

## Chapter 2-1 Practice

Jim Bang

### CEO Salaries and Return on Equity

Regress CEO salary on: 1. ROE (with a constant - name this *salary.lm1*); 2. ROE (without a constant - *salary.lm2*); 3. Only a constant(*salary.lm3*). Plot all three regression lines with a scatterplot of salary on ROE.

### Plotting the Regression Line

Plot the data for the previous exercise along with all three of the estimated regression lines.