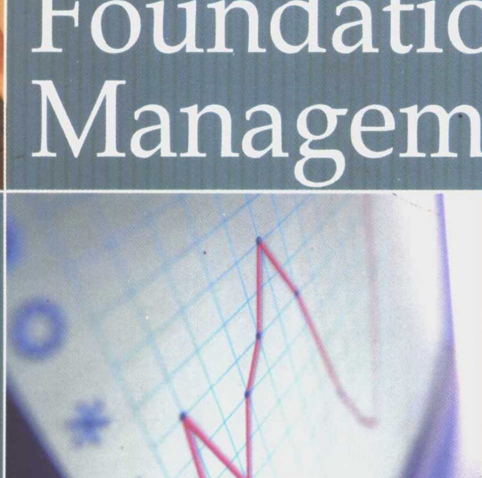
财务管理基础

[第 10 版] 影印版

Foundations of Financial Management



• Stanley B. Block
• Geoffrey A. Hirt

高等教育出版社
Higher Education Press
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出版前言

为适应经济社会发展的需要，以高质量的高等教育迎接经济全球化和新科技革命的挑战，培养数以千万计的高质量专门人才，教育部明确要求各高等院校创造条件使用英语等外语进行公共课和专业课教学，从而缩短我国在有关专业教学上与国际先进水平的差距，同时不断提升我国大学生的外语水平。其中一个重要的措施是在高等学校推动使用外语优秀教材。

为使高校学生能够及时使用世界先进水平的经济管理类新教材，高等教育出版社受教育部高教司委托，聘请熟悉国内外教学和学科发展水平的专家，从欧美现行教材中遴选、引进了这批具有国际领先水准的英文版教材，以影印形式出版，供开设相应课程的高等学校选用。

引进这批教材时，遴选和评定的依据主要有以下几个方面：（1）引进的教材与 1998 年教育部颁行的专业目录及后来批准的目录外专业所规定的主要课程相对应，内容符合专业培养目标和教学要求。（2）版本要新。国外的大学教科书一般三年左右即修订再版一次，增补新的内容。这批教材选择的都是国外权威教科书的最新版本，内容涵盖了相应学科最新进展的介绍和现实案例的分析。（3）内容规范简明，适合教学。由于这批影印教材主要是针对我国大学本科层次经济管理类专业的基础课程和主干课程的，专家们在选择时充分考虑了内容的严谨、规范以及表述的准确性，同时考虑了使用外语教材可能遇到的课时限制问题，在内容相同的几种流行版本中选择相对简明的薄本。另外，按照教育部的要求，这批教材的定价采取了与国内版教材相同的标准。

由于这批教材的作者所在国家的经济、政治、社会文化等与我国均有所不同，书中内容和观点难免有偏颇和错误之处，希望读者在阅读时注意鉴别。

我们希望这批影印教材的出版，对各高等院校的经济管理类专业的教学有所促进和帮助。

高等教育出版社
2002 年 9 月

- To the former participants in the student-managed Educational Investment Fund at Texas Christian University, 1973–2001.
  Stanley B. Block

- To James A. Gentry, a longtime friend, mentor, and my former dissertation advisor.
  Geoffrey A. Hirt.

About the Authors

Stanley B. Block Professor Block teaches financial management and investments at Texas Christian University, where he received the Burlington Northern Outstanding Teaching Award and the M. J. Neeley School of Business Distinguished Teaching Award. His research interests include financial markets, mergers, and high-yield bonds. He has served as President of the Southwestern Finance Association and is a Chartered Financial Analyst and a Certified Cash Manager. He enjoys sports and has run the NY Marathon. Professor Block holds a BA from the University of Texas at Austin, an MBA from Cornell University, and a PhD from LSU.

In 2001, his former students established the Dr. Stan Block $2 million Endowed Chair in Finance. He will be the first chairholder of the named chair.

Geoffrey A. Hirt Dr. Hirt is currently Professor of Finance at DePaul University. He received his PhD in Finance from the University of Illinois at Champaign-Urbana, his MBA from Miami University of Ohio, and his BA from Ohio-Wesleyan University. Geoff has directed the Chartered Financial Analysts Study program for the Investment Analysts Society of Chicago from 1987 to 2001.

From 1987 to 1997 he was Chairman of the Finance Department at DePaul University and is currently teaching investments, corporate finance, and strategic planning. He developed and was director of DePaul's MBA in Hong Kong and has taught in Poland, Germany, Thailand, and Hong Kong.

Geoff plays tennis and golf, is a music lover, and enjoys traveling with his wife, Linda.

Preface

Twenty-five years have passed since we began writing the first edition, and many things have changed as we approach our silver anniversary.

First of all, the field of finance has become much more analytical, with the emphasis on decision-oriented approaches to problems rather than the old, descriptive approach. We have increased the use of analytical approaches to financial problems in virtually every chapter of the book. But we also have stayed with our basic mission of making sure the student is able to follow us and our discussions throughout the text. While the 10th edition is considerably more sophisticated than the initial edition, it is still extremely "reader friendly." As the analytical skills demanded of students have increased, so has the authors' care in presenting the material.

Using computers has become considerably more important over the last quarter century, and this is also reflected in the 10th edition. We now offer web exercises at the end of every chapter, URL citations throughout the text, self-study software for the student, an Online Learning Center for students and faculty, and computerized testing software and Powerpoint® for the faculty.

Throughout the past 25 years, the Block and Hirt text has been a leader in bringing the real world into the classroom, and this has never been more apparent than in the 10th edition. Each section of the book highlights an influential figure in the business world, each chapter opens with a real-world vignette, and the Finance in Action boxes (found in virtually every chapter) describe real-world activities and decisions made by actual businesses. Not only are hundreds of corporations discussed, but actual corporate logos are shown for the most important corporations covered in the book.

The international world of finance has become much more important over the last 25 years, and the Block and Hirt text has expanded its international coverage tenfold since the first edition. Where there is an international application for a financial issue, you are very likely to find it in Block and Hirt.

More recently, the "new" economy, associated with high technology, has gained importance and in this latest edition there are more references to the eBays, Amazon.coms, and AOLs than ever before.

However, there is one thing that has not changed over the last 25 years—the authors still write the entire book and all of the problems themselves! We believe our devotion of time, energy, and commitment over these years is the reason for our reputation for having produced a high-quality and successful text—edition after edition.

Reinforcing Prerequisite Knowledge

Employers of business graduates report that the most successful analysts, planners, and executives are both effective and confident in their financial skills. We concur. One of the best ways to increase your facility in financial planning is to integrate your knowledge from prerequisite courses. Therefore, the text is designed to build on your basic knowledge from courses in accounting and economics. By applying tools learned in these courses, you can develop a conceptual and analytical understanding of financial management.

We realize, however, that for some students time has passed since you have completed your accounting courses. Therefore, we have included Chapter 2, a thorough review of accounting principles, finance terminology, and financial statements. With a working knowledge of Chapter 2, you will have a more complete understanding of the impact of business decisions on financial statements. Furthermore, as you are about to begin your career you will be much better prepared when called upon to apply financial concepts.

Content Improvements

The 10th edition specifically covers the following new topics:

An Emphasis on e-commerce Throughout the text and particularly in Chapter 7, there is an emphasis on how e-commerce has changed the way business is being done.

Valuation of High-Tech, Internet Companies In addition to the traditional valuation coverage in Chapter 10, there is a discussion entitled "Valuation of High-Technology Companies—Throw Away the Book."

Changes in Financial Markets Chapter 14, "Capital Markets," includes greater coverage of electronic communications networks (ECNs) and electronic trading in general. Also, after-hours trading is covered for the first time.

Additional Coverage of Derivatives Chapter 19 has been expanded to cover derivatives. The chapter now includes discussions of options, futures, and hedging as well as of the more traditional convertibles and warrants.

Emphasis on the Euro The euro has taken on increased importance since the last edition, and this is reflected throughout the text and particularly in Chapter 21, "International Financial Management."

Successful improvements from previous editions that we have built on in the 10th edition include:

Functional Integration We have taken care to include examples that are not just applicable to finance students, but also to the marketing, management, and accounting majors.

Small Business Since over two-thirds of jobs created in the U.S. economy are from small businesses, we have continued to note when specific financial techniques are performed differently by large and small businesses.

Comprehensive International Coverage We have updated and expanded coverage on international companies and events throughout the text.

Contemporary Coverage The 10th edition has continued to provide updated real-world examples, using companies easily recognizable by students to illustrate financial concepts presented in the text.

Chapter Features

company was made in October of 1999 and was a big success.

Ms. Stewart is the major stockholder, and this company is responsible for all of her business ventures. The company's annual report states that its two primary strategic objectives are "to provide our original 'how to' content and information to as many consumers as possible and to turn our consumers into 'doers' by offering them the information and products they need for do-it-yourself ingenuity the Martha Stewart way." To accomplish these objectives her company publishes three magazines,

Martha

Martha

a radio program, and the website mentioned above.

Martha was one of six children and put herself through Barnard College by modeling. After college she was a stockbroker and

Martha Stewart at the NYSE w/baked goods

Reuters New Media/CORBIS

New! News-Makers

Each part now opens with a News-Maker feature that highlights an influential person in finance or business and their contribution to the field. Featured professionals include: Alan Greenspan, Debbie Hopkins, Martha Stewart, Oprah Winfrey, Sandy Weill, and Masayoshi Son.

Chapter Concepts

Chapter Concepts are listed on the opening page of each chapter as a quick introduction to the material you will learn and as an indication of the key topics you should understand fully before moving to the next chapter.

CHAPTER | CONCEPTS

1 Working capital management involves financing and controlling the current assets of the firm.

2 Management must distinguish between those current assets that are easily converted to cash and those that are more permanent.

3 The financing of an asset should be tied to how long the asset is likely to be on the balance sheet.

4 Long-term financing is usually more expensive than short-term financing based on the theory of the term structure of interest rates.

5 Risk, as well as profitability, determines the financing plan for current assets.

Updated! Chapter Opening Vignettes

We bring in current events (such as competition among air carriers and the seasonality problems of department stores) as chapter openers to illustrate the material to be learned in the upcoming chapter.

In the physical sciences as well as in politics, the term leverage has been popularized to mean the use of special force and effects to produce more than normal results from a given course of action. In business the same concept is applied, with the emphasis on the employment of fixed cost items in anticipation of magnifying returns at high levels of operation. The student should recognize that leverage is a two-edged sword—producing highly favorable results when things go well, and quite the opposite under negative conditions.

Just ask the airline industry. Firms such as American Airlines, Continental, Delta, Southwest, and UAL were all flying high at the turn of the century because of favorable economic conditions, high capacity utilization, and relatively low interest rates on debt. Such was not the case in the early 1990s when high leverage in the form of high cost fixed assets (airplanes) and high cost debt were causing severe consequences in a weak economy. Among the survivors is Atlanta-based Delta Airlines. However, between 1989 and 2000, Delta saw its earnings per share go from \$4.69 (1989), down to a negative \$5.27 (1993) and back up to approximately \$7.00 (2000). That's a pretty scary ride for any company.

It is widely believed that massive consolidations (mergers) between the weak and the strong within the industry will be necessary the next time the warning light on the economy comes on because of the high leverage in the industry.

mer years companies that sold receivables were viewed as short of cash, financially shaky, or in some financial trouble. This negative perception has been diminished by new issues of receivables-backed securities by such companies as Bank of America (credit card receivables), GMAC (car loan receivables), and Mack Trucks (truck loan receivables).

These asset-backed public offerings have continued to be popular, and in 1990 IBM added a new wrinkle by selling a public offering of receivables due from state and municipal governments. The interest paid to the owners of these securities is not taxable by the federal government. This allows IBM to raise cash at below-market rates. This strategy may be available only to large companies having significant business with state and local government units. Investment bankers continue to develop new types of asset-backed securities, and they are optimistic that the use of all asset-

Updated! Company Logos

In this feature, four-color company logos (such as those of IBM, McDonald's, Coca-Cola, and eBay) are included in the margin of the text where a situation involving the company is used as an example. This feature helps to call out our strength in providing many real-world examples. Because logos are so easy to recognize, you will have no trouble relating them to the financial concepts in the example.

New Format! Finance in Action Boxes

These boxed readings highlight specific topics of interest that relate to three main areas: managerial decisions, global situations, and technology issues. Website addresses are included in relevant boxes for easy access to more information on that topic or company.

The Impact of the Internet on Working Capital Management

The Internet is having a significant effect on the way companies manage the purchase of their inventory, the way they sell their goods, how they collect their money, and how they manage their cash. Electronic funds transfer systems, discussed later in the chapter have been around for over 20 years even though their growth has accelerated in the last several years.

There are two major trends that will affect corporate practices and profitability for decades to come. The first trend is the creation and use of business-to-business (B2B) industry supply exchanges usually initiated by the "old" economy companies. The second trend is the use of auction markets, which have been created by "new" economy companies to allow businesses to buy and sell goods among themselves. Of

Hoffman Estates, Illinois, and Carrefour of Paris, France, have joined together to create a web supply exchange, and personal computer makers Compaq, Hewlett-Packard, Gateway, and NEC of Japan, have announced plans to set up their own electronic marketplace.

The second trend in capital management is the use of online auction companies such as FreeMarkets (freemarkets.com) and Commerce One. (commerceone.com). FreeMarkets creates business-to-business online auctions for buyers of various industries. They have developed specialties and qualified buyers and suppliers for more than 70 product categories. Their advertisements appear in major publications and they tout their expertise in coal, injection molded plastic parts, metal fabrications, chemicals, printed circuit boards, and more. In

oned more than $2.7 billion

se orders and estimate that

estimated 20 to 25 percent of

hase prices.

FINANCE IN ACTION

www.oracle.com

www.freemarkets.com

www.commerceone.com

DrKoop.com: A Classic Case of a Dot-Com That Was Overvalued

C. Everett Koop, MD, is a former Surgeon General of the United States. This is the highest authority level a medical doctor can reach in the USA. So who could possibly be better at describing symptoms for diseases, preventative medicine, and possible cures? Why go through the hassle of an HMO, a primary care physician, and a visit to a recommended specialist when Dr. Koop is only one click away on the keyboard.

Based on this logic, Dr. Koop and his advisors took his website-based company public on June 6, 1999 (meaning it sold shares to the general public). Never mind that the website was only a few months old. Around this time period, it only had $1.5 million in revenue and had sustained $5 million in losses. Nevertheless, the company, which had gone public at $9 per share for $250 million, found itself one month later trading at a peak value of $43.75, for a total market value of $1.3 billion. There was no price-to-earnings ratio because there were no earnings.

the report, Ray Falci, the analyst for Bear Sterns stated, "We see further upside in the stock driven by continued execution of DrKoop.com's business plan."*

As is true of many overnight dot-com successes, the optimism was not sustainable. In an attempt to generate quick revenue and cash flow, DrKoop.com entered into ill-conceived contractual agreements with AOL and Disney's GO Network that drained its resources. When DrKoop.com filed its annual report in March of 2000, PricewaterhouseCoopers, its auditor, issued the following warning statement, "Sustained losses and negative cash flows from operations create substantial doubts about the company's future."* By then the stock had plummeted from its July 1999 peak value

FINANCE IN ACTION

www.drkoop.com

Long-Term Capital Management LP—The Collapse of a Hedge Fund with the Help of Nobel Prize Winners

The secrecy surrounding hedge funds is well known. These limited partnerships control billions of dollars of assets with a very large amount of leverage and hedge their positions. The portfolio managers don't want anyone to know their positions in any of the markets because they don't want other hedge funds and big investors to know their strategies. Secrecy was the norm for Long-Term Capital Management LP (LTC), a fund run by John Meriwether, the legendary bond trader from Salomon Brothers. In fact, LTC traders would often make meaningless trades just to mislead competitors who might be trying to decipher their strategies.

In the 1980s, when Meriwether was the chief bond trader at Salomon Brothers, he traded using academic models relying on mathematics, option pricing, and computer simulations to find pockets of inefficiencies in the markets. Meriwether recruited Myron Scholes, then a professor at the University of Chicago and one of the creators of the Black

over 40 percent per year. But in August 1998 the first shoe fell as Russia defaulted on its government debt, the ruble plummeted, and LTC lost 52 percent of its assets. The second shoe fell on September 23, 1998 when LTC lost almost all of the $4.8 billion in capital that it had at the start of 1998. With the Federal Reserve helping in the negotiations, LTC was taken over by its lenders and major investors, who invested an additional $3.6 billion in capital to keep Long-Term Capital from defaulting on its loans and creating chaos in the marketplace. How could this happen, you ask?

Hedge funds the world over had not expected Russia to default on sovereign debt, especially since the International Monetary Fund was in the process of lending Russia billions of dollars. At one time, Long-Term Capital had leveraged its capital with debt so it controlled $1 trillion in positions. Since financial futures require very small margins (you can control $250,000 of U.S. Treasury bills with a $2,000 investment), by borrowing against your

FINANCE IN ACTION

www.themotleyfool.com

Functional Use of Four Colors

The 10th edition continues to include the well-received functional use of four colors to enhance your understanding of tables, graphs, and exhibits. For example, the financial analysis chapter (Chapter 3) uses color to make the origin of the ratios easier to follow. For easy identification, the balance sheet appears in blue and the income statement in red. These same two colors continue to be traced through the numerical ratios, with each number appearing in the same color as the financial statement from which it was derived. This linkage helps identify whether the ratio is a balance sheet ratio, and income statement ratio, or a mixed ratio.

Profitability Ratios—

	Saxton Company	Industry Average
1. Profit margin = $\frac{\text{Net Income}}{\text{Sales}}$	$\frac{\$200{,}000}{\$4{,}000{,}000} = 5\%$	6.7%
2. Return on assets (investment) =		
a. $\frac{\text{Net income}}{\text{Total assets}}$	$\frac{\$200{,}000}{\$1{,}600{,}000} = 12.5\%$	10%
b. $\frac{\text{Net income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total assets}}$	$5\% \times 2.5 = 12.5\%$	$6.7\% \times 1.5 = 10\%$
3. Return on equity =		
a. $\frac{\text{Net income}}{\text{Stockholders' equity}}$	$\frac{\$200{,}000}{\$1{,}000{,}000} = 20\%$	15%
b. $\frac{\text{Return on assets (investment)}}{(1 - \text{Debt/Assets})}$	$\frac{0.125}{1 - 0.375} = 20\%$	$\frac{0.10}{1 - 0.33} = 15\%$

In analyzing the profitability ratios, we see the Saxton Company shows a lower re-

In-Book Acetates on Time Value of Money (Chapter 9)

The concept of the "time value of money" is one of the most difficult topics in any financial management course for professors to communicate to students. We think we have created a visual method for teaching future value and present value of money that will help you understand the concept simply and quickly. The tenth edition includes four-color acetates in the text that visually relate future values and present values. We hope you agree that this innovation is an advancement in financial pedagogy.

End-of-Chapter Features

Summary

Each chapter ends with a summary that ties the material back to the chapter concepts presented at the beginning of the chapter.

Summary

Risk may be defined as the potential variability of the outcomes from an investment. The less predictable the outcomes, the greater is the risk. Both management and investors tend to be risk-averse—that is, all things being equal, they would prefer to take less risk, rather than greater risk.

The most commonly employed method to adjust for risk in the capital budgeting process is to alter the discount rate based on the perceived risk level. High-risk projects will carry a risk premium, producing a discount rate well in excess of the cost of capital.

In assessing the risk components in a given project, management may rely on simulation techniques to generate probabilities of possible outcomes and decision trees to help isolate the key variables to be evaluated.

Management must consider not only the risk inherent in a given project, but also the impact of a new project on the overall risk of the firm (the portfolio effect). Negatively correlated projects have the most favorable effect on smoothing business cycle fluctuations. The firm may wish to consider all combinations and variations of possible projects and to select only those that provide a total risk-return trade-off consistent with its goals.

Review of Formulas

1. $\bar{D}$ (expected value) = ΣDP (13–1)
   D is outcome
   P is probability of outcome
2. σ (standard deviation) = $\sqrt{\Sigma(D - \bar{D})^2 P}$ (13–2)
   D is outcome
   $\bar{D}$ is expected value
   P is probability of outcome
3. V (coefficient of variation) = $\frac{\sigma}{\bar{D}}$ (13–3)
   σ is standard deviation
   $\bar{D}$ is expected value

Summary List of Equations

At the end of every chapter that includes equations, we provide a list of all equations for easy reviewing purposes.

List of Terms

cash flow 340
payback 342
internal rate of return (IRR) 343
net present value 345
mutually exclusive 346
reinvestment assumption 347
capital rationing 348
net present value profile 349
modified accelerated cost recovery system (MACRS) 352
asset depreciation range (ADR) 352
replacement decision 355
incremental depreciation 357
elective expensing 360

List of Key Terms

Similarly, you can use the list of key terms provided at the end of each chapter to test your comprehension and retention. Page numbers are provided for each term and the term is also defined in the glossary at the back of the book.

Discussion Questions and Problems

The material in the text is supported by over 250 questions and 350 problems in this edition, to reinforce and test your understanding of each chapter. Care has been taken to make the questions and problems consistent with the chapter material, and each problem is labeled with its topic to facilitate that link. Every problem has been revised in this edition, but the level and variety of the complete set is similar to those from previous editions.

Discussion Questions

1. Why do we use the overall cost of capital for investment decisions even when only one source of capital will be used (e.g., debt)?
2. How does the cost of a source of capital relate to the valuation concepts presented previously in Chapter 10?
3. In computing the cost of capital, do we use the historical costs of existing debt and equity or the current costs as determined in the market? Why?
4. Why is the cost of debt less than the cost of preferred stock if both securities are priced to yield 10 percent in the market?
5. What are the two sources of equity (ownership) capital for the firm?
6. Explain why retained earnings has an opportunity cost associated with it?

Problems

Aftertax cost of debt

1. Telecom Systems can issue debt yielding 8 percent. The company is in a 35 percent bracket.
   What is its aftertax cost of debt?

Aftertax cost of debt

2. Calculate the aftertax cost of debt under each of the following conditions.

	Yield	Corporate Tax Rate
a.	6.0%	16%
b.	12.6	35
c.	9.4	24

WEB EXERCISE

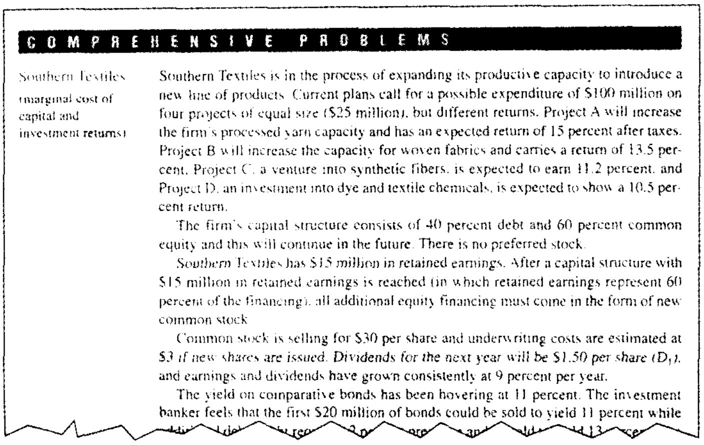
One of the new features of this chapter was the impact of the Internet on working capital management, and FreeMarkets and Commerce One were two companies that were highlighted as being at the forefront of the B2B trend.
Go to Commerce One's website at www.commerceone.com.

1. Click on "Company" at the left-hand top of the page and read the description. In one short paragraph, describe what Commerce One does.
2. Click on "Vision" on the left-hand margin of the page. After reading the vision statement, briefly explain what impact B2B will have on the way finance and marketing interact within the organization.
3. Click on "Solutions" at the left-hand top of the page. In two short paragraphs, explain what solutions they offer to buyers and sellers.
4. Click on "Customers" at the top of the page. List five customers.

Note: From time to time, companies redesign their websites and occasionally a topic we have listed may have been deleted, updated, or moved into a different location. Most websites have a "site map" or "site index" listed on a different page. If you click on the site map or site index you will be introduced to a table of contents which should aid you in finding the topic you are looking for.

New! Web Exercises

Each chapter now includes at least one web exercise to help pull more relevant real-world material into the classroom. The exercises ask students to go to a specific site of a company that has already been discussed in the chapter, and make a complete analysis that was also demonstrated in the chapter. These exercises provide a strong link between learning chapter concepts and applying them to the decision-making process.



COMPREHENSIVE PROBLEMS

Southern Textiles (marginal cost of capital and investment returns)

Southern Textiles is in the process of expanding its productive capacity to introduce a new line of products. Current plans call for a possible expenditure of $100 million on four projects of equal size ($25 million), but different returns. Project A will increase the firm's processed yarn capacity and has an expected return of 15 percent after taxes. Project B will increase the capacity for woven fabrics and carries a return of 13.5 percent. Project C, a venture into synthetic fibers, is expected to earn 11.2 percent, and Project D, an investment into dye and textile chemicals, is expected to show a 10.5 percent return.

The firm's capital structure consists of 40 percent debt and 60 percent common equity and this will continue in the future. There is no preferred stock.

Southern Textiles has $15 million in retained earnings. After a capital structure with $15 million in retained earnings is reached (in which retained earnings represent 60 percent of the financing), all additional equity financing must come in the form of new common stock.

Common stock is selling for $30 per share and underwriting costs are estimated at $3 *if new shares are issued. Dividends for the next year will be $1.50 per share* ($D_1$), and earnings and dividends have grown consistently at 9 percent per year.

The yield on comparative bonds has been hovering at 11 percent. The investment banker feels that the first $20 million of bonds could be sold to yield 11 percent while

Comprehensive Problems

Several chapters have comprehensive problems, indicated with a red sidebar, that integrate and require the application of several financial concepts into one problem.

Teaching and Learning Support

For Instructors:

Instructor's Manual (0072422661) The instructor's manual has been revised to help the instructor integrate the graphs, tables, perspectives, transparencies, and problems into a lecture format. Each chapter opens with a brief overview and a review of key chapter concepts. The chapter is then outlined in an annotated format to be used as an in-class reference guide by the instructor. The manual also includes detailed solutions to all of the problems, set in larger type to facilitate their reproduction as transparencies for the classroom.

Teaching and Solutions Transparencies (007242270X) This package provides lecture outlines, selected exhibits from the book, and selected end-of-chapter solutions (all odd-and some even-numbered questions) in a transparency acetate format.

PowerPoint® Presentation System (0072422750) The PowerPoint package contains lecture outlines and selected exhibits from the book in a four-color, electronic format that you can customize for your own lectures. Jeffrey A. Phillips, Thomas College, contributed the lecture outlines for this package.

Test Bank (0072422688) The Test Bank includes 1,500 multiple-choice and true-false questions, with revisions made by the authors corresponding to the revisions in the 10th edition. Also included are quiz sets and 10 matching quizzes.

Computerized Testing Software (Windows: 0072422742) This software includes an easy-to-use menu system that allows quick access to all the powerful features available. The Keyword Search option lets you browse through the question bank for problems containing a specific word or phrase. Password protection is available for saved tests or for the entire database. Questions can be added, modified, or deleted.

Instructor's Manual to Accompany Cases (0072422734) This Instructor's Manual includes a brief synopsis of the purpose of each case, its relation to the text, and its level of complexity. Detailed solutions to the end-of-case questions are also provided.

Videos (0072422695) These finance videos are 10-minute case studies on topics such as Financial Markets, Careers, Rightsizing, Capital Budgeting, EVA (Economic Value Added), Mergers and Acquisitions, and International Finance. Questions to accompany these videos can be found on the book's Online Learning Center.

Instructor CD-ROM Receive all of the supplements in an electronic format! The Instructor's Manual, PowerPoint, and Test Bank are all together on one convenient CD. The interface provides the instructor with a self-contained program that allows him to arrange the visual resources into his own presentation and add additional files as well.

For Students:

Self-Study Software This tutorial software is packaged free with every new book purchased from McGraw-Hill/Irwin. It contains a self-study program, with questions written by the authors, to test your understanding of the concepts, as well as provide an infinite number of problems to solve with the random-number generator program. It also includes the glossary of terms, chapter concepts, and summaries.

PowerWeb If you purchased a new book, you will have received a passcode card to give you access to PowerWeb—a dynamic supplement specific to your corporate finance course. Included are three levels of resource materials: articles from journals and magazines from the past year, weekly updates on current issues, and links to current news of the day. Also available is a series of study aids such as quizzes, web links, and interactive exercises. See www.dushkin.com/powerweb for more details and access to this valuable resource.

Study Guide and Workbook (0072422807) This valuable resource, created by Dwight C. Anderson, provides chapter summaries, outlines with page references, and additional problems and multiple-choice questions with solutions for practice.

Standard & Poor's Educational Version of Market Insight If your instructor ordered this product as a part of your textbook purchase, you will have received a passcode card that will give you access to the same company and industry data that industry experts use. See www.mhhe.com/edumarketinsight for details on this exclusive partnership!

Cases (0072422823) These 25 cases, written by the authors, are ideal for in-depth analysis and facilitate an integrated understanding of the topics presented in the book.

Ready Notes (0072422815) This note-taking supplement contains reduced copies of the images of the transparency and PowerPoint packages, excluding the solutions. There is room for you to take notes next to each image, allowing a more complete and organized method for recording lecture notes.

The Wall Street Journal Edition If your instructor has ordered this special edition, you will find a guide to *The Wall Street Journal* and an access card that entitles you to a 10-week subscription to *The Wall Street Journal*. No additional payment for the subscription will be necessary.

Financial Analysis with an Electronic Calculator, Fourth Edition, by Mark A. White (0072299738) This helpful guide provides you with information and procedures to master financial calculators and gain a deeper understanding of financial mathematics. Complete instructions are included for solving all major problem types on three popular models of financial calculators: Hewlett-Packard's HP-10B, Sharp Electronics' EL-733A, and Texas Instruments' BA II Plus. Sixty hands-on problems with detailed solutions will allow you to practice the skills outlined in the book and obtain instant reinforcement.

Online Learning Center

Visit this full web resource now available with the 10th edition at www.mhhe.com/bh10e. The Information Center includes information on this new edition, and links for special offers. The Instructor Center includes all of the teaching resources for the book, and the Student Center includes free online study materials—such as quizzes, study outlines, and spreadsheets—developed specifically for this edition. A feedback form is also available for your questions and comments.

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Brief Contents

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