



Fundamentals of Corporate Finance, 10th Edition

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Overall Changes to the 10th Edition:

Beyond the Page: The Beyond the Page digital extensions and applications provide additional examples, anecdotes, spreadsheet programs, and more thoroughgoing explanations of some topics. This material is very easily accessed on the web. In this edition, the material has been updated and a number of additional applications have been added and made easier to access. For example, the applications are seamlessly available with a click on the e-version of the book, but they are also readily accessible in the traditional hard copy of the text using the shortcut URLs provided in the margins of relevant pages.

Improving the Flow: A major effort in revising this text was spent on improving the flow. Often this has meant a word change here or a redrawn diagram there, but sometimes more substantial changes have been made. One example is the discussion of discounted cash flow analysis in Chapter 9. Rather than presenting a series of disconnected examples, the many aspects of cash flow analysis are now illustrated in one integrated application. The material is substantially unchanged, but we think that the flow is much improved.

Updating: Major updates in this edition revolved around the implications of recent tax reform legislation. The Tax Cuts and Jobs Act of 2017 mandated substantial changes in corporate and personal tax rates as well as in the tax treatment of depreciation and investment income. All of these changes potentially affect firms' capital budgeting and financing decisions.

Of course, in each new edition, statistics are made as up to date as possible. For example, since the previous edition, 2 extra years of data are available on security returns. These show up in the figures in Chapter 11 of the long-run returns on stocks, bonds, and bills. Measures of EVA, data on security ownership, dividend payments, and stock repurchases are just a few of the other cases where data have been brought up to date.

New Illustrative Boxes: The text contains a number of boxes with illustrative real-world examples. Many of these are new. Look, for example, at the box in Chapter 2 that describes prediction markets and what they had to say about the 2016 presidential election. Or look at the box in Chapter 15 that shows how the JOBS Act of 2012 cleared the way for companies to use crowdfunding to raise up to \$50 million from small investors who wish to invest in start-up firms.

More Worked Examples: More worked examples have been added in the text, many of them taken from real companies.

Chapter-by-Chapter Changes in the 10th Edition:

Chapter 1 contains updated and timely examples of real capital expenditure decisions by major corporations.

Chapter 2 includes a discussion of prediction markets in the most recent presidential election.

Chapter 3 includes updated discussions of recent changes in tax law.

Chapter 6 includes a new Finance in Practice box to show how to find bond information on the web.

Chapter 7 provides new evidence on efficient markets and some of the anomalies literature.

Chapter 9 now illustrates cash flow analysis in one integrated, extended example. It also discusses and provides several examples of the impact of accelerated depreciation and immediate expensing on the value of a capital investment.

Chapter 14 now includes more coverage of alternative sources of cash as well as extended treatment of the variety of corporate debt.

Chapter 16 reconsiders the present value of interest tax shields at the new, lower, corporate tax rate.

Chapter 20 introduces the components of working capital and the determinants of the cash cycle. It then looks briefly at each of the components including short-term debt. It provides updated discussions on recent trends in the United States concerning investments in working capital.

Chapter 21 features numerous updates to our coverage of the market for corporate control, for example, GE's divestment of major sectors of the firm, recent activist investor initiatives, and tax inversion strategies in the wake of recent changes to tax law.