

**Massachusetts Institute of Technology
Sloan School of Management**

15.434 Corporate Finance
Spring 2001

Assignment for Monday, May 7, 2001

Case: Euro Disneyland S.C.A.

1. In what ways will this complex set of transactions affect the Euro Disneyland project? Please give some consideration to these possible areas of change: ownership, financing, managerial flexibility and control, and risk exposure of various participants.
2. What will each of the following stakeholders contribute to, and gain from, the Euro Disneyland project: the government of France, banks, European equity investors, The Walt Disney Company? What would motivate each of these groups to participate? What steps or actions must each group take in order to realize the potential benefits from this project?
3. What might motivate The Walt Disney Company to transform the Euro Disneyland project into a separate company?
4. At an offering price of (French francs) FF72 per share, is the equity in Euro Disneyland fairly valued? Please assess the valuation conducted by S.G. Warburg.
5. In the abstract, what kinds of corporate assets might be split off in this fashion (i.e., rather than keeping it as a wholly internal project)? Are there other ways in which a corporate asset like Euro Disneyland might be carved out? Be prepared to sketch these other schemes.