Content: Problems and concept questions (T/F, completion, etc.).
Format: 25 questions, 50 minutes, multiple-choice
Bring: pencil, eraser, calculator, scan form (#19641), cheat-sheet

Topic	Questions
Chapter 11: Cost of Capital	Role of Weighted Average Cost of Capital (WACC)/Marginal Cost of Capital (MCC): investor's required returns => firm's cost => minimum acceptable return on new investment
	MCC is supply curve of new capital
	Target capital structure: meaning
	Calculate component costs: debt (after-tax), preferred, common (retained earnings & new shares)
	Calculate breakpoint(s)
	Calculate WACC(s)
	Limitations: "other things unchanged," particularly risk
Chapter 12: Capital Budgeting: Basics	Importance: How to maximize shareholder wealth
	Classification of projects (independent v. mutually exclusive), cash flows (normal v. non-normal)
	Payback period: calculation, shortcomings
	DCF methods (NPV, PI, IRR, MIRR): Calculation, interpretation, interrelationships
	Advantages of DCF methods: cash, time value
	Advantages of NPV: mutual exclusion (scale, timing), non-normal cash flows
	Problems with IRR: mutual exclusion (scale, timing), non-normal cash flows, multiple IRRs
	Problem with MIRR: mutual exclusion (scale)
	Problem with PI: mutual exclusion (scale)