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# Capitalization Structure: The Effects of Leverage on Growth Prospects

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# Capitalization Structure: The Effects of Leverage on Growth Prospects

A Capstone Project Submitted in Partial Fulfillment of the  
Requirements of the Renée Crown University Honors Program at  
Syracuse University

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Candidates for B.S. Degrees  
and Renée Crown University Honors  
May 2012

Honors Capstone Project in Finance

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## **Abstract**

In this paper we quantitatively analyzed capital structure to lead to an understanding of the effects of debt within capital structure. Utilizing EBITDA growth as a proxy for the effects of leverage, we quantitatively analyzed the impact of the capitalization decision. Through the use of a model we analyzed 180 companies to come to conclusions about the EBITDA growth rate necessary as determined by leverage.

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