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M: Finance, 4e
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Detailed List of Changes:

Overall

- Simplified figures where appropriate and added captions to emphasize the main “takeaways”
- Updated data, company names, and scenarios to reflect latest available data and real-world changes
- Cross-referenced numbered examples with similar end-of-chapter problems and self-test problems so students can easily model their homework
- Updated the numbers in the end-of-chapter problems to provide variety and limit the transfer of answers from previous classes

Chapter Changes:

Chapter 1: Introduction to Financial Management

- Updated the Personal Application with information on firms that have filed for bankruptcy more recently
- Changed Learning Goal 1-9 to address the ramifications of China’s slowdown and the drop in the price of oil
- Revised the Finance at Work—Markets box to discuss quantitative easing in the United States and around the world
- Revised the Finance at Work—Corporate box to cover the proposed merger of AB InBev and SABMiller
- Updated the data in Example 1-2 on executive compensation
- Replaced Section 1.7 on the financial crisis with a new Section 1.7: Big Picture Environment, including discussions of the ramifications of plummeting oil prices and China’s economic slowdown

- Revised the Research It! exercise to address environment, society, and governance
- Changed the Mini-Case problem to cover Volkswagen's emission test cheating

Chapter 2: Reviewing Financial Statements

- Added a discussion of difference between EBIT and operating income
- Included extended definitions of net sales, cost of goods sold, and operating expenses
- Added a discussion of the interpretation of a cash-based income statement
- Added a new Finance at Work box
- Added an Excel solution for the Integrated Mini-Case

Chapter 3: Analyzing Financial Statements

- Added more discussion of debt ratios
- Added an Excel solution for the Integrated Mini-Case

Chapter 4: Time Value of Money 1: Analyzing Single Cash Flows

- Updated the data in Figure 4.5 on gold prices
- Added equation functions to Table 4.2 and Table 4.4
- Updated the gold return data in the Mini-Case
- Revised the data for the end-of-chapter Excel problem
- Added a new end-of-chapter Excel problem

Chapter 5: Time Value of Money 2: Analyzing Annuity Cash Flows

- Revised the chapter introduction to discuss Boeing
- Added equation functions to Tables 5.1, 5.2, 5.5, and 5.6
- Updated the present value of multiple annuities example to discuss the new David Price contract with the Boston Red Sox
- Changed the Finance at Work—Behavioral box to address the record Powerball jackpot of \$1.5 billion on January 12, 2016
- Added a new end-of-chapter Excel problem

Chapter 6: Understanding Financial Markets and Institutions

- Updated all figures, tables, and values in the body of the chapter
- Added a section on the loanable funds theory/determination of equilibrium interest rates
- Added new end-of-chapter problems
- Decreased the coverage of the financial crisis (detailed information is available in the Web Appendix for Chapter 6 available in Connect or at mhhe.com/Cornett4e)
- Added an Excel solution for the Integrated Mini-Case

Chapter 7: Valuing Bonds

- Updated the Personal Application with new data

- Updated Figures 7.1–7.5 on bond issuance, interest rate path, yield to maturities, new bond quotes, and a summary of the bond market
- Added equation functions to Tables 7.3 and 7.5
- Revised the data for the end-of-chapter Excel problem
- Added a new end-of-chapter Excel problem

Chapter 8: Valuing Stocks

- Updated all table and figure values in the body of the chapter
- Updated the coverage of the stock market exchange in Section 8.2 to discuss the changes that have occurred in the NYSE and elsewhere
- Revised Example 8-1 to include new Coca-Cola data
- Updated Example 8-4 with new P/E data for Caterpillar
- Updated the data in the Mini-Case problem
- Added a new end-of-chapter Excel problem

Chapter 9: Characterizing Risk and Return

- Revised the example that runs throughout the chapter to discuss Staples
- Updated all table and figure values in the body of the chapter
- Added equation functions to Table 9.3 and Table 9.5
- Updated Example 9-2 to include new Mattel data
- Updated the data in the Finance at Work—Markets box
- Revised the data for the end-of-chapter Excel problem
- Added a new end-of-chapter Excel problem
- Updated the data in the Mini-Case problem

Chapter 10: Estimating Risk and Return

- Updated values and data in [Tables 10.1–10.4](#)
- Changed the Mini-Case to cover finding Disney's beta
- Added a new end-of-chapter Excel problem

Chapter 11: Calculating the Cost of Capital

- Clarified and expanded the discussion of use of market values versus book values in the calculation of WACC
- Expanded the discussion of when to use CAPM versus the constant-growth model when estimating the cost of equity
- Expanded the discussion of computation of marginal tax rate for WACC
- Enhanced the discussion of use of firm versus project WACCs
- Enhanced the discussion of appropriateness of divisional WACCs

Chapter 12: Estimating Cash Flows on Capital Budgeting Projects

- Clarified the definition of salvage value
- Expanded the discussion of substitutionary and complementary effects
- Enhanced the discussion of income tax shield from a project having taxable losses

- Enhanced the discussion of NWC changes “leading” changes in sales
- Expanded the discussion of the half-year convention in depreciation

Chapter 13: Weighing Net Present Value and Other Capital Budgeting Criteria

- Clarified the discussion of the goal of capital budgeting decision rules and the differing environments of investment and capital budgeting decisions
- Expanded the discussion of why using rate-based and time-based decision statistics to choose across projects can be misleading with regards to NPV

Chapter 14: Working Capital Management and Policies

- Expanded the discussion of the rationale for NWC and the tradeoffs inherent in having too little or too much
- Refined discussion of cash flows vs. the cash account