LESSON 22

Lecture Topics

1. regression models of PE relationships
2. examples of two stage growth PE models
3. variations in the PE ratio model: FCFE, PDV
4. basics of Price / Book Value relationships
5. discussion of quiz on simple Gordon model

Notes

1. 11 days left until PDD (project delivery day): do you have a timetable? (project is due on or before Friday December 3, 1999 at 3:00 p.m.)

2. Final Examination will cover the following textbook chapters:
   chapters 1 - 16
   chapter 19

Price / Book Value Relationship for simple dividends model

\[ \frac{P_0}{nw_0} = \frac{roe_0 (1-b)(1+g)}{k-g} \]

roe = return on equity = per share net income / per share book value of equity