

淡江大學八十八學年度碩士班招生考試試題

系別：財政金融學系

科目：財務管理

本試題共 2 頁

Answer all 5 questions. 20 points for each question.
Show your computational procedure in clear and organized manner.

1. A major wave of merge occurred in the world recently. Why Hewlett-Packard Co choose to spin-off its medical and measurement departments? Discuss the reasons and background of this spin-off and compare this spin-off with the case of AT&T. (AT&T spin-off into AT&T telecommunication and Lucent Technology).
2. Recently, some Taiwan's companies issue convertible bonds in Europe. What are the benefits of the issuing convertible bond for these companies? What are the motivations of the investors to buy the convertible bonds? (discuss detail and use numerical example)
3. Adam's company has four investment projects. The costs and return rates are listed below:

	Costs	Return rates
Plan 1	\$2,000	16%
Plan 2	\$3,000	15%
Plan 3	\$5,000	13.75%
Plan 4	\$2,000	12.50%

Adam's company can issues bond with 10% interest rate. The margin tax rate of Adam's company is 40%. The company can issue preferred stock at the price of \$50 and the annual dividend of this preferred stock is \$5. The earnings of Adam's company is \$2142.86. The dividend policy is 30% of the earnings. The stock price of Adam's company is \$40 now. The expected dividend of this year is \$3.50. Analysts estimate 6% growth rate of dividend. The floating cost of issuing common stock is 10% of stock price. The capital structure of Adam's company is common stock 75%, preferred stock 10%, and the bond 15%.

- (1) What is the retained earning break point?
- (2) What is the weighted average cost of capital of Adam's company before the retained earning break point?
- (3) What is the weighted average cost of capital of Adam's company after the retained earning break point?
- (4) What is the optimal capital budgeting (investment) of Adam's company?

◀ 注意背面尚有試題 ▶

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4. There are two major theories of dividend policy—the Modigliani and Miller's dividend irrelevant theory and Gordon, Durand, and Linter's irrelevant theory. Discuss the assumption of the MM dividend theory and major influence factors of the irrelevant theory.
5. Discuss the agency problems between (1) the stockholders and bondholders and (2) stockholders and managers.

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