LESSON 08

Lecture Topics

1. growth in a simple stock valuation model
2. some preliminary thoughts on creating growth
3. Cooper Tire and Rubber questions
4. a couple of homework questions

Notes

1. Assignment:
   Chapter 8 problems: 1, 2, 5

   Cooper Tire and Rubber in class discussion 10/12/99. As a start try to
   a. compute earnings-per-share growth using 11 data points - 1989-1999
   b. compute dividends-per-share growth
   c. estimate the cost of equity capital based on a $20 stock price
   d. what is the source of CTB growth?

2. Factors in Growth Analysis

   Macro Environment:
   international conditions
   country conditions and demographics
   financial markets
   industry conditions

   Firm Environment:
   production function opportunities
   marketing strategies
   product extensions
   new product development
   organizing strategies for divisions / products
   capital budgeting policies and procedures
   manager ability