Q1.What does it mean when it is said that a company is excessively leveraged? What could be the effects of excessive leverage?

Q 2. Differentiate operating leverage, financial leverage, and the total leverage of the firm. Do these types of leverage complement one another? Why or why not?

Q3.(Weighted average cost of capital) In the spring of last year Tempe Steel learned that the firm would need to re-evaluate the company’s weighted average cost of capital following a significant issue of debt. The firm now has financed 42% of its assets using debt and 58% using equity. Calculate the firm’s weighted average cost of capital where the firm’s borrowing rate on debt is 8.3%, it faces a 35% tax rate, and the common stockholders require a 20.6% rate of return.

Tempe Steels WACC is\_\_\_%(Round to three decimal places.)