LESSON 16

Lecture Topics

1. earnings growth and leverage
2. example calculations of dividend growth
3. firm / product / people life cycles
4. DJIA false data reports in new average
5. report calculations and problems

Notes

1. By Monday November 15th I want to meet with each group to get a progress report on where you stand on your security analysis report. Each group should be in Phase II (see lesson 12) by the time of that meeting.

2. On Thursday we will review the mid-term examinations and discuss the essence of the ideas in chapter 11.

3. Data from Bloomberg and First Call:

*S&P 500 Index for the past 16 years:*

<table>
<thead>
<tr>
<th></th>
<th>earnings per share</th>
<th>P / ni ratio</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>12.40</td>
<td>10.2</td>
<td>125</td>
</tr>
<tr>
<td>1998</td>
<td>39.50</td>
<td>32.6</td>
<td>1290</td>
</tr>
</tbody>
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