

Brief Contents

Preface vii

Part One: Value

- 1 Introduction to Corporate Finance 1
- 2 How to Calculate Present Values 20
- 3 Valuing Bonds 46
- 4 The Value of Common Stocks 77
- 5 Net Present Value and Other Investment Criteria 108
- 6 Making Investment Decisions with the Net Present Value Rule 135

Part Two: Risk

- 7 Introduction to Risk and Return 167
- 8 Portfolio Theory and the Capital Asset Pricing Model 198
- 9 Risk and the Cost of Capital 228

Part Three: Best Practices in Capital Budgeting

- 10 Project Analysis 257
- 11 How to Ensure that Projects Truly Have Positive NPVs 284
- 12 Agency Problems and Investment 311

Part Four: Financing Decisions and Market Efficiency

- 13 Efficient Markets and Behavioral Finance 337
- 14 An Overview of Corporate Financing 365
- 15 How Corporations Issue Securities 391

Part Five: Payout Policy and Capital Structure

- 16 Payout Policy 425
- 17 Does Debt Policy Matter? 451

- 18 How Much Should a Corporation Borrow? 475
- 19 Financing and Valuation 507

Part Six: Options

- 20 Understanding Options 542
- 21 Valuing Options 563
- 22 Real Options 590

Part Seven: Debt Financing

- 23 Credit Risk and the Value of Corporate Debt 614
- 24 The Many Different Kinds of Debt 631
- 25 Leasing 663

Part Eight: Risk Management

- 26 Managing Risk 683
- 27 Managing International Risks 717

Part Nine: Financial Planning and Working Capital Management

- 28 Financial Analysis 743
- 29 Financial Planning 770
- 30 Working Capital Management 801

Part Ten: Mergers, Corporate Control, and Governance

- 31 Mergers 830
- 32 Corporate Restructuring 863
- 33 Governance and Corporate Control around the World 888

Part Eleven: Conclusion

- 34 Conclusion: What We Do and Do Not Know about Finance 909