###### The candidate should be able to:

* + compare the free cash flow to the firm (FCFF) and free cash flow to equity (FCFE) approaches to valuation
  + explain the ownership perspective implicit in the FCFE approach
  + explain the appropriate adjustments to net income, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation, and amortization (EBITDA), and cash flow from operations (CFO).
  + describe approaches for forecasting FCFF and FCFE
  + explain how dividends, share repurchases, share issues, and changes in leverage may affect future FCFF and FCFE
  + compare the FCFE model and dividend discount models
  + explain the use of sensitivity analysis in FCFF and FCFE valuations
  + explain the single-stage (stable-growth), two-stage, and three-stage FCFF and FCFE models and justify the selection of the appropriate model given a company’s characteristics
  + describe approaches for calculating the terminal value in a multistage valuation model; and