ONE: INTERNATIONAL NEWS

Every day the front page of the Financial Times gives you a clear and easy to read run-down on the world's most important events - and why they are important. The FT is aimed at business and those who want to study it, but it covers much more than economics and finance. Business executives need to know about political developments, and economic and social trends, and so the FT reports on them as well. Whether it's covering big deals on Wall Street, boardroom battles across the world, political upheavals in Europe or Asia and Africa, or the latest swings in global markets, the FT gives you the news, and explains its relevance.

WORLD NEWS

The first pages you find when you open the front cover will give you the most important political and economic developments from around the world. Every corner of the globe is covered. Europe, Asia-Pacific and The Americas each get their own page every day, but the international coverage goes beyond that. The FT has correspondents throughout Africa and Latin America, as well as Europe, Asia and North America. Each day, those correspondents

WORLD NEWS
This column gives you brief summaries of the main political and economic events from around the world. To find out more about each story just turn to the page indicated to get the full picture.

BUSINESS NEWS
The Business column runs down the latest business developments from across the world. That could mean mergers and acquisitions, or moments when the worlds of business and government collide - such as the U.S. antitrust actions against Microsoft, or the European Union's decision to block the merger of General Electric and Honeywell.

WORLD MARKETS
World Markets gives you an easy summary of the latest fluctuations in the global markets. Neatly listed, it gives the main indices for all the biggest stock markets around the world, the rates available on international bonds, the price of gold and oil, and the latest exchange rates for the dollar, the pound, the Swiss Franc and the Euro. You cannot afford to ignore these indicators for long, because changes in any of them could lead to big changes in the world economy.

contribute as the FT turns its roving spotlight across the world, choosing to cover developments and trends that are not currently in the news, as well as the world's hotspots. The FT gives you reports on how Haiti is moving towards electoral reform, for instance, or on how the state is attempting to attract business in West Bengal. You'll also find a complete page devoted to International Economy, and to the UK, the country where the FT started.

FEATURES

In the middle of the front section you will find sharply written pieces on big topics for the business world. The Inside Track section is the paper's journal of trends in the business world that do not necessarily show up in financial statements - strategy, management, technology, and people. The FT also runs weekly coverage on the world of business schools, supplemented by its global rankings of the best business schools for MBAs and for executive courses.

TECHNOLOGY

A guide to developments in science and technology - particularly the internet - and how they will affect the world of work. From bytes to genomes, the FT reports on science and makes it easy to understand.

MANAGEMENT

Managing a company isn't easy. The FT logs the greatest pitfalls managers have hit in the real world, and finds the greatest successes. The reach of the management pages is global - they look for experiences all over the globe.

THE ARTS

The FT's Arts coverage includes an International Arts Guide, a daily listing of the main cultural events worldwide. You'll also find regular reviews of music, film, television, theatre and art.

COMMENT AND ANALYSIS

EDITORIALS

The FT is politically independent, and its editorials are always provocative. Politically, it is much harder to place the paper in a Liberal-Conservative or Left-Right spectrum than you might think.

A NEW OP-ED PAGE

Every day, the FT runs articles from guest columnists, drawn from leading businesses and from politics and academia.

OBSERVER

The Financial Times' diary column aims to give readers a few lighter moments. Sometimes that means getting behind the people in the news, to reveal the subtle and personal sub-plots to the stories of the day. The column also brings readers face to face with the people you need to know about in the Americas, Europe, Asia and elsewhere, drawing on the full range of the FT's worldwide network of correspondents.



THE LEX COLUMN
Lex responds vigorously to the corporate events of the day. It goes into technical details - crunching through the financial numbers on the latest deals of corporate results - but it is written sharply and clearly. Lex covers the entire corporate sector, from how the markets and economy might recover from the assault on the World Trade Center, to dissections of individual companies and deals, like the General Electric-Honeywell merger. Often witty, it is sometimes downright rude.

INTERNATIONAL SCENE
On the back page, the FT fills in the color in the events shaping the world. Sometimes there is hard news, and correspondents give you the details, on critical hotspots like the Middle East. More often it will go behind the obvious big news stories of the day to look at the trends which are more quietly shaping the world, like the emerging social trends in China or Latin America.

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FT.com. Visit FT.com and experience global intelligence, powerful interactive tools and independent analysis that will give you an in-depth understanding of global business and help you go further. Updated throughout the day, FT.com has a breadth of global information and a quality of insight you won't find anywhere else.

In Companies & Markets, published as the FT's second section on every day of the working week, we give you a complete run-down of the events and trends that are pushing world markets. All the most important markets are covered daily, but the FT's global network of correspondents gives it the flexibility to do more. When a big business story breaks - like the Microsoft court battle, or the European Union's decision to veto a merger - the paper devotes special pages to the story, giving angles from correspondents covering different industries and based in different countries to complete the whole picture.

COMPANIES & FINANCE

The pages inside this section are devoted to breaking news of corporate events. The FT's network of correspondents report on stories from around the world. They cover deals, charting mergers as companies buy each other or decide to split, and they also chase the trends which make some companies a fortune and force others into failure. Europe, Asia-Pacific and The Americas each have a separate page every day.

NEWS DIGEST The daily agenda for the commercial world is all here. Business professors, in particular, expect their students to be up to speed on the latest developments. We signpost all topics that might matter to managers and investors. That might mean Nintendo's latest new product in its electronic game war with Sony - or an attempt to make an industry more environmentally friendly - could find a place in the digest.

COMPANIES IN THIS ISSUE The road-map you need to navigate this section. Every company mentioned in the edition appears in this index. It will take you straight to any company you follow. There's no need to follow the same story over several pages: the FT is edited so that all stories run in their entirety on one page.

GLOBAL INVESTING

This section, special to the US edition, takes you through the business of investing across the world - how hedge funds and mutual funds are directing billions of dollars. It's packed with opinions and personal insights, as well as all the facts you need to make sense of the global market, every day - including daily tables on how international stock indices traded in the U.S. are performing.

second section front page

INTERNATIONAL CAPITAL MARKETS

The definitive guide to international markets. It covers the bonds issued by governments (known as Treasuries in the U.S. and Gilts in Britain), as well as attempts by companies to raise money from the markets. This is the page that covers all the changes as stock markets adopt more technology, and merge across international boundaries, to satisfy the demand for online trading.

second section back page

EURO MARKETS

These pages cover the daily workings of the European capital markets, which form the backbone of how European companies raise their money.

CURRENCIES & MONEY

An exhaustive summary of currencies worldwide and the planet's most active markets. The FT carries daily listings for more than 75 different currencies. We also report on the action and spotlight developing themes.

COMMODITIES & AGRICULTURE

Metals and agricultural commodities are traded every day. Fluctuations in their prices can have huge impacts - a rise in the price of paper makes life difficult for newspapers for example, while a fall in the price of coffee could mean tough economic times in Central America.

WORLD STOCK MARKETS

Interconnections are important. Political developments in Japan, a shift in policy by the U.S. Federal Reserve, or exchange rate moves in Europe can all affect the prices of stocks and bonds across the world. Even natural disasters have an effect. The Kobe earthquake in Japan started the chain of events that led to the collapse of Barings Bank, the oldest investment bank in London. The FT has correspondents covering the bourses from São Paulo, Brazil, through Johannesburg, South Africa, to Hong Kong and Singapore. Every day, this page gives you a synthesis of the key developments in world stock markets.

WORLD OVERVIEW This feature draws together all the threads that have caused the world's markets to move that day.

MARKET FOCUS Each day, a specialist correspondent focuses on a market. Often, that market does not get heavy coverage - like Turkey or Venezuela. This column even covers developments in the Beirut Stock Exchange. It tells you how stocks and bonds have performed there, and diagnoses the trends that caused prices to move.

WELCOME TO THE GLOBAL ECONOMY

ECONOMICS

Economics is an international subject: you cannot survive with knowledge only of the U.S., or any other single country. Capital flows easily from nation to nation. Businesses are keenly biting into the power of the nation states. Companies and bodies like the European Commission or the World Trade Organization – not governments – often make the key decisions.

Economics is the FT's lifeblood, and there is useful material for budding economists throughout every issue. The paper covers every region of the world daily. New economic data for many countries around the world are reported and analyzed by specialist correspondents. It also devotes daily pages to international trade and the international economy. The second section carries daily reports on the impact central bankers and economic ministers have had on international money markets. Moves in international bond and currency prices have a profound importance for national economies.

The paper not only gives you the facts. You'll also find opinions (backed up by the facts), advancing and exploring the political and theoretical debates.

Watch out for the paper's established economic commentators such as Martin Wolf and Sir Samuel Brittan, as well as strongly argued editorials, and high-profile contributors from the world's biggest banks and governments. They provide you with the

IMF
The International Monetary Fund, based in Washington, was set up in 1946 to bring economic balance to the post-war world. It has 182 members. The fund aims to foster international cooperation over exchange rates and the economy, although it is best known for its role in providing loans to countries in severe economic trouble. When it makes loans, the IMF often requires countries to take painful economic measures, such as raising interest rates and privatizing state-owned companies. That often causes anger, and politicians argue over the IMF's role. So do the anti-globalization protesters, who soon moved on to attack the IMF as well as the WTO.

ammunition you need for classroom discussion, and explain the relevance of macroeconomics. Regular features include the "Economic Notebook" written weekly, daily Personal View pieces, and Monday's "Global Investor" column. All combine commentary with access to the latest facts and research.

WTO
With 136 members, the Switzerland-based World Trade Organization is the policeman of world trade. Set up in 1995, after more than eight years of negotiations between governments, the WTO aims to keep nations trading freely, by setting clear rules for trade and incorporating them into international law. It also adjudicates disputes over tariffs between different countries. The organization's critics have grown ever angrier since the protests in Seattle in 1999. They claim that it is too bureaucratic, that it concentrates on trade to the exclusion of all else, and that it allows smaller countries to gang up on the world's economic powers – all charges which the WTO denies.

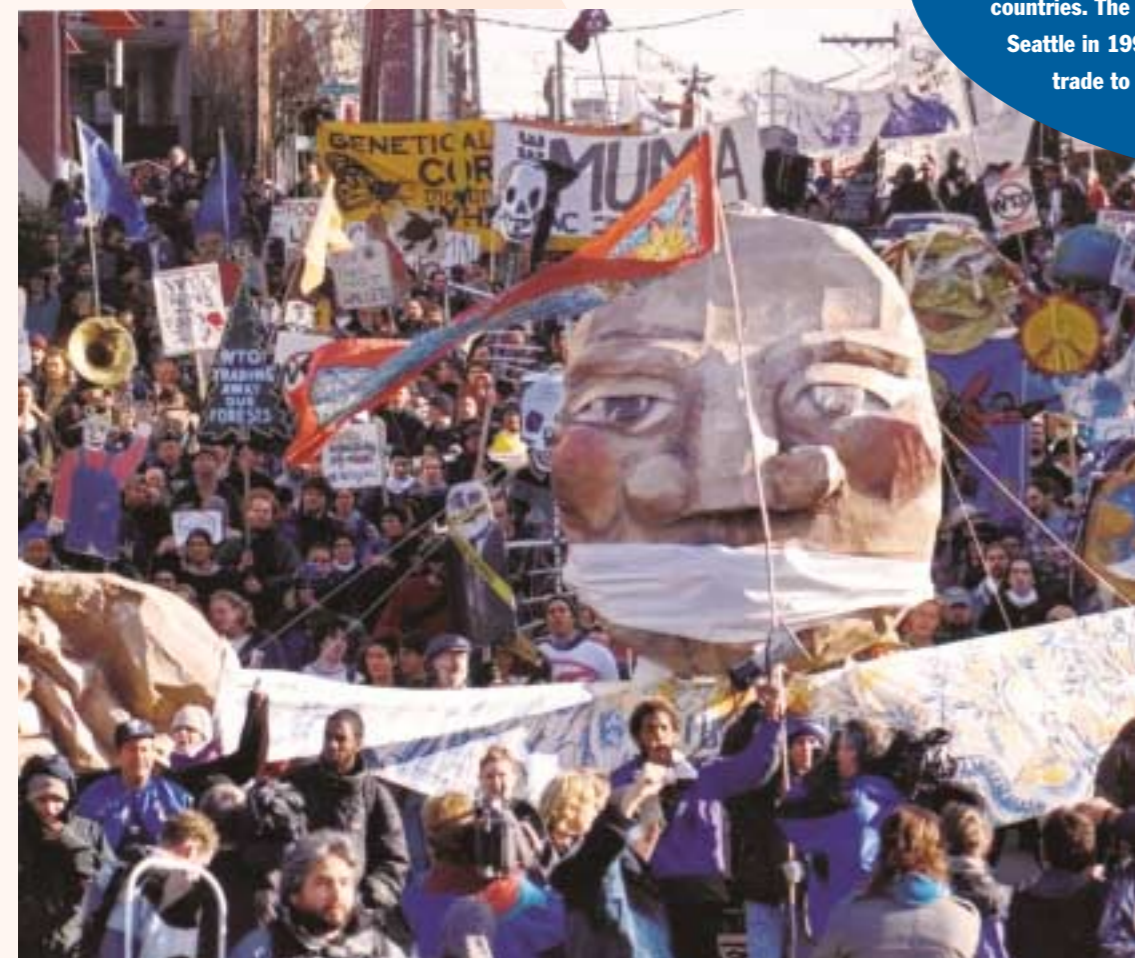
The key is to have the vision to link the big picture with specific details. The FT's writers spot the trends when multinational after multinational decides to pull out of investing in emerging markets. It takes notes when unrest ripples through Latin America and South-east Asia, to try to tell whether these are local problems or the first stage in a full-blown international crisis. When stock markets appear to veer upwards to irrationally high levels, as happened to internet and other technology stocks in the Nasdaq Composite index in 1999, the FT will draw your attention to them with clear and lucid analysis. The FT offers this kind of insight every day.

POLITICAL SCIENCE

Political science students need a firm grasp of international politics, and economics. That can come from the international news pages of the Financial Times. The emerging global economy has created political schisms across the world, as

countries and their leaders attempt to come to terms with the power that international markets now wield over them. British politicians argue over joining the Euro, the common European currency, while Asian politicians build their careers around opposition to the IMF. In America, Ross Perot used his presidential candidacy as a springboard to attack the North American Free Trade Agreement (NAFTA), while Congress and the presidency have endured years of battles over trade relations with China.

The FT's leading articles attack political issues from across the world. Personal view columns allow politicians to use the pages as a forum for debate. For example, the FT is the home for the international political debate over trade policy, which asks whether countries should impose extra taxes, or "tariffs", on imported goods. This makes the imports more expensive compared to home-



Free Speech About Free Trade: As the 20th century came to a close, a growing group of people came to fear and oppose globalization. Using the internet to organize themselves, they held ever louder and angrier meetings against international organizations that police the global economy – particularly the IMF and the WTO. Whatever the evidence that globalization had created wealth, it was obvious that many people in the world were not convinced.

GLOBAL INVESTING

made products, and some people argue that this protects the jobs of the local workers. This argument is known as protectionism. An opposing viewpoint is that countries prosper by allowing free trade. Free traders argue that by avoiding tariffs, governments force their companies to compete, and improve. The debate between free traders and protectionists has recurred throughout history, and it has grown fierce in the last few years. Trade

WORLD BANK
The World Bank's dream is "a world free of poverty". While the IMF is the international economic fireman, dealing with crises when they happen, the World Bank is supposed to lend to the poorest nations, and foster development. Some argue that the IMF, which was set up at the same time, now tries to do much the same thing. It offers both loans and advice to the world's developing nations.

policy divides the world and many countries within it. Daily, and impartially, the FT updates you on trade negotiations and international economics.

Trade policy helped inspire the passion and fury at the World Trade Organization's meeting in Seattle in 1999, when protesters gathered in the city to protest against trade rules that many of them believed discriminated against the Third World. They had many different reasons for attacking the WTO, and many of them disagreed with each other. Human rights protesters thought it allowed jobs to be exported to countries where workers are exploited. They feared that poor nations could grow even poorer without the ability to protect themselves. Labor unions worried that it meant losses of jobs in countries where workers through their unions have negotiated a high living standard. Environmentalists complained that trade, if left unchecked, could damage the environment. There is no World Environmental Organization to make sure that businesses do not pollute the world or use up vital resources. But there is a World Trade Organization dedicated to ensuring as much trade and business as possible. The WTO's supporters believe the world's poorest countries will only grow more prosperous if wealthier nations can trade freely with them.



Global Investing: Every day, the FT charts the movement of money through the global economy in the Global Investing pages. From the computer-driven trading of high-tech hedge funds, through the expansion of big U.S. companies like Coca-Cola, to in-depth analysis from markets all around the world, Global Investing explains the business of keeping the financial world connected.

FEDERAL RESERVE
The Federal Reserve is the central bank of the United States, owned by the government. Run by governors who are politically independent but appointed by the President and the Senate, the Fed regulates other American banks, and can close down banks it thinks unsafe. But most importantly, it provides money to other banks. If the Fed chooses to raise the interest rates it charges to other banks, they have to raise the rates they offer to companies and individuals. By lowering interest rates, the Fed makes it more attractive to borrow money, and it can stimulate extra activity in the economy. If it raises interest rates, the opposite might happen. Every move the Fed makes changes the cost of borrowing internationally, leading many to say that Alan Greenspan, the Fed's chairman, is the world's most powerful man.

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Opening the Archives: FT.com's Power Search gives you flexible and closely-targeted search options to access the 5 year FT archive. It allows you to personalize your search - by topic, geographic region, company or by industrial sector. While the newspaper provides an indispensable one-day global briefing, the FT.com archive allows you to search for the full background: the backbone of any research project.

INTERNATIONAL RELATIONS

After 1989, when the collapse of the Berlin Wall brought an end to Communist regimes in eastern Europe, the study of International Relations was transformed. It had been a study of the Cold War and the dynamics of arms control. Now, it is a more fluid discipline, tracing the inter-connections between events in different countries, revolving around economics and the movements of international capital markets. The FT provides possibly the world's most authoritative guide to the new global alliances that are forming, through its links with diplomats and politicians, as well as economic ministers and business leaders.

Reading the news pages of the FT shows that economics and trade are now at the core of international relations. With a world of complexity and inter-connectivity, the FT's approach to reporting, with a matrix of foreign correspondents and specialists, often working together, offers you the best chance of understanding fresh developments.

One key phenomenon is contagion. With free markets, it is difficult to keep an economic problem isolated within one country. Instead, trouble spreads swiftly across the world, as financiers take advantage of their power to pull money out of troublespots before it is too late. The Asian crisis of 1997 showed that markets and economies no longer obeyed international boundaries. That summer, investors began to sell the Baht, the currency of Thailand.

Within months the currencies of Thailand, South Korea, Indonesia, and Malaysia had collapsed. All these countries were known as Asian "Tigers" that had grown in a hurry to build economies and enjoy living standards to match anything that was seen in the west. In October of 1997, investors realized that many European and American companies relied on Asia as one of their main sources for exports. If people in Asia were suddenly poorer, then they would no longer be able to buy so many American or European products.

The result was nearly a disaster. At the New York Stock Exchange, the Dow Jones Industrial Average suffered what was at the time its worst fall ever, and the market authorities were forced to close down the exchange and stop trading an hour before scheduled - the only time this had happened. Only once - on the day the markets reopened after the destruction of the World Trade Center - has the Dow suffered a greater fall.

The following year, the trouble started in a very different part of the world. The Russian economy had not worked out the way people had hoped in 1989. Under Boris Yeltsin, Russia's president for most of the 1990s, many of the nation's formerly Communist enterprises were privatized, but they fell into the hands of a small group of managers who had controlled the companies under Communism. The Russian government had a chronic problem trying to collect taxes, and many companies traded with each other in barter, rather than in money.

These problems were generated by internal Russian factors, but they inflicted pain well beyond Russia's borders. In August 1998, the Russian government stopped making repayments on its borrowings - technically known as "default". Many western banks and investors were shocked, and they rushed to put their money into safer investments. Even in the U.S., it suddenly became almost impossible for all but the largest and most reliable countries to borrow on the markets. Stock analysts realized that many U.S. banks were nursing serious losses in Russia, and might have to sell other investments just to keep afloat. The U.S. stock market suffered its third worst daily fall ever at the end of August, and the Federal Reserve had no choice but to cut interest rates, twice, to reassure American investors. In the wake of the near-disaster for the markets, attention focused on international relations. If western politicians had handled their relationship with the Russians better, some argued, the debacle could have been avoided.

Purely corporate issues also depend crucially on international politics. When two American companies, General Electric and Honeywell, wanted to merge, they were given the green light by regulators in their own country. But the European Union was more skeptical, and as both companies had big business in Europe, it also had the power to veto the merger. GE could not convince the U.S. government that their merger would not damage competition, but they failed to convince the Europeans and the merger was vetoed.

For all these issues, the FT network of correspondents on the ground across the world offers a great way to see the big picture.

SPECIAL REPORTS

The FT Special Reports program might easily come to the rescue of a research paper. Throughout the year, the paper publishes separate sections that go into an industry, country, or even one city, in great detail. FT Special Reports cover the latest political and economic developments, and they also cover the most important business figures and trends. Practical and concise, they are much more up to date than any textbook. They are designed to make students' lives easier, and to help anyone who needs a concise and practical guide to the state of the nation.

The report's reach is as broad as that of the newspaper itself. They cover every continent, and delve into developing markets, or countries that are still Communist, as well as the Titans of the developed world. FT Special Reports have covered countries from Kazakhstan through Ghana, Mozambique and Tanzania, to Cuba, Bosnia-Herzegovina and Bermuda.

global trends whether in the different branches of financial services, or in an "old economy" industry like paper or steel. These are ideal for researching possible career plans, and they make great background reading before meeting recruiters for interviews.



Each report gives you a run-down of the facts: all a country's key economic numbers, its constitution, the political leaders in power, as well as basic information like the capital, the population, and the official language. But the facts are not enough on their own. FT Special Reports always start with a long introduction piece in which the paper's specialist correspondent surveys the present and the future for the country, often taking into account the broad sweep of its history. It offers the kind of judgment and wisdom that can be the ideal reference point for a research project in politics or economics, or even history.

Special Reports are not restricted to countries. The FT also publishes reports on international industries, looking for



Turmoil in the markets can lead to turmoil on the streets. When a financial crisis leads to austerity, sometimes people react with violence.

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Ready-made Research: FT country and industry special reports are indexed by topic on FT.com. For each report, you can look up salient facts and statistics, or you can view all the analysis written by FT correspondents.

MANAGEMENT

If you're studying management, it probably feels like a science. Academics in business schools and universities across the world spend their time trying to quantify the factors that make some companies successful while others fail, using mathematical and graphical models that often look like physics or engineering, rather than an apparently subtle subject like managing a company.

The FT can help you make sense of the real world developments, and it simultaneously brings you the latest distilled knowledge and thinking from the academic world. Every day in the central pages, the FT highlights a different aspect of management, such as technology, marketing, or business and the law. Using its own specialist correspondents, who are perfectly placed to spot trends in management and marketing, the FT gives you the stories about individual companies that can bring big business trends to life.

Academics' theories on management are represented, but the FT also covers the latest research by consultants - for example, on how companies introduce stock options as incentives for employees, or handle painful decisions about "down-sizing" when jobs must be cut. These pages cover the grandest topics in marketing, such as how giants like Coca-Cola and Pepsi are trying to expand the concept of the brand. But they also provide the minutiae of how companies grind extra efficiencies out of traditional businesses. For example, reading the FT could tell you how a small bank in Cincinnati called Fifth Third came to be the most profitable and efficient bank in America. It turned out that they have a very simple formula of selling as much as they can, and saving wherever possible. The CEO even tried to avoid paying money on new curtains for his office.

Management features cover workplace issues, like equal opportunities, balancing work and pleasure, bullying in the workplace, and dealing with stress. They look at personal development, and how to develop skills in leadership and listening, or creativity - all the kind of vital skills that recruiters will be looking for after graduation. Finally, the FT has access, and it uses it to talk to successful managers. Drawn from around the world, the interviews with leading executives allow them to explain their businesses in their own words. These interviews are crammed with insights.

An American perspective is not and cannot be broad enough. In operations management, for example, the greatest innovations of the last half century have come from Japan. Toyota revolutionized the design of cars, forcing General Motors, Ford and the other big American motor manufacturers

onto the defensive. Sony invented the Walkman, and then worked out how to market it to people so that they were prepared to transform their habits.

The FT's annual survey of the world's most respected companies is very revealing. The top ten, for 2001, shows that American companies dominate, although they are not the firms that people might have expected to see there 20 years ago. And Japanese companies still command great respect even if their nation's economy is in the doldrums: Toyota ranks above General Motors, and Sony ranks above Coca-Cola.

But the clearest trend is the respect for the companies who truly created the internet. The top ten includes two of the key innovating companies, none of which were household names 20 years ago. Microsoft made and marketed the ubiquitous

FT'S SURVEY OF THE WORLD'S MOST RESPECTED COMPANIES

Rank: 2001 (2000)	Company	Country	Sector
1 (1)	General Electric	U.S.	Conglomerate
2 (2)	Microsoft	U.S.	Software
3 (5)	IBM	U.S.	Information Technology
4 (3)	Sony	Japan	Consumer Goods
5 (4)	Coca-Cola	U.S.	Food/Beverages
6 (6)	Toyota	Japan	Motors
7 (11)	Nokia	Finland	Electrical/Electronics
8 (20)	Wal-Mart	U.S.	Retail
9 (8)	Intel	U.S.	Information Technology
10 (22)	Citigroup	U.S.	Financial Services

Windows software, and Intel's brilliant engineering of micro-processors perpetually increased the speed with which computers could work.

The world's most highly regarded retailer proved to be Wal-Mart. It is a very big company, of course, but what excites its competitors is Wal-Mart's ability to change the way it does business. Its logistics are so good, for example, that it tries to have "distribution centers" where a truck passes products on to another truck, but not warehouses. The aim is that the company only buys new product just before it will make the sale, and thus avoids the expense of keeping goods unsold in warehouses or on shelves in the stores.

Read the center pages and you should find plenty of examples of successful management innovation. Many of them are not obvious unless reporters go to the company and find out how it operates.

FT MASTERING

Started in 1995, FT Mastering is the world's foremost exercise in bringing business school learning to a wide audience. Each

FT Mastering course comes as a series of tabloid sections, available free with the main paper. Designed by business school academics and edited by the journalists at the FT, they give you succinct and accessible explanation of the latest thinking on the key subjects and concepts needed for an MBA. Each article ends with a suggested reading list of the academic literature you will need to follow up. Best of all, it's all written in plain English, with the minimum of difficult mathematical formulas to follow. The FT's editors ensure that the writing is lively and accessible, provide brief bullet-point summaries for those who wish to scan quickly for relevant articles, and create useful links between related topics in the series. Each installment offers a potent mix of academic theory and topical case studies.

Mastering courses to have run so far cover Management, Global Business, Finance, Enterprise, Risk, Strategy and Information Management, while a series on People Management is forthcoming at the time this guide goes to press.

All the series help you to make links, and to draw together many different strands of teaching. Mastering Strategy, for example, presented the latest expert thinking on a host of key business themes including M&A, strategic alliances, risk management, technology and leadership. Each can be studied in isolation, but the patterns truly make sense when they are brought together in this format. Easily digestible, comprehensive and collectible, the series is not just for ambitious business students. It is also used by aspiring middle managers - and by senior board members and chief executives. All articles are brief and written by business school professors or by independent consultants.

Mastering Strategy lifted the veil covering corporate strategists who - regrettably - are sometimes perceived as remote individuals cut off from the daily tasks of those actually running a company. It explained why managers in all functions - at whatever level - could ill afford to lose sight of the wider

- Courses so far:**
- Mastering Management
 - Mastering Global Business
 - Mastering Finance
 - Mastering Enterprise
 - Mastering Risk
 - Mastering Strategy
 - Mastering Information Management

environment and of the fierce challenges they face inside and outside their business.

All the other FT Mastering series - covering management, entrepreneurship, finance, marketing, global business and information management - proved popular with readers, well beyond the core market of students. The results of a questionnaire about Mastering Information Management, for example, showed that more than two thirds of respondents felt the material had helped them to get to grips with their own discipline and that it had improved their understanding of subjects outside their own discipline. Almost one third of the respondents - covering a wide range of activities and functions - said they found the articles a useful supplement to formal business courses they were attending at the time.

The Mastering series also shows you how to apply your knowledge and theories - skills that teachers always look for in the classroom. An issue of Mastering Risk, for example, looked at managing the risk to businesses from the internet, and at how companies could protect their brands against the risk that an upstart online competitor could build a rival business. Typically global in its reach, it covered such topics as the attempts by Nike to sponsor basketball courts in China (as part of its strategy to deal with allegations that it had used child labor in south-east Asian countries), and Benetton's poster campaign featuring Death Row inmates. Another article looked at how big companies allowed individual employees far more freedom to invest than they ever intended, with disastrous consequences. One trader for Daiwa, a Japanese bank, lost more than a billion dollars gambling in U.S. bonds during the 1980s, while in 1995, Barings Bank, the oldest investment bank in London, went bankrupt because one bond trader, in Singapore, had taken too many risks.

The Mastering series combine discussions of the basic concepts of the topic, with the latest directions in practical and academic thinking. If you are interested in what Jack Welch, former chief executive of General Electric, meant to the company and to the world of management, you will find discussions on that. If you want a less personal perspective, you can read arguments on how the Asian financial crisis of the late 1990s came to start in Thailand, and on how the causes of the problems were put right.

Each series has been built with co-operation from a group of business schools from around the world. They include all the greatest names within America, such as Harvard, Wharton, Columbia, Kellogg and Chicago, as well as the most powerful European business schools, like the London Business School and France's Insead. They provide students with a rich mix of traditions and

outlooks and a rare synthesis of North American and European views. For students studying for MBAs, these pieces are useful back-up, and provide you with the extra dimensions necessary to impress your professors. If you are at undergraduate level, they offer you an easy way to upgrade your thinking and take your knowledge to a higher level.



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Mastering the Web: You can join in the debate on the future of management, online. More than just a place to re-publish articles from the newspaper, FT.com is a site where the FT's own experts host forums and debates on key management issues - anything from hot news topics to questions of day-to-day management, like leadership and employee retention. Your own voice can be heard, worldwide. You can also track the Mastering series online.

For finance students, the FT is an invaluable database. If you are studying finance at MBA level, or as an undergraduate, the reports will be the foundation you need for keeping up with global developments. Throughout the paper, we keep you informed about the financial services industry and introduce you to the players on Wall Street and elsewhere who make the deals. In the second section, the paper gives definitive statistics on all the key global financial markets, including bonds, stocks and currencies.

BONDS

Bond markets look complicated, but that is mainly because professionals choose to cloak them in daunting technical language. Bonds are basically simple instruments – far less complicated than stocks. Moves in the bond market dictate the prices and interest rates paid by almost everyone else in the economy.

A bond is a loan. A government, or a municipality or a company, borrows money, and in return undertakes to pay a fixed amount of interest at fixed intervals in the future. The amount of the interest payment is known as the "Coupon". After a certain period of time (the "Maturity"), the company will also pay back the amount it originally borrowed.

Each bond can be traded. The coupon each year will be paid to whoever is holding the bond at the present. Because bonds can be traded, the real interest rate they offer can also move. If a bond costs \$1000, and the coupon is \$100, it is paying you a rate, or "Yield" of 10%. If the price drops to \$800, then the same \$100 now represents a Yield of 12.5%. Note that this means that bond prices move in the opposite direction to yields.

The bonds the U.S. Treasury issues on behalf of the federal government are the safest investments available, and so banks use the yield on government bonds to set their own interest rates. The more the risk that a borrower will not repay, the higher the mark-up, or "spread" they will have to pay over the yield on treasury bonds. A rise in interest rates makes life more expensive for companies in just the same way that it makes family finances more difficult.

Every day the Financial Times prints government bond prices from around the world. Here's how to read them:

Apr 13	Red Date	Coupon	Bid Price	Bid Yield	Day chg	Wk chg	Month chg	Yr chg
Australia	03/02	6.750	106.9852	6.13	-0.08	-0.09	-0.15	
	06/09	7.500	106.7877	6.26	+0.03	-0.02	-0.45	

1 Red Date

This is the Redemption Date: the day when the government will repay the principal on the loan, as well as the interest payments. Greatest attention tends to focus on the longest-dated bonds, with 30 or 10 years to maturity.

2 Coupon

This is the amount that the bond will pay in annual income to its holders, expressed as a percentage of its face value. If the coupon is 6.5, a bond with face value of \$100 will pay out \$6.50 each year to bondholders.

3 Bid Price

This is the price of a bond with a face value of \$100. If the figure is below 100, it means the yield will be above the coupon rate. As the price falls, so the yield will rise.

4 Yield

The yield is the coupon divided by the bid price, or the effective interest an investor will receive by buying a bond at the current price. When yields are going up, it may be because investors have been selling bonds, inflation is expected to rise, or the Federal Reserve has raised bank interest rates.

The final set of numbers (Day chg yield etc.) show you the trend in the yield over different periods. If yields are increasing, it probably means that investors are growing more pessimistic for the economy and that the cost of borrowing is growing more expensive.

2000 High	Low Stock	Yld. Div	P/E %	Vol 100s	High	Low	Ch'ge Close Prev. Close
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STOCK MARKET

Just in case you doubted the importance of the stock market: It determines the cost at which companies can raise funds and financing. A company with a low share price will find it much more expensive to raise the finance for a big new project. If a company has a low share price, it also suffers a much greater risk of being taken over.

Think of the stock market as a cruel and aggressive machine for making sure that companies do what investors want. If its share price goes up, it is a sign that a company can easily raise money for ambitious new plans – as internet companies did in the late 1990s. If the stock price takes a dive, it might show that the shareholders no longer trust the company's managers, and want new people to come in. If the existing managers don't take the hint, shareholders might even be happy to see the whole company taken over and remove the managers that way. Sometimes, a low stock price makes it impossible to raise new financing and the company collapses – a fate that befell many dot com companies.

Stocks have importance beyond that, because they have made Americans rich. In the last five years of the 20th century, the Standard & Poor's 500, the most widely followed index of the stock market, tripled in value – from 459.27 to 1469.25. This was the most spectacular run and the longest and most consistent increase in the U.S. stock market's history. Through mutual funds and pension plans like 401(k)s, many American families have shared in the wealth. That in turn led to fears that the U.S. had a "bubble" economy in the 1990s, buoyed by families spending money they had earned from profits on the market. If that is true, the subsequent downturn in stock prices could mean serious long-term harm for the economy.

1 High Low

These two columns give you the highest and lowest share prices for the company so far this year. That should give you an idea whether it is up strongly for the year, or in trouble. If the High is a long way above its current level, chances are it is in trouble, or it has recently fallen out of favor with investors. If it is trading at or near its current High, and it is a long way above the Low, it suggests the company is enjoying a good year.

2 Div.

This is the amount the company currently pays out as dividends to shareholders, in dollars.

3 Yld.

Much more important than the dividend number, the yield gives the company's current dividend as a percentage of

INDEXING THE MARKET

The indices you see quoted every day show the performance of a bundle of different stocks grouped together. The number of points an index moves does not mean much, but the proportionate moves offer the best way to track whether markets are gaining or losing over the long term. The main indices quoted in the FT are:

S&P 500: it covers a range of 500 of the largest American companies.

Dow Jones Industrial Average: covers only 30 very big "blue chip" companies.

Nasdaq Composite: covers all the stocks traded on the Nasdaq stock market - the second largest in the US, and dominated by high-technology companies like Microsoft, Intel and Cisco Systems.

FTSE 100: covers 100 of the largest companies in Britain

Nikkei: the biggest index covering stocks in Japan.

its share price. That means you can treat it almost like the interest rate on a bank account. The higher the yield, the more income the company will pay you for your money. However, this does not mean that any company with a high yield is a good investment. The market is more complicated than that. It may well mean that investors do not think the company will grow much, and therefore they want to set the price so that they get a good income before they are prepared to buy it.

4 P/E

P/E stands for Price/Earnings ratio. With the Yield, it is the key measure of how the stock market values a company. It gives you the share price, divided by the company's current amount of annual profits. Note that the profits are different from the dividend pay-out: this measure takes the total amount the company is making, not just the dividend it pays to shareholders. A high P/E means that investors like the company and expect it to grow. A company with a low P/E may be highly regarded, just not expected to grow as much as a company with higher multiple by investors, but it might be better value. If its profits stay at the same level, investors have every chance of getting their money back quickly.

5 Vol 100s

The amount of shares that changed hands during the day, in 100s. A high volume means investors are interested, or that opinions about the company are changing.

6 High Low

The highest and lowest prices the stock reached during the day. A big difference shows that the stock is volatile.

7 Close Quote

The stock's price at the point the market closed.

8 Change Prev. Close

How much the stock price rose or fell during the day's trading.

CURRENCIES

The global interbank currency market is the world's largest, with banks exchanging more than a trillion dollars each day between accounts denominated in different countries. The strength of a nation's currency can be critical to its economic plans. For example, a high exchange rate makes imports cheaper, and so helps to keep inflation down – but making imports cheaper might make it harder for domestic workers to hold on to their jobs. Similarly, a lower exchange rate makes it easier for the nation's exporters to sell goods abroad, and might bring down unemployment – but it will also make imports more expensive, and so probably increase inflation.

Governments often try to control their exchange rates, and in 1999 several European countries even agreed to merge their currencies to form the Euro. Otherwise, governments can affect the exchange rate by buying and selling currency. For example, if the U.S. government wanted the dollar to strengthen, it could use its reserves of foreign currency to buy dollars. With more people wanting to buy dollars, the price of the dollar would go up. Governments can also use interest rates to defend their currency. If American interest rates are raised, you would expect the dollar to go up in price, because anybody buying dollars would now be able to earn more interest with their money.

Markets can disrupt government's plans. Perhaps most famously, the UK tried to keep the pound Sterling's exchange rate high to stay in line with the German

Deutschmark in 1992, but many international investors bet that the rate would never stay that high. They sold pounds, pushing the exchange rate down, while the British government tried raising interest rates, and spent billions of its foreign exchange reserves buying pounds. The speculators continued to sell pounds, betting that the British government could not leave interest rates so high. They thought voters would never stand for it. The speculators were right. Eventually, the British government allowed the pound to fall, and the speculators made a fortune.

Every day, the FT carries the latest changes in the exchange rates between the dollar and more than 75 other currencies. The paper also carries "cross rates" for the dollar and the most widely traded foreign currencies. Here's how to read the tables:

This table covers 17 currencies. For each currency, it

EXCHANGE CROSS RATES					
	Jun 16	BFr	DKr	FFr	DM
Belgium (BFr)	100	18.49	16.26	4.848	
Denmark (DKr)	54.09	10	8.795	2.622	

tells you how much a unit of one currency will buy you of the other. Read across the row from a currency, and you will see how much of that currency you will need to buy a unit of each of the other currencies shown in the columns. The only confusion can come with currencies like the Italian Lira or the Belgian Franc, which come in small denominations. To make the chart easier to read, these are shown in units of 100, while some others are shown in units of 10.

Q: How many Danish Kroner will it take to buy 100 Belgian Francs, on the day this table was printed?

A: 18.49.

Q: How many Belgian Francs does it take to buy 10 Danish Kroner?

A: 54.09.

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Tracking Your Portfolio: Business School students have been known to trade stocks online during lectures. The FT doesn't encourage that, but FT.com carries all the tools you will need to build and track your own portfolio of stocks, online.

Financial Times Prentice Hall

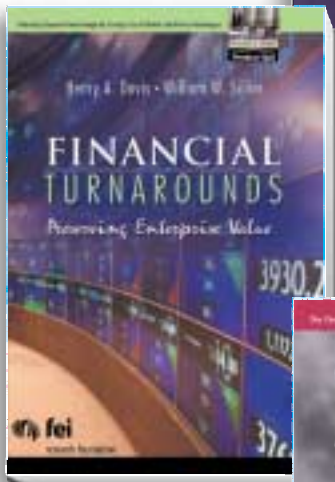
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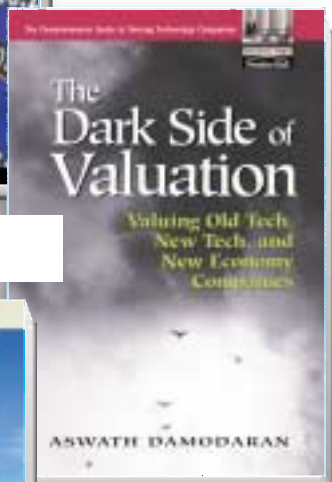
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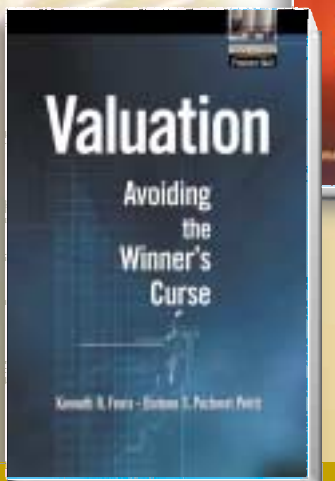
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—Robert F. Bruner, Distinguished Professor of Business Administration and Executive Director of the Batten Institute, Darden Graduate School of Business Administration, University of Virginia

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