

Errata List:

(corrections as of Feb. 14, 2011)

Valuation of Equity Securities: History, Theory and Application

(World Scientific Publishing, 2011)

by Geoffrey Poitras

NOTE ON PRODUCTION OF THIS TEXT:

The production of this text was a laborious process, covering 15 months – more than double the conventional production turnaround for a monograph. The initial submission of the manuscript to the publisher was in early Sept. 2009 with final printing in Dec. 2010. Almost from the beginning, the production process was fraught with problems. Copy editing on the initial submission was slow and, when finally completed, returned many errors that were not in the original hard copy. Initial typescript production had difficulties with the numerous tables and choose an ill conceived approach to various formatting issues. With the production time line significantly off track, the initial production editor was ‘let go’ by the publisher five months after the initial submission and before the first round of copy editing and typescript preparation was completed. While the production editor that served as replacement was very capable, the production time line did not get back on track until seven months after initial submission. The typescript that was finally returned for editing in Feb. 2010, as noted, was replete with errors not in the original submission. This significantly increased the time and effort required for proof reading. Corrections were returned to the publisher in March 2010 with the second round typescript becoming available for proofing in May.

The second round of the typescript again produced errors that were not present in previous rounds and failed to correct some errors that were identified in the list of corrections identified in the previous typescript. Corrections on the second round were returned in June and a third round of proofing began with the third round typescript being available in Aug. 2010. Again, errors appeared that were not present in the previous two rounds and some corrections that had been previously identified were either missed or not handled appropriately. Obtaining certain changes in tables was difficult to impossible. With the return of the third round of corrections in Sept. 2010, the production process had dragged on to the point where it was more sensible to proceed to final printing. Needless to say, finding two typos on page 1 of the printed copy that were not in the three previous rounds of corrections was not pleasant. A number of the corrections indicated on the last round of proofing were ignored. The preparation of the index, which was done by the publisher, resulted in numerous errors and omissions. However, in the end, it appears there is only one serious typo remaining in the text (p.560). For this and the remaining annoying typos, I can only apologize.

Chapter 1

p.1, line 5, “Jonathan Swift” (not ‘Swift Jonathan Swift’)

p.1, line 16, “*QJE* (1925)” (not ‘*QIE*’)

p.37-42, Table 1.5 This table was intended to be much shorter.

p.76 , line 8 up from bottom “... Hayek’s ...” This error also appears in the index, p.746 but not in

the references, p.720.

Chapter 2

p.103, line 11 up from bottom, "... the capital stock ..."
 p.107, line 1, "... summary of the ..."
 p.113, note 11, line 1, "Mortimer ..."
 p.146, line 20, "... Mississippi scheme ..."
 p.157, note 30, line 2 up, close bracket "... justice for all"
 p.164, note 33, line 6 up, "... consideration to the ..."
 p.180, last line of Table, "... group of stocks, see Fisher ..."
 p.183, line 12 up, "... support of the common ..."
 p.185, note 37, line 2 up, "... represent the ..."
 p.229, line 10, "... issues was at least ..."
 p.241, Title of Table 2.6, "Total Exchange Traded Funds Assets ..."
 p.243, line 6, "... Table 2.7."
 p.246, line 1, "... considered tradeable ..."
 p.258, line 15, "... W.H. Hamilton ..."

Chapter 3

p.280, line 3 after quote, "... philosophy that appeared ..."
 p.283, line 6, "... (1975), ..." (add comma)
 p.288, line 14-5 up, "... need for funds identifies the **low** ..." (2 mistakes)
 p.318, line 8 up, "... cash is riskless ..."

Chapter 4

p. 331, note 1, last line, "... 563 ducats."
 p.332, note 2, line 6 up, "... so that no one ..."
 p.334, the following reference is not listed
 Gane, M (ed.)(1968). *Martin Faustmann and the Evolution of Discounted Cash Flow*. Institute Paper N. 42, Oxford, UK: Commonwealth Forestry Institute, Oxford University.
 p.338, last equation, both summations need to have ' $t = 1$ ' (not $t - 1$)
 p.346, line 8, "... equity ..."
 p.351, *Note*: to Fig. 4.4, line 3, "... of year t) to ..."
 p.351, *Note*: to Fig. 4.4, last three lines, delete last two sentences, *Note* ends" "... non-payers do not."
 p.361, line 7 up, "... likely the many ..."
 p.368, number for note 13, to appear in subsection title, ... **Merger**¹³
 p.370, Table 4.1, line 4 & line 8 in first column, "... plus 100% probable ..."
 p.371, line 6, "... (= (\$5,124 million)*(.217)) / (57 million)) ..."
 p.380, line 13, "... Basel I, financial ..."

Chapter 5

p.394, note 1, line 3, "... ellipse, hyperbola or parabola ..."

p.418, note 6, line 2, "... to describe ..."

p.419, note 9, line 2, "... Ceragnani ..."

p.419, note 9, line 6, "... Gallivotti ..."

p.421, line 2, "... individual sample ..."

p.422, second equation, begins:

$$M(T) = \frac{1}{T} \sum_{t=1}^T X(t) = \dots$$

p. 429, line 2 "... for clues ..."

p.433, note 16, line 2 "... Hurwicz's ..."

p.454, line 3 up, "... appear to have a ..."

Chapter 6

p.483, line 11 "... Samuel ... " (delete period)

p.483, note 12, line 3

Chapter 7

p.550, symbol definitions for last equation, "... at time t : $P(t)$... real return; ... level; and, ..."

p.560, line 7, "... intrinsic value is above ..."

p.562 Delete note 11 (already given on p.11)

p.562, line 15, "... by FASB, has ..." (add comma)

p.565, last line, "... interest ..."

p.568, line 15, "... market value of ..."

p.568, note 14, line 2, "... intangible ..." and line 3 "... intangibles ..."

p.571, line 16 up, "... U.S. Steel ..."

p.586, line 11 up, "... equity ..."

p.594, Table 7.12 The Liabilities + Equity portion of the Balance Sheet is missing. The missing information is included in the VES_Errata.ZIP file as: AMRCorporation_10K-Liabilities_2009.pdf

p.595, line 6, "... AMR appears ..."

p.609, line 8 up, "... 5.5 % ..." (delete period)

p.610, line 10 up, "... stationary competitive ..."

Chapter 8

p.647, line 14 up, "... drill holes ..."

p.655, note 6, line 3, "... Petroleum ..."

p.656, line 17, "... 280,000 bpd. ..."

p.669, note 8, line 4, "... terms specified ..."

p.673, line 3, "situation became dire ..."

p.678, line 14 + line 11 up + line 6 up + note 13 line 1, "...COS ..." not 'COSL'
 p.688, line 12 up, "... (see Fig. 4.8) ..."
 p.689, line 4 up, "... Table 8.4 ..."
 p.696, last line, "... practitioners. Being ..."
 p.697, line 7, "... employed ..."

References

p. 711-712, "Dimand, R ..." (3 corrections)
 p.717, add
 Gane, M (ed.)(1968). *Martin Faustmann and the Evolution of Discounted Cash Flow*. Institute Paper N. 42, Oxford, UK: Commonwealth Forestry Institute, Oxford University.
 p.724, Lev, B (2003), "... Review, Federal Reserve Bank of New York ..."

Index

p.744, discounted cash flow → Numerous references have not been identified (there is a chapter on DCF)
 p.745, "equity security"
 p.746, "Hayek ..."
 p.748, margin of safety, "... 288, 293, 474 ..."