results. Lastly, results for Table A8.I were	ctions, winsor.py and stacked_bar.py, located in the subfolder Functions, which are needed to produre produced using Stata Version 16. See "Code/Lintner_Regressions.txt" for details.
• Figures 1 and A2.1 • Table A2.1 import Code.Demographic Displaying Figure 1: (A) Sales Revenue	
\$1-5bn	Tech/Health Services Ret/Whole Manuf Finance Agri O% 25% 50% 0% 25% 50% (B) Ownership Trans/Energy Fach/Health Services Ret/Whole Indicate the services of the service
\$25-99m \$25m (D) Employees \$10,000 \$5,000-10,000 \$1,000-4,999 \$100-4999 \$100-4999 \$100-4	Private Rublic
Pacific South Midwest Mountain Northeast 0% 25% 50% (M) CFO Age ≥60 50-59 40-49	0% 25% 50% 0% 25% 50% (K) Firm Age (L) Family Firm Ves 11-49 11-49 100 (N) CFO Tenure (O) CFO Education O Years O Years 4 Years 0% 25% 50% 0% 25% 50%
1-5bn 8.1 2 > 5bn 7.7 10 (7) (50% 7 ≤ 5m 12.0 35 5-25m 56.0 94	(2) (3) (4) (5) (6) \ 25% 50% 75% % of Sample 25% 2.0 9.0 27.0 15.0 3.0 31.0 59.0 100.0 7.2 26.0 99.0 198.0 350.0 13.0 91.0 425.0 925.0 1900.0 30.4 341.0 2150.0 5200.0 10000.0 21.4 2217.0 0000.0 35500.0 82500.0 12.9 10700.0
100m-1bn 762.0 1700 1-5bn 4900.0 9100 > 5bn 23200.0 55000	rate Investment, Capital Budgeting and the Cost of Capit
<pre>import Code.Cost_of_Equ import Code.Reasons_for Displaying Figure 2 Net Present Value IRR/Hurdle Rate Scenario Analysis Payback</pre>	uity
ROIC ('22) Book Return ('01) P/E Multiples Profitability Index Real Options Simulation Analysis/VAR Adjusted Present Value 0%	20% 40% 60% 80% 2022 Large Small Large Small
Displaying Table I, Pane Variable Group Survey N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value	Percent Always or Almost Always Large Firms 2001 2022 161 85 84.52 77.38 84.81 75.00 40.97 48.78 45.89 63.86 8.03 38.75 ('01) 18.18 56.79 58.67 68.67 16.08 35.80 28.03 37.50 7.30 18.75
Variable Group Survey N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value Variable	46.38 51.78 2.31 2.38
Group Survey N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value	2.13 2.28 2.56 2.81
Displaying Table I, Pane Comparison Group Variable Group N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options	2022 Size Public Growth Prospects Small Large No Yes No 376 85 373 88 201 1.80 3.10*** 1.78 3.17*** 1.81 1.89 3.02*** 1.86 3.10*** 1.90 1.82 2.33*** 1.74 2.67*** 1.59 2.80 2.82 2.75 3.03** 2.80 1.54 1.81 1.50 1.99*** 1.48 ('01) 2.05 2.60*** 2.02 2.73*** 1.99 2.28 2.81*** 2.25 2.92*** 2.15
Adjusted Present Value Comparison Group Variable Group N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value	2.51** 2.44 2.77 1.94 1.20 1.70** 0.82 1.86 2.01 2.14 1.61
Comparison Group Variable Group N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value	Cash Financial Flexibility High Low High No 70 195 188 95 2.10** 2.13 1.84* 1.87 2.44*** 2.11 2.01 1.68 1.82 1.86 1.92 1.44 2.75 2.76 2.90 2.80 1.63 1.67 1.43 1.37 ('01) 2.58** 2.18 2.06 1.87 2.31* 2.22 2.48* 2.00 1.24** 1.11 1.21 0.89 1.85 1.84 1.90 1.95
Comparison Group Variable Group N Net Present Value IRR/Hurdle Rate P/E Multiples Payback Profitability Index ROIC ('22) Book Return (Scenario Analysis Simulation Analysis/VAR Real Options Adjusted Present Value	Yes 366 2.09 2.21*** 2.04*** 2.81 1.65
Displaying Figure 3 20% 18% Summers 16% 14% 12% 10% 8% 6% 4% 2%	Duke/CFO — Meier & Tarhan Duke/CFO — 6%
Displaying Table II Demographic Variable Group N Hurdle Rate WACC Buffer (Hurdle Rate - WA	
Group N	No Yes No Yes 101 112 132 88 13.37 16.62** 15.44 14.39 8.05 9.86*** 9.00 9.11 ACC) 5.32 6.76 6.44 5.28 Leverage Cash \ Low High Low High 111 101 112 79 14.79 15.65 16.07 14.72 8.79 9.28 8.94 9.17 ACC) 6.00 6.37 7.13 5.55 Financial Flexibility No Yes 22 198
_	15.18 15.00 9.48 8.99 5.70 6.01 Percent 0.389381 0.256637 0.221239
	Europe Asia Latin America 3 0.258621 0.296774 0.211382 6 0.189655 0.090323 0.097561 9 0.172414 0.122581 0.252033 5 0.172414 0.161290 0.182927
CAPM - Multi-Factor Model - Historical Average - Investor Expectations - Dividend Discount Model - Market Return ('22 only) - Regulatory Decisions - Unchanged Estimate ('22 only) -	
Displaying Table III, Paranel Variable Group Survey N CAPM Multi-Factor Model	2022
Historical Average Investor Expectations Dividend Discount Model Market Return ('22 only) Regulatory Decisions Unchanged Estimate ('22 Panel Variable Group Survey N CAPM Multi-Factor Model Historical Average Investor Expectations	0.09
Dividend Discount Model Market Return ('22 only) Regulatory Decisions Unchanged Estimate ('22 Panel Variable Group Survey N CAPM Multi-Factor Model Historical Average Investor Expectations Dividend Discount Model Market Return ('22 only)	0.17
Regulatory Decisions Unchanged Estimate ('22 Displaying Table III, Pa Panel Demographic Variable Group N CAPM Multi-Factor Model Historical Average Investor Expectations	0.50 0.83* 0.37 0.92*** only) 0.66 1.52 anel B: Panel B: Cost of Equity, Conditional on Company Characteristics \ Size Small 87 1.53 1.34 1.03 1.04
Dividend Discount Model Market Return Regulatory Decisions Unchanged Estimate Panel Demographic Variable Group N CAPM Multi-Factor Model Historical Average Investor Expectations Dividend Discount Model Market Return Regulatory Decisions	0.67 1.12 0.92 1.52 Public Growth Prospects Large No Yes No Yes 51 81 57 43 82 3.20*** 1.66 2.78*** 1.66 2.31** 2.62*** 1.59 2.13* 1.36 1.87 1.51* 1.06 1.42 1.60 0.92** 1.27 0.90 1.45** 1.34 0.82** 0.92 0.71 0.82 0.64 0.63 0.95 1.21 0.83 1.17 1.01 0.83 0.93 0.84 1.26 0.62***
Unchanged Estimate Panel Demographic Variable Group N CAPM Multi-Factor Model Historical Average Investor Expectations Dividend Discount Model Market Return Regulatory Decisions Unchanged Estimate	0.66*** 1.59 0.63*** 1.35 1.17 Pay Dividends Leverage Cash No Yes Low High Low High 41 33 23 23 66 47 1.78 2.14 2.14 2.50 2.19 1.70 1.61 2.11 1.37 2.05 1.76 1.56 1.14 1.59 0.90 1.00 0.98 1.34 1.00 1.45 1.05 0.78 0.98 1.12
Panel Demographic Variable Group N CAPM Multi-Factor Model Historical Average Investor Expectations Dividend Discount Model Market Return Regulatory Decisions Unchanged Estimate Displaying data for Figuration Capital Spending Current Profits Demand for our Product Cash Holdings	No Yes 14 124 0.91 2.26*** 1.82 1.81 1.23 1.20 1.00 1.14 0.33 0.81 0.27 1.14** 0.67 0.91 1.83 1.14
Expected Future Profits Economic Uncertainty Political Uncertainty International Trade/Tari Access to Borrowing Planned Acquisition or D Actions of Competitors Price/Availability of Ca Borrowing Interest Rate Domestic GDP Growth Capital Spending Current Profits Demand for our Product Cash Holdings Expected Future Profits	0.125 Divestiture 0.100 0.100
Economic Uncertainty Political Uncertainty International Trade/Tari Access to Borrowing Planned Acquisition or D Actions of Competitors Price/Availability of Ca Borrowing Interest Rate Domestic GDP Growth	0.076923 0.000000 0.192308 0.192308 0.192308 0.192308 0.192308 0.076923 0.115385 0.115385 0.115385 0.115385
• Table A5.II import Code.Planning_Ho import Code.Impact_of_F import Code.Revenue_Mis import Code.Impact_of_M	Porizons Forecast_Errors Scalibration_by_Industry Miscalibration_on_Revenue_Distributions Forecast_Errors_on_Firm_Plans Lanning
time period industry Retail Finance Services Tech	ables_Outcomes ure 7 oly plan T years into the future 5 years ago (2013) Today (2018) 3.023810
time period industry Retail Finance Services Tech Manufacturing Healthcare	2.980000 1.855000 3.666667 2.083333 life of a new project 5 years ago (2013) Today (2018) 5.166667 3.452381 4.800000 3.040000 5.534091 4.150000 6.933333 4.866667 6.086000 4.856000 6.166667 4.416667
Revenue Growth Profit Margin Employment Growth Wage Growth Capital Spending Debt Ratio R&D Spending Cash/Assets	
Dividends Repurchases Long-Term Interest Rate 0% Displaying Figure 9:	20% 40% 60% 80% Large Small
50% 40% 30% 10% if proper calibration 20% 10% USA Eu Realiz Realiz	zation < 10th Percentile Forecast
Displaying Figure 10: 30% 25% 2019 90th percentile 15% 2019 10th percentile 5% 2019 10th percentile 0%	zation ∈ [10th, 90th] zation > 90th Percentile Forecast 2020
Displaying Figure 11: 30% Low risk — High	Realization Realization Realization Above 90th Percentile Forecast Forecast Realization Above Hercentile Forecast Realization Above 90th Percentile Forecast Forecast Realization Above 90th Percentile Forecast Forecast Forecast Realization Above 90th Percentile Forecast Forecast
Displaying Data for Figure Sample Pre-March Variable accuracy_2019	15, 2020 Revenue Capital Spending Employment
accuracy_2019 All firms Low miss Accurate	0.060106
Displaying data for Figure Downside/base case/upside Specific events (e.g. oi Government regulation or Displaying Figure A5.2: Extreme Upside (Average Revenue Forecast = 19%)	What type of scenario planning do you use? de
Upside (Average Revenue Forecast = 14%) Base Case (Average Revenue Forecast = 8%) Downside (Average Revenue Forecast = 2%) Extreme Downside (Average Revenue Forecast = -9%)	
Displaying Table A5.I: Revenue Growth Wage Growth Patents Trademarks Dividends Repurchases Capital Spending R&D Spending Profit Margin Employment Growth Year-end Cash/Assets Year-end Debt Measure Long-Term Interest Rate	Negative Miss Prob Accurate Positive Miss Prob 54.79 6.91 38.30 36.56 37.63 25.81 8.70 84.35 6.96 11.30 83.48 5.22 13.08 73.08 13.85 7.38 86.89 5.74 39.31 37.93 22.76 17.60 60.00 22.40 40.91 20.45 38.64 34.44 38.33 27.22 24.32 10.81 64.86 39.53 34.88 25.58 67.92 16.35 15.72
Displaying data for Figure Question Group group Actual Revenue < Forecas Actual Revenue > Forecas Question Group group Actual Revenue > Forecas Actual Revenue > Forecas	Actions Taken to Insulate Profitability \ No Sted Revenue 0.364706 Sted Revenue 0.574468 Yes Sted Revenue 0.635294
Displaying data for Figure GDP Growth (USA) Consumer Spending Commodity Prices Interest Rates Inflation GDP Growth (Global) International Trade/Tari Currency Exchange Rates Infrastructure Spending Defense Spending	All 0.496503 0.412587 0.314685 0.300699 0.216783 0.209790 iffs 0.195804 0.132867 0.132867 0.041958
Section IV: Capital Covers Section IV and Appendi • Figures 13, 14, 15, 16, 17, 1	ix 7 18, 19, A7.1, A7.2, A7.3, A7.4, A7.5 Dt_Metric =_Ratio _Limits
 Tables IV, V, VI, VII, VIII import Code.Primary_Deb import Code.Target_Debt import Code.Debt_Ratio_ import Code.Key_Debt_Fa 	Flexibility ot_Ratio age_Suboptimal_Decisions
<pre>import Code.Primary_Deb import Code.Target_Debt import Code.Debt_Ratio_ import Code.Key_Debt_Fa import Code.Financial_F import Code.Changed_Deb</pre>	unding_Rate_Maturity
<pre>import Code.Primary_Deb import Code.Target_Debt import Code.Debt_Ratio_ import Code.Key_Debt_Fa import Code.Financial_F import Code.Changed_Deb import Code.High_Levera import Code.External_Fu</pre>	anding_Rate_Maturity

March Marc
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Company of the part
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Displaying data for Figure 17:
Avoid financial distress during downturns
Variable Pay Dividends Leverage Group No Yes Low N 226 107 167 Pursue investment opportunities 51.33 69.16*** 53.89 Access long-term debt markets 33.19 44.86** 27.54 Avoid financial distress during downturns 62.83 60.75 67.66 Access short-term funding 30.97 28.97 27.54 Preserve lines of credit 44.69 36.45 44.31 Maintain a large cash balance 24.34 19.63 28.14 Access equity markets 11.95 9.35 12.57 Variable Cash \ \ Group High Low High N Pursue investment opportunities 57.72 60.59 49.15* Access long-term debt markets 48.99*** 47.65 24.58*** Avoid financial distress during downturns 59.73 61.76 65.25 Access equity markets 15.44*** 13.53 39.83*** </td
Displaying data for Figure A7.1: label
Cut corners in operations
Large (258) (3.13793) (0.551724
Lines of credit Small (38%)

Displaying Table IX Panel Panel Variable Sample Payout Type	li V	mportant Repurchasers mportant Important Very Important		
N Stability of future earni	Panel	A: Important Factors Drivin Percent Important	or Very Important All Firms Rep. 52 57.69	
Preferences of our invest Sustainable change in ear Having extra cash/liquid Availability of investmen Personal taxes of stockho Temporary change in earni Payout policy of competit Market price of stock Panel Variable Sample Payout Type	ors rnings assets t opportunities lders ngs	Sub-Sample Comparisons All Firms Rep.	57.69 50.00 53.85 67.31 57.69 13.46 25.00 11.54 55.77	
N Stability of future earni Preferences of our invest Sustainable change in ear Having extra cash/liquid Availability of investmen Personal taxes of stockho Temporary change in earni Payout policy of competit Market price of stock Panel	88 ings 77.53 iors 71.93 inings 71.93 assets 58.43 it opportunities 39.33 idders 31.46 ings 17.98	9 52 3 2.46 1 2.33 1 2.24 3 2.76 3 2.53 6 0.94 8 1.33 3 0.98		
Variable Sample Payout Type N Stability of future earni Preferences of our invest Sustainable change in ear Having extra cash/liquid Availability of investmen Personal taxes of stockho Temporary change in earni	ings 3.00 iors 2.8 inings 2.99 assets 2 it opportunities 2 ilders 1.66 ings 1	7** 2.45 2.61 5** 2.32 3.00* .55 3.03 1.97** .19 3.03 2.20* 6** 0.74 0.74 .41 1.45 0.97		
Payout policy of competit Market price of stock Panel Variable Sample Payout Type N Stability of future earni Preferences of our invest Sustainable change in ear Having extra cash/liquid Availability of investmen	Large ngs ors enings assets	.99 1.39 1.84 *** 3.07 1.68*** Firms Small Firms Rep. Div. Rep. 25 33 27 2.57 3.09 2.37 2.71 2.81 2.00 2.29 2.75 2.19 3.17 2.00*** 2.38 3.25 2.16** 1.89		
Personal taxes of stockho Temporary change in earni Payout policy of competit Market price of stock Panel Variable Sample Payout Type N Stability of future earni Preferences of our invest	ngs ors D:	0.62 0.78 1.22 1.42 1.00 1.26 1.33 1.56 0.67 3.12 1.53*** 1.88		
Sustainable change in ear Having extra cash/liquid Availability of investmen Personal taxes of stockho Temporary change in earni Payout policy of competit Market price of stock Displaying Figure A8.1:	nings 3.08 assets 2 t opportunities 2 lders 2.19 ngs 1	8 * *		
There are reduci information a We ma investm Rather than reducir we would raise new fur Paying dividends/repurchasing r	negative consequences to ing dividends/repurchases Payout decisions convey about our firm to investors ake payout decisions after nent plans are determined and dividends/repurchases, ands to undertake a project makes our stock less risky			
(relai We use o to att We use our	tive to retaining earnings) our payout policy as a tool gain a desired credit rating payout policy to make us getter than our competitors		40% 50% epurchasers Agree Strongly Agree	60%
Displaying Figure A8.2: (A) Dividen Avoid reducing dividends per share	Whether ou investment relative Increase ea Offset the o	dilutionary effect tock option plans		
Attract investors that canonly own stocks that pay dividends	Change cap it is closer to d Investors pa repurchases th	pital structure so lesired debt ratio lay lower taxes on han on dividends hares to improve esisting takeover 10% 20% 40% 60% Strongly Agree	% 80%	
Displaying Figure 21: Maintain historic levels of divide Fund existing capital spend Fund new capital spend Increase dividend per sl	ding			
Increase cash hold Fund I Acquisiti Repurchasing sha	R&D ions ares 0% 20% Dividence Im	40% 60% d Payers Repurchasers portant Important p Priority Top Priority	80%	
Displaying Table IX Panel Panel Variable Sample Payout Type N Maintain historic levels Fund existing capital spe	Panel B: of dividends ending	How Do Companies Prioritize Perc	ent Important or Top	
Increase dividend per sha Pay down debt Increase cash holdings Fund R&D Acquisitions Repurchasing shares Panel Variable Sample Payout Type N	re	ub-Sample Comparisons All Firms Rep. Di 60 1	46.67 53.33 41.67 51.67 58.33 73.33	
Maintain historic levels Fund existing capital spe Fund new capital spending Increase dividend per sha Pay down debt Increase cash holdings Fund R&D Acquisitions Repurchasing shares Panel	of dividends 77.34 ending 77.34 75.00	2.82 3.28	** 22 07 1* 74 46 51	
Variable Sample Payout Type N Maintain historic levels Fund existing capital spe Fund new capital spending Increase dividend per sha Pay down debt Increase cash holdings Fund R&D Acquisitions	of dividends ending re	irms Large Firms Rep. Div. Rep. 39 49 30 3.21 3.46 3.38 3.55 3.53 3.72 3.41 3.30 3.41 2.53 2.72 2.59 2.53 2.63 2.57 2.38 2.09 2.22 2.97 2.72 3.07 2.92 2.58 2.82		
Repurchasing shares Panel Variable Sample Payout Type N Maintain historic levels Fund existing capital spe Fund new capital spending Increase dividend per sha	Div. 46 of dividends 3.48 anding 3.67 3.33 are 2.70	3.03 2.40** 3.07 Small Firms Rep. Div. 30 82 2.24 3.18*** 2.89 2.96 3.22 2.92 2.00 2.72**		
Pay down debt Increase cash holdings Fund R&D Acquisitions Repurchasing shares Displaying Table A8.1	2.70 2.67 2.07 2.85 2.42 2.35**	2.80 2.78 2.63 2.67 2.40 2.32 2.79 2.10** 2.75 1.53***		
Speed of Adjustment Target Payout Adjusted R-Squared Period Statistic Speed of Adjustment 0.53 Target Payout 0.59 Adjusted R-Squared 0.61 Period	0.386427 0.2659 0.396375 0.4919 0.397090 0.2777 1965-1983 (N = 16 75% 0.179 0.179 0.373 0.363	595 0.194639 0.370168 548 0.194356 0.404977 704 0.165699 0.413146		
Statistic Speed of Adjustment 0.13 Target Payout 0.29 Adjusted R-Squared 0.35 1984- Speed of Adjustment Target Payout Adjusted R-Squared	0.169649 0.865 0.154048 0.865	1192 0.000000 0.017121 1812 -0.004364 0.085182 3092 0.093588 0.295920		
Speed of Adjustment 0.21 Target Payout 0.40 Adjusted R-Squared 0.49 Speed of Adjustment 0.05 Target Payout 0.13 Adjusted R-Squared 0.29 Note: see Stata file Lint This code just formats an	8726 0.21 6488 0.242 88011 0.303 62994 0.312393 62326 0.475081 1031 0.489835 .ner_regressions.do and	7327 0.337204 0.000000 2385 0.794644 0.001065 5947 0.262542 0.082252 d lintner_regressions.log to	see analysis for Tal	ole A8.J
	oal of the Firm		S for Tal	.v.I
Displaying data for Figur loc_survey North America bin_labels 0-20 0.2 21-40 0.4 41-60 0.1 61-80 0.0	re 22:	6550 5176 5623 4313		
Displaying data for Figur location North Am 215.0 Employees 0.6 Customers 0.4 Environment 0.2 Creditors 0.1 Local community 0.1	re 23: merica 00000 223256 97674 13953 95349 53488			
Suppliers 0.1	30233			

Displaying Figure 20:

Stability of future earnings

Sustainable change in earnings