

Preface

I've been teaching Finance courses since 1994, first as a tutorial assistant in small group classes for masters and undergraduate students, all the way through to large lecture auditoriums of several hundred people. During that time, three books have formed the basis of all my teaching (Ross, Westerfield and Jaffe, *Corporate Finance*; Brealey, Myers and Allen, *Principles of Corporate Finance*; and Grinblatt and Titman, *Financial Markets and Corporate Strategy*). In fact, coming from a mathematics background, I initially learned about finance through these textbooks.

When McGraw-Hill approached me to work on *Corporate Finance*, I was at first reluctant. The book is an institution. What could I do to improve on a text that has gone through so many editions and been taught in so many places? On reflection, however, I knew that there were many areas where the book needed to be changed for an international readership. Like many other lecturers, I had slipped into the habit of recommending RWJ and BM, but then replacing more than half of the slides and examples so that the material was appropriate for my students. Differences in depreciation rules, taxes, accounting standards, and bankruptcy regulations, changed everything except the bare bones.

Now in its second edition, the book has had to change to reflect the enormous developments in the financial markets. Much has evolved over the past three years and the corporate world is a very much riskier and scarier place now. Uncertainty is the keyword and financial managers are facing tighter financing conditions with a considerably more difficult investment environment. Now, more than ever, the principles and applications of corporate finance are needed to ensure companies can steer through these uncharted territories without taking too many casualties.

I have undertaken major updates of most chapters and looked again at the end of chapter questions. I've tried, where possible, to put a new slant on the questions and approximately forty per cent of each chapter's questions are new or updated. I've also included a 45-minute exam question for each chapter to push students further. Finally, the references for each area have been comprehensively updated with the most recent research.

I'm exceptionally honoured to be part of the RWJ history and very proud of the final book. I've thoroughly enjoyed writing the chapters and I sincerely hope you have the same enjoyment reading them.

David Hillier
2012