

EIGHTH EDITION

EUGENE F. BRIGHAM  
JOEL F. HOUSTON



FUNDAMENTALS  
OF  
FINANCIAL  
MANAGEMENT

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# **FUNDAMENTALS OF FINANCIAL MANAGEMENT**

**EIGHTH EDITION**

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# P R E F A C E

The eighth edition continues to offer the most complete and integrated teaching system available.

When *Fundamentals of Financial Management* was first published more than 20 years ago, our intent was to write an introductory finance text that students could truly understand. Today, 20 years later, *Fundamentals* has become the leading undergraduate finance text. Our goal with the eighth edition has been to produce a book and ancillary package that holds its position and sets yet another new standard for finance textbooks.

As teachers and authors, we have always tried to incorporate current innovations in the fields of finance, education, and publishing into *Fundamentals* and its related ancillaries. The eighth edition's new look and new ancillary items provide the most complete and integrated teaching system available. Of course, our commitment to quality, accuracy, and student accessibility remains as strong as ever.

Finance is an exciting, challenging, and ever-changing discipline. In developing and improving *Fundamentals*, we strive to convey the excitement and ever-changing nature of finance, and most students do quickly realize its importance and relevance. More often than not, students are pleased and surprised to discover that finance is more interesting and exciting than they had anticipated. Nevertheless, finance remains a difficult subject for many students, and we kept this in mind as we developed the text and supporting materials. Without sacrificing rigor, we try to explain each topic clearly and completely. However, an introductory finance course should be more than just a series of topics—to fully understand the basic financial concepts, students must understand how the various topics fit together.

With this in mind, we begin *Fundamentals* with a discussion of financial objectives, and we show how both managers and investors use accounting statements to assess how well firms are meeting those objectives. We also describe early on the financial environment, the fundamental trade-off between risk and return, and the time value of money. We build on these basic concepts to develop the principles of security valuation and to explain how prices and rates are established in the stock and bond markets. Subsequent chapters explain how financial tools and techniques can be used to help firms maximize value by improving decisions relating to capital budgeting, capital structure, and working capital management. The final part of the book deals with a number of related



Four of the many advantages of the eighth edition's organization.

topics, including multinational financial management, derivatives and risk management, hybrid financing, and mergers. Our organization has four important advantages:

1. Explaining early how accounting data are used, how financial markets operate, and how security prices are determined helps students see how financial management affects stock prices. Also, early coverage of risk analysis, the time value of money, and valuation techniques permits us to use and reinforce those concepts throughout the remainder of the book.
2. Structuring the book around markets and valuation enhances continuity and helps students see how the various topics are related to one another.
3. Most students — even those who do not plan to major in finance — are interested in stock and bond valuation, rates of return, and the like. Because the ability to learn a topic is a function of interest and motivation, and because *Fundamentals* covers security markets and stock and bond values early, our organization is pedagogically sound.
4. Once the basic concepts have been established, it is much easier for students to understand how corporations make important investment and financing decisions, and how they establish working capital policies. Also, the later chapters make sense only after the basics have been covered.

## RELATIONSHIP TO OTHER DRYDEN PRESS BOOKS AND OUR OTHER BOOKS

The growing body of knowledge makes it difficult, it not impossible, to include all that one might want in the text. This led Gene Brigham to coauthor (with Lou Gapenski) two other texts which deal with materials that go beyond what can be covered in an introductory course — an upper level undergraduate text (*Intermediate Financial Management*, fifth edition) and a comprehensive book aimed primarily at MBAs (*Financial Management: Theory and Practice*, eighth edition).

Although we have limited the scope of *Fundamentals*, some professors indicated a preference for a smaller, more streamlined textbook. With this in mind, we created another text, *Fundamentals of Financial Management: The Concise Edition*. The development of *Concise* forced us to systematically rethink all aspects of the book with the goal of removing nonessential and/or redundant materials. This led to improvements which we carried over to *Fundamentals* and which helped make this eighth edition a better book.

Although *Concise* was well received, there are still two significant advantages to a more complete book such as *Fundamentals*:

1. *Fundamentals* affords professors more flexibility in designing their courses.
2. *Fundamentals* provides a more complete reference book for students after they complete the course. This is especially important for nonfinance majors, who will not otherwise have access to the materials contained in *Fundamentals* but omitted from *Concise*. In this regard, it should be noted that the *Fundamentals* chapters are written in a modular, self-contained format, designed to make it easy for students to read them on their own.



## INTENDED MARKET

*Fundamentals* is intended for use in the introductory finance course. The key chapters can be covered in a one-term course or, supplemented with cases and some outside readings, used in a two-term course. If it is used in a one-term course, most instructors generally cover only selected chapters, leaving the others for students to examine on their own or to use as references in conjunction with work in later courses and after graduation. Note that we made every effort to write the chapters in a flexible, modular format, which will help instructors cover the material in whatever sequence they choose.

All chapters are written in a flexible, modular format.

## INNOVATIONS FOR THE EIGHTH EDITION

Both financial issues and teaching technology are dynamic, so textbooks must be continually updated to reflect important new developments. Consequently, we are always on the lookout for ways to improve the book, and we work with a team of reviewers to systematically seek potential improvements. As a result, several important changes were made in this edition, the most important of which are discussed here.

### INCREASED COVERAGE OF INTERNATIONAL FINANCE

Increased global perspective.

It has become a cliché to argue that world capital markets have become increasingly integrated and that investors and corporations should think globally when they make important financial decisions. Like most clichés, this one is true, but even so, most introductory finance textbooks have not paid much attention to international issues. However, as international issues become increasingly important, this omission becomes increasingly serious. With this in mind, we have taken several steps to improve our coverage of international finance.

Strengthened and repositioned multinational chapter.

As a starting point, we reworked the multinational financial management chapter (now Chapter 18) to incorporate such important topics as interest rate and purchasing power parity. We also expanded the sections on capital structure and capital budgeting across countries, and the implications of cross-country differences for financial managers. In addition, we discuss the implications of recent developments in the global marketplace, including the creation of the European Monetary System. Finally, we moved the international chapter forward in the text, which is consistent with its increasing importance.

It is not enough to just have a chapter on international finance—international topics should be integrated and discussed throughout the text. With this in mind, we added a new series of boxes, entitled “Global Perspectives,” which look at the issues covered in the chapters from a global viewpoint.

New Global Perspectives boxes expand on issues covered in chapters.

A number of people helped us with the international materials. Chapter 18 was coauthored with two international specialists, Roy Crum and Subu Venkataraman. Roy teaches international finance at the University of Florida, and Subu teaches international finance at Northwestern University and also deals with international issues as a senior economist at the Federal Reserve Bank of Chicago. Andy Naranjo, another international expert at Florida, gave us many suggestions for the Global Perspectives boxes and also helped us integrate international topics throughout the text.

Two separate chapters help students more easily understand stock and bond valuation.

## SEPARATE CHAPTERS FOR STOCKS AND BONDS

Previous editions of *Fundamentals* contained a single chapter early in the book on stock and bond valuation, and later chapters then described the institutional characteristics of common stock, investment banking, and long-term debt. A number of instructors suggested that this organization was less than ideal, primarily because students found it hard to fully understand the stock and bond valuation material without the background provided by the institutional materials covered later in the book. While developing *Concise*, we decided to divide the material covered in the three previous chapters into two new chapters, one on bonds and one on stocks. The bond chapter covers types of bonds, bond ratings, and the bond market, and it then discusses bond valuation. The stock chapter provides background information on the stock market, the rights of stockholders, and investment banking, then covers stock valuation and rates of return.

The new arrangement worked wonderfully well with *Concise*, so we carried it over to *Fundamentals*.

## REORGANIZATION OF THE WORKING CAPITAL CHAPTERS

Streamlined! Working capital management chapters are reorganized to make it easier to understand.

Again taking a cue from the lessons we learned while developing *Concise*, we also reorganized the material on working capital into two chapters, one entitled “Managing Current Assets” and the other “Financing Current Assets.” The chapter on current assets describes the general trade-offs firms face when establishing policy related to cash management, inventory management, and accounts receivable. In the seventh edition, these topics were covered in three separate chapters.

The new approach enables us to tie things together better, which makes it easier for students to see the “big picture.” When we reduced the number of chapters, we also eliminated some details that did little to help students understand the basic issues. In effect, students had difficulty seeing the forest for the trees, and it helped to remove a few trees. Finally, covering the key working capital materials in two rather than three chapters makes it easier to fit this important topic into a crowded syllabus.

## A NEW CHAPTER ON DERIVATIVES AND RISK MANAGEMENT

New chapter! Gives students the latest information on these hot topics.

Derivatives and their use in risk management are a rapidly growing and important part of the financial landscape, so we included a new chapter entitled “Derivatives and Risk Management.” Here we explain what derivatives are and how they can be used to help manage risk. Although we highlight some of the high-profile real-world cases where mismanagement of derivatives had led to large losses, the primary thrust of the chapter is to describe situations in which derivatives can reduce risk and enhance shareholder value, which is really why this market has seen such explosive growth.

## STARTER PROBLEMS

All instructors recognize that answering questions and working through problems is an integral part of the learning process. Consequently, *Fundamentals* has always included a large and diverse set of problems in each chapter, including Questions, Self-Test Problems, Problems, Exam-Type Problems, an Integrated Case, and Computer-Related Problems. In the eighth edition we added a new com-

ponent, entitled Starter Problems, which are easy problems designed to let students work some basic exercises before moving on to more challenging problems. The Starter Problems help students get going, and they also provide a useful check as to whether students need to reread the chapter before going on.

### IMPROVEMENTS TO THE ANCILLARY PACKAGE

We also made a number of improvements to the ancillary materials:

Lecture presentation now in *PowerPoint*.

By popular demand! A unique student note-taking manual based on the *PowerPoint* slides.

New footage!

New! World Wide Web links in every chapter.

Additional instructional support for lectures.

- ◆ The computerized slide show which illustrates the key concepts of each chapter has been thoroughly overhauled. First, based on our own usage and suggestions from others, we did a lot of fine-tuning which improved the slides. Second, a number of professors indicated that they would like to be able to modify the slide show by adding some slides of their own and/or deleting some of ours. Since most were familiar with *Microsoft Office*, including its *PowerPoint* software, we decided to switch from *Aldus Persuasion* to *Microsoft PowerPoint*. Since *PowerPoint* is more familiar and easier to learn, the switch gives instructors greater flexibility to modify our slides or add slides of their own, thereby tailoring the slide show to meet their needs.
- ◆ The format of *Blueprints* was completely revamped. *Blueprints* is now based on a hard copy of the *PowerPoint* slides, plus exam-type problems which can be worked by students or discussed in class. We made this change in *Concise*, and 100 percent of our reviewers and students felt that the new format represents a huge improvement. We are convinced that this change will be well received by those who currently use the slides, and we strongly recommend that nonusers look over the new slides and seriously consider using them. Of course, not all schools have the necessary projection equipment, but the new version of the slide show does represent a real breakthrough, and its use, along with *Blueprints* to facilitate student note-taking, can help students get the most out of lectures and save instructors preparation time in the process.
- ◆ The finance video series has been significantly updated. New footage has been filmed to coincide with changes in the text and to provide more current examples of how many of the concepts discussed in the book are applied in the real world.
- ◆ One new feature that many students and professors will like is a set of marginal note references entitled, "On the WWW." These notes direct readers to interesting sites on the World Wide Web that are relevant to the subject being covered at that point in the text. These references are found throughout the book.
- ◆ The Annotated Instructor's Edition, which was first included in the seventh edition, has been significantly enhanced and updated. The points made in the annotations can be quite useful for getting discussions started.

We describe other aspects of the ancillary package next, when we discuss other features of the book.

### ADDITIONAL IMPROVEMENTS

As always, we updated and clarified the text and end-of-chapter problems, and we made numerous improvements in the pedagogy. In particular, we updated the

real-world examples and pointed out key recent developments in the financial environment. We also expanded the coverage of certain topics as they became more important, and, in other instances, we deleted redundant material to streamline the discussion and make the text flow better. Here is a sampling of the changes:

- ◆ In Chapter 1, we describe in more detail the importance of globalization.
- ◆ In Chapter 2, we expanded our discussion of Economic Value Added (EVA), and we also expanded and improved the section which describes the relationship between accounting income and cash flow.
- ◆ In Chapter 4, we clarified our discussion of the term structure of interest rates, and we also described some of the risks that arise when one invests overseas.
- ◆ In Chapter 5, we now explain the nature of rates of return before discussing their riskiness, we bring in more real-world data on the risks of and returns on various investments over time, and we discuss the benefits and limitations of diversifying internationally.
- ◆ As noted earlier, we now have separate chapters for bonds and stocks (Chapters 7 and 8), and we provide background material on these securities before going into the analytics of their valuation.
- ◆ We reworked and simplified Chapter 9 on the cost of capital. For example, we streamlined the discussion of break points in the cost of capital schedule. Our earlier discussion was unnecessarily complicated, and we spent too much time on something that is only marginally relevant for real-world decision makers. We also point out the connection between EVA and the cost of capital, and we bring in some recent evidence regarding the magnitude of flotation costs.
- ◆ We moved the material on bond refunding to Chapter 11 (as an appendix) to reflect the fact that the decision to call a bond is in essence a capital budgeting replacement decision.
- ◆ We also streamlined the chapter on capital structure (Chapter 13). Our reviewers convinced us that while the algebraic material on degree of leverage is interesting, it made the chapter too long and complicated. So, we moved it to an appendix. We also updated and expanded the discussion of capital structure in various industries and capital structures across countries.
- ◆ In Chapter 14, we expanded our discussion of stock repurchases to reflect their increased use as an alternative to cash dividends, and we discuss more completely the issues that arise when companies contemplate changing their dividend policies.
- ◆ In Chapter 15, we simplified the use of projected financial statements for financial forecasting. This material was not conceptually difficult, but as it was set up, students had to wade through more time-consuming number crunching than the effort was worth. This change makes it much easier for instructors and students to get through the material in a reasonable amount of time.
- ◆ Options are now covered in the new chapter on derivatives and risk management (Chapter 19) rather than as part of the chapter on hybrid securities. We introduce students to the Black-Scholes model, but in an intuitive, nontechnical manner.
- ◆ Given the increased importance of mergers, and the shift toward strategic mergers as opposed to ones based primarily on “financial engineering,” we significantly updated the chapter on mergers and divestitures (Chapter 21).

## FEATURES OF THE BOOK

A large number of pedagogical elements and supporting materials have helped make *Fundamentals* successful. Included are the following:

- ◆ Each chapter opens with a vignette describing how an actual corporation has contended with the issues discussed in the chapter. These vignettes heighten students' interest by pointing out the real-world relevance and applicability of what might otherwise seem to be dry, technical material.
- ◆ Throughout the book, there are "Industry Practice" and "Global Perspectives" boxes which provide real-world illustrations of how finance concepts are applied in practice.
- ◆ An Integrated Case, which is generally related to the vignette, appears at the end of each chapter. These "mini-cases" both illustrate and tie together the key topics covered in the chapter, thus providing an ideal platform for lectures which systematically cover the key materials in the chapter.
- ◆ The end-of-chapter materials contain a large number of Questions, Problems, Exam-Type Problems, and Starter Problems, which vary in level of difficulty and cover all the topics discussed in the chapter.
- ◆ Most chapters contain a Computer-Related Problem, which enables students to use a computer spreadsheet program such as *Lotus 1-2-3* or *Microsoft Excel* to answer a set of questions. These problems reinforce the concepts covered in the chapter and provide students with an opportunity to become more proficient with computers. Models for the problems are available to instructors, who can, if they choose, make them available to students.
- ◆ Throughout the textbook, key terms are highlighted in the text and defined in the margins. These "marginal glossaries" enable students to quickly find and review key topics within the chapter. International references are also defined in the margins.
- ◆ Self-Test Questions, which serve as checkpoints for students to test their understanding, follow each major section in the chapters.

## THE INSTRUCTIONAL PACKAGE: AN INTEGRATED SYSTEM

*Fundamentals* includes a broad range of ancillary materials designed both to enhance students' learning and to make it easier for instructors to prepare for and conduct classes. The ancillaries are described here:

The most comprehensive manual available.

Now in *PowerPoint*.

1. **Instructor's Manual.** This comprehensive manual contains answers to all text questions and problems, plus detailed solutions to the integrated cases. If a computerized version of the IM would help in class preparation, instructors can contact The Dryden Press for a copy.
2. **Lecture Presentation Software, or Computerized Lecture Slide Show.** This ancillary, written in *Microsoft PowerPoint*, is a computer graphics slide show covering all the essential issues presented in the chapter. Graphs, tables, lists, and calculations are developed sequentially, much as one might develop them on a blackboard. However, the slides are more crisp, clear, and colorful, and color coding is used to tie elements of a given slide together. The new slide

show is far more polished than anything previously available. Based on our end-of-course evaluations, students overwhelmingly like the slides and recommend that we continue using them as an integral part of our lectures. The slides were initially developed with the assistance of Dr. Larry Wolken of Texas A&M University.

When we first began using the slide show, we were concerned about the lack of flexibility in the classroom, thinking that although one can navigate easily from slide to slide, one cannot change the slides themselves in the classroom. Our fears were unfounded. First, because we had spent a great deal of time designing the slides, our examples and materials turned out to be appropriate in most lecture situations. Second, when we used the slides in class, we found that we could easily depart from them by going to the blackboard, which also provided variety and spontaneity. Now, the slides provide the backbone of our lectures, but we spice them up by going to the blackboard to address current events, to present alternative examples, and to help answer questions.

Now follows *PowerPoint* slide show.

3. **Blueprints.** This supplement, which is based on the Integrated Cases, was developed several years ago to help guide students through the chapter in a systematic manner. Since the Integrated Cases cover the key points in the chapters, including definitions, logical relationships, and calculations, and since they show how finance is actually used in practice, they were ideal for this purpose.

As technology advanced and our lectures moved away from the blackboard, it became increasingly important to provide students with a hard copy of the lecture materials. Students must have hard copies if they are to focus on the lecture yet still develop a complete and useful set of notes. With this in mind, we concluded that *Blueprints* would be most useful if it actually consisted of copies of the slides. So, each chapter of the new *Blueprints* begins with the case itself and is followed by copies of each slide, along with space for notes and comments. Moreover, at the end of each *Blueprints* chapter we include several exam-type problems which can be covered in class if time permits or left up to the students to solve on their own. Now students can watch and listen to the lecture, yet still end up with a good set of notes.

The new *Blueprints* has several other advantages. First, it offers more flexibility for presenting alternative examples and discussing current events. As noted earlier, *Blueprints* provides students with an almost complete set of notes, so it is less necessary for instructors to lecture on everything in class. Second, because our discussion in class is tied directly to the slides, students can place their notes in the spaces provided right next to (or on) the relevant slide. This enables students to develop a better set of notes.

Each term, we use a course pack consisting of our syllabus, a calculator tutorial, some old exams, and *Blueprints*. This package can be provided by The Dryden Press through bookstores or else made available to students through an off-campus copy center. We have 10- to 12-page write-ups on several popular calculators (see the section on the *Technology Supplement*), and we include one (or more) of these in the course pack or else provide them to students separately.

Many new class-tested questions.

4. **Test Bank.** Although some instructors do not like multiple-choice questions, they do provide a useful means for testing students in many situations. It is critically important, however, that the questions be both unambiguous and



consistent with the lectures and assigned readings. To meet this need, we developed a large *Test Bank* containing more than 1,200 class-tested questions and problems. It is available both in book form and on diskettes. A number of new and thoroughly class-tested conceptual questions and problems, which range in level of difficulty, have been added to the eighth edition's *Test Bank*. Information regarding the topics, degree of difficulty, and the correct answers, along with complete solutions for all numerical problems, is provided with each question. Questions which require the use of a financial calculator are grouped together in a separate section at the end of each *Test Bank* chapter.

The *Test Bank* is available in book form and in Dryden's computerized test bank form (EXAMaster+). This software has many features that make test preparation, scoring, and grade recording easy. For example, EXAMaster+ allows automatic conversion of multiple-choice questions and problems into free response questions. The sequence of test questions can be altered to make different versions of a given test, and the software makes it easy to add to or edit the existing test items, or to compile a test which covers specific topics.

The *Test Bank* is also available in word-processing format for instructors who are more comfortable with that format. Answer keys are automatically generated for each version of an exam, and the solutions always follow the problems. One can, of course, utilize all the features of word processors to customize tests.

Now available via the Internet  
at <http://www.dryden.com/finance/fincase/>

More testing questions!

Additional problems for tests,  
quizzes, or practice.

Now in *Excel*.

5. **Cases in Financial Management: Dryden Request.** More than 64 cases written by Eugene F. Brigham, Louis C. Gapenski, and Linda Klein are now available via the World Wide Web, with new cases added every year. The *Cases in Financial Management: Dryden Request* series is a customized case database which allows instructors to select cases and create their own customized casebooks. These cases can be used as supplements to illustrate the various topics covered in the textbook. The cases come in directed and non-directed versions (that is, with and without guidance questions), and most of the cases have accompanying spreadsheet models. The models are not essential for working the cases, but they do reduce number crunching and thus leave more time for students to consider conceptual issues. They also show students quite clearly the usefulness of computers for helping to make better financial decisions.
6. **Supplemental Test Bank.** A *Supplemental Test Bank* will be provided in the future. Instructors obviously can use the *Test Bank* for exams, but some also like to provide students with sample questions for study purposes or pre-exam reviews. This multiple usage can exhaust even the largest of *Test Banks*, but since we develop new problems in our own classes each term, we plan to provide new problems on a timely basis through the use of an annual *Supplemental Test Bank*.
7. **Supplemental Problems.** An additional set of problems similar to the end-of-chapter problems, organized according to topic and level of difficulty, is also available. The Dryden Press will provide this problem set to instructors upon request.
8. **Problem Diskette.** A diskette containing spreadsheet models for the computer-related end-of-chapter problems is also available. To obtain the diskette, instructors should contact their Dryden Press representative.



Real company data.

Professionally developed videos linked to chapters with concept introductions and interesting news footage.

Now available through the Internet at <http://www.dryden.com/finance>

**9. Data Disk.** In the textbook itself we incorporate many real-company examples to show how the concepts apply to actual companies. However, several professors involved in a focus group suggested that we should take this one step further and provide instructors with real company data on a floppy disk. Although most introductory students do not have time to do much computer work, this may change in the not-so-distant future. Thus, we have put together a set of financial data from several companies along with a set of key economic statistics, including interest rates and stock market indexes and made it available on the Web.

**10. Technology Supplement.** The *Technology Supplement* contains tutorials for five commonly used financial calculators and for both *Microsoft Excel* and *Lotus 1-2-3*. The calculator tutorials cover everything a student needs to know about the calculator to work the problems in the text, and we provide them as a part of our course pack. These tutorials are generally about 12 typewritten pages. Some students are intimidated by the rather large manuals that accompany the calculators, and they find our brief, course-specific tutorials far easier to use.

**11. Video Package: Integrating Print and Video Technologies.** Brand-new videos feature financial concepts explained in terms of how companies do business today. Companies featured include Southwest Airlines, Pier 1 Imports, Paradigm Simulations, Cadillac, and Marriott International.

These videos are based on chapter opening vignettes and serve to capture students' attention for further discussion. For instance, how has K-Mart managed its dividend policy while losing market value (Chapter 14)? Another case looks at how Southwest airlines grew from one plane to its current fleet (Chapter 16).

Those professors preferring more traditional lecture videos with animated graphs and more detailed discussions of financial concepts can access the seventh edition videos. These were prepared with the help of Department Chair Sarah Bryant and Scott Weiss of the University of Columbia's Department of Finance and International Business, and they fit nearly perfectly into the pedagogy of this eighth edition.

Although the videos, vignettes, and integrated cases are related to one another, instructors do not have to assign one in order to use another. Each stands on its own. There are many different classroom settings and course objectives, and our video format will not meet all needs. However, many instructors will find these videos extremely useful, and The Dryden Press will provide them to adopting instructors upon request.

**12. Finance NewsWire.** One of the problems inherent in textbooks is keeping them current in a constantly changing world. When Orange County goes bankrupt or Baring Bank collapses or Procter & Gamble loses \$200 million, it would be useful to relate these events to the textbook. Fortunately, the advent of the World Wide Web can help us keep up to date. Adopters of this text will have access to a portion of the Dryden Press Web site, where they will be provided with summaries of one or two recent articles in *The Wall Street Journal*, *Business Week*, or some other major business publication, along with discussion questions and references to the text. This will facilitate incorporating late-breaking news into classroom discussions. One can also use the accompanying questions for quizzes and/or exams.

A number of additional items are offered specifically for students, as described here:

1. **Study Guide.** This supplement lists the key learning objectives for each chapter, outlines the key sections, provides students with self-test questions, and provides a set of problems similar to those in the text and in the *Test Bank* but with fully worked-out solutions.
2. **Spreadsheet Books.** The Dryden Press has published several books on spreadsheets, including both *Microsoft Excel* and *Lotus 1-2-3*. Included are *Financial Analysis with Microsoft Excel* and *Financial Analysis with Lotus 1-2-3*, both by Timothy R. Mayes and Todd M. Shank. These books are based on Windows 95. A DOS-based book, *Finance with Lotus 1-2-3*, by Eugene F. Brigham, Dana A. Aberwald, and Louis C. Gapenski, is also available from The Dryden Press. All of these books enable students to learn, on their own, how to use spreadsheets and apply them to financial decisions.

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