Information about Hodges Summer 2008 Final Exam for MBA 8135

Common Final Exam
A team of instructors designs the Final Exam. Thus, the style/wording of questions may differ from the style/wording used by Professor Hodges. All 8135 Professors use questions from many different sources during a given semester, thus questions will often be worded in a manner that differs from your textbook’s typical patterns. While it is not intentional, the Final Exam may contain badly written or confusing questions. Having said that, I have covered every topic and assigned questions and problems for every topic tested in the Final Exam.

Time and Place Information
The Summer 2008 MBA 8135 Final Exam is scheduled for the evening of Friday, August 25. The exam can be completed online in WEBCT or as a pen and paper exam. You will have 2 hours and 5 minutes (125 minutes) to complete the exam. You may start anytime after 7:05 p.m., but must start by 7:15 pm to have the full 125 minutes to complete the exam. The exam closes at 9:20 pm or at 125 minutes, whichever comes first. Answers will not be accepted after time has expired.

For those wishing to take a pen and paper Exam, I have reserved 304 Aderhold at the downtown Georgia State University campus (http://www.gsu.edu/map.html). I will be at this location during the exam. Aderhold 304 should be open by 6:30 pm. Students who wish to take the exam at Aderhold, but use their laptop may do so. I am unsure if the room has wired connections, but GSU wireless network should be available.

Exam Information
I AM WORKING ON PROGRAMMING THE EXAM INTO ULEARN, MINOR CHANGES FROM THE BELOW INFORMATION MAY BE REQUIRED. I WILL UPDATE THE CLASS ON ANY CHANGES.
There will be 25 questions on the exam. The exam is comprehensive, thus material from any chapter is fair game. There are nine multiple choice concept questions, three multiple-choice calculation questions, 7 calculations where you can show your work for partial credit. There are 7 calculations, for which I have not decided (as of 7/18) the format, solve for a number, multiple choice, or show your work questions. Each question counts 4 points. Note, while most of the questions with numerical answers are quantitative (i.e., require calculations), some may be solved using logic alone. THERE ARE NO ESSAY QUESTIONS ON THE EXAM.

Be aware that many concepts are covered in multiple chapters, for example, calculations involving the Present Value with uneven cash flows are from Jordan Chapters 5 and 6 as well as Jaffe Chapters 5, 6, 7, 8, and 12. Related to this, on the Final Exam there are many questions that cross chapter boundaries. For example, the well-known relationship - that increasing the discount rate will decrease the present value – could be phrased as a time value of money, bond, or stock question. For the questions below, the listed chapter is the chapter that we were considering when we wrote the question. Your classification
of questions could differ from ours. There will be multiple versions of the exams, and multiple versions of most questions. It is unlikely that your version of the exam will be in the question order shown below. Here is the breakdown of question type by number.

**Number and Type of Question**
1. Concept question from Jaffe Chapter 1
2. Concept question from Jaffe Chapter 1
3. Concept question from Jordan Chapter 5
4. Concept question from Jordan Chapter 6
5. Question with Numerical Answer from Jordan Chapter 6
6. Question with Numerical Answer from Jaffe Chapter 5
7. Concept question from Jaffe Chapter 6
8. Concept question from Jaffe Chapter 6
9. Concept question from Jaffe Chapter 7
10. Concept question from Jaffe Chapter 10
11. Question with Numerical Answer from Jaffe Chapter 10
12. Concept question from Jaffe Chapter 12

Questions that may be may be Multiple Choice, may require a numerical answer for which partial credit is available, or may require a numerical answer for which partial credit is not available (undecided as of 7/18)
1. Question with Numerical Answer from Jaffe Chapter 6
2. Question with Numerical Answer from Jaffe Chapter 6
3. Question with Numerical Answer from Jaffe Chapter 6
4. Question with Numerical Answer from Jaffe Chapter 6
5. Question with Numerical Answer from Jaffe Chapter 10
6. Question with Numerical Answer from Jaffe Chapter 12
7. Question with Numerical Answer from Jaffe Chapter 12

Require a numerical answer for which partial credit is available
1. Question with Numerical Answer from Jordan Chapter 6
2. Question with Numerical Answer from Jordan Chapter 6
3. Question with Numerical Answer from Jaffe Chapter 6
4. Question with Numerical Answer from Jaffe Chapter 7
5. Question with Numerical Answer from Jaffe Chapter 7
6. Question with Numerical Answer from Jaffe Chapter 7

**Those taking the exam away from campus must fax their worksheets, before 11 pm, to 678-839-5040. Please limit your fax to 4 pages. Those taking the exam at Aderhold can simply hand in their work. There is no page limit for the Aderhold students.**

**Exam Hints**
MBA 8135 is a core course. As such, our objective is to assure that students have a “body of knowledge” about certain fundamental finance concepts. The Final Exam tests a student’s knowledge over these fundamental finance concepts. Although knowledge
from other courses is helpful (e.g., sources and uses of funds in calculating initial cash flows for capital budgeting) for the Final Exam, we do not design questions to directly test your knowledge of any other material.

MBA 8135 is a relatively new course, but the material covered, in the relevant chapters, will be quite similar to coverage in the previous version of this course (MBA 8622, MBA 8130, and MBA 8230). I have incorporated many of the old final exam questions into our course quizzes. For this reason, I strongly suggest you review the old quizzes in Ulearn.

For quantitative questions, we test the same material each term. As an example, consider stock valuation. There are two models (CAPM and Constant Growth) with two types of valuation problems (constant growth and non-constant growth) and four variables that can possibly be calculated (dividend, price, growth rate, and required return on stock). We therefore have very few types of questions that we can ask. On almost every exam, one of the questions is a non-constant growth problem and one of the questions is a required rate of return. Another reason to study the old quizzes is to see the way in which questions are written.

There are no formulas listed on the exam. THE EXAM IS OPEN BOOK AND NOTES FOR SUMMER 2008. You may use a computer and/or calculator to solve problems. With that said, there are certain formulas/methods/techniques you should memorize, as you will not time to learn the techniques during the exam. In the list that follows, I have placed a (M), for Memorize, by types of calculations that are not normally directly solvable with the standard calculator. Here are some of the calculations that you might be asked to make; weighted returns/average (M), standard deviation (M), standard deviation of a 2-stock portfolio where you combine the stocks for each state of nature, present value, future value, annuity, annuity due, solving for interest rate and time, compounding periods other than annual, periodic to stated to effective interest rate conversions (M), amortized loan tables (M), perpetuities (M), CAPM (M), bond valuations, current yield, coupon rate, yield to maturity, Constant Growth stock valuation model (M), non-constant growth stock valuations, preferred stock valuation (M), WACC (M), NPV, IRR, Payback (M), PI (M), Initial Cash Flows for new projects or replacement (M), Operating Cash Flows for new or replacement projects (M), Terminal Cash Flows for new or replacement projects (M), adjusting cash flows for inflation, adjusting the discount rate for project risk. Some things that will not be tested are discounted payback period, MIRR, fractional time periods, put-call parity, binomial option valuation, and breakeven analysis.

Some test technique hints:
1. If you do not understand a question, ask Professor Hodges. To ask questions during the exam, you have two choices. If you are at Aderhold, raise your hand. If you are not at Aderhold, I will have the chat room open. You are to email me your question, then tell me in the chat room of your email I will answer you as soon as possible.
2. You may have difficulty in finishing the exam, within 2 hours. If you believe you may have a problem, “Cherry Pick” your questions save the longest and most difficult questions for last.
3. Budget your time. You have 125 minutes to complete the exam. While we design the exam to take about 100 minutes for the average student, there is always a group (about 1/3 in Spring 2008) of students that takes the entire time.

Hope this helps and have fun.