**DESCRIPTION**

*A one-stop shop for background and current thinking on the development and uses of rates of return on capital*

Completely revised for this highly anticipated fifth edition, *Cost of Capital* contains expanded materials on estimating the basic building blocks of the cost of equity capital, the risk-free rate, and equity risk premium. There is also discussion of the volatility created by the financial crisis in 2008, the subsequent recession and uncertain recovery, and how those events have fundamentally changed how we need to interpret the inputs to the models we use to develop these estimates.

The book includes new case studies providing comprehensive discussion of cost of capital estimates for valuing a business and damages calculations for small and medium-sized businesses, cross-referenced to the chapters covering the theory and data.

- Addresses equity risk premium and the risk-free rate, including the impact of Federal Reserve actions
- Explores how to use Morningstar's Ibbotson and Duff Phelps Risk Premium Report data
- Discusses the global cost of capital estimation, including a new size study of European countries

*Cost of Capital, Fifth Edition* puts an emphasis on practical application. To that end, this updated edition provides readers with exclusive access to a companion website filled with supplementary materials, allowing you to continue to learn in a hands-on fashion long after closing the book.
ABOUT THE AUTHOR

Shannon P. Pratt, CFA, FASA, ARM, MCBA, CM&AA, referred to as the father of business valuations, is the author of several bestselling Wiley business valuation books and a soughtafter speaker at business valuation industry conferences. He is the managing owner of Shannon Pratt Valuations, Inc., and has served as supervisory analyst for over 3,000 business valuation engagements in forty years and as an expert witness in numerous state and federal courts on contested business valuations. Dr. Pratt is co-author of the upcoming Lawyer’s Guide to Cost of Capital.

Roger J. Grabowski is managing director of Duff & Phelps LLC. Roger has testified in court as an expert witness on the value of closely held businesses and business interests, matters of solvency, valuation, and amortization of intangible assets, and other valuation issues. He testified in the Northern Trust case, the first U.S. Tax Court decision that adopted the discounted cash flow method to value the stock of a closely held business with the discount rate based on the capital asset pricing model. Grabowski authors the annual Duff & Phelps Risk Premium Report and is co-author of the upcoming 2014 Valuation Handbook: Guide to Cost of Capital and co-author of the upcoming Lawyer’s Guide to Cost of Capital.

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