

Spring 2013 Final: 1:edB

SA)

- +8/+9 1. First cash flow, growth rate of cash flows ~~with debt~~
- +8/+7 2. Corporate tax rate, amount of debt
- +8/+7 3. lower covariance, higher standard deviations for the two stocks
- +8/+7 4. Bid-ask spread, broker commission
- +15 5. lower
- +15 6. higher
- +5/+5/+5 7. expenses, depreciation, tax rate
- +15 8. fall
- +15 9. No
- +12 ~~stock~~ 10. (stock price rises) or ⁺³ ~~doesn't~~ (doesn't fall enough to cover the dividend payments had to make up)