

MANAGEMENT 325
SECOND TEST

This test consists of four essay questions. They have equal weight. Answer any three of the four. Answer each question completely, using an example to illustrate the point discussed. You are writing for someone who knows nothing of the subject. Tell them what they need to know to understand the subject. This is an open-book, open-note test. The book and notes are for reference only. The answer must be in your words expressing your thoughts. Good Luck!

1. What is an Investment Banker? What does he do? Why would a company use one?
2. What are the components of the nominal interest rate? What does each component pay for?(DO THE MATH)
3. What are the Restrictive Covenants?(Be Specific) Why do they matter to Management?
4. What is Total Return? How is it used to calculate the price of a stock? Why would it matter to management? (DO THE MATH)