

ACME Company has prepared the following projections

income tax rate = 0.35

the long-term growth rate = 0.02

Weighted average cost of capital 0.9

	Year			
	1	2	3	4
Free cash flow	30.0	33.0	35.0	36.0

selected balance sheet items: current

cash 5.0

short term investments 3.0

accounts payable 4.0