

WILLIAM BLAIR & COMPANY INTERVIEW PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	9
Explanations	11
Next Steps	16

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Why does depreciation affect cash balance even though it is a non-cash expense?**
 - A. It has no effect
 - B. It reduces taxes due to tax deduction
 - C. It increases taxes
 - D. It creates depreciation tax credits

- 2. In a comps-based valuation, which sequence of steps best describes how to use comparable companies to derive a valuation?**
 - A. Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company
 - B. Use the multiples to determine a valuation for the target company; Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies
 - C. Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company; Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company
 - D. Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company; Find a selection of comparable companies

- 3. Why pursue a career in investment banking according to the material?**
 - A. Enjoyed client interaction and researching industries in pitches
 - B. High risk, high reward only
 - C. Preference for long corporate finance cycles
 - D. Quick exit opportunities

- 4. Which statement best describes the typical relationship between Equity Value and Shareholders' Equity in healthy companies?**
 - A. Equity Value is usually lower than Shareholders' Equity.
 - B. Equity Value is usually equal to Shareholders' Equity.
 - C. Equity Value is usually negative while Shareholders' Equity is positive.
 - D. Equity Value is usually far greater than Shareholders' Equity.

- 5. Why is depreciation added back when calculating free cash flow from net income?**
- A. Because free cash flow measures money being spent right now, not past transactions
 - B. Because depreciation is a cash expense
 - C. Because it is a way to normalize interest expense
 - D. Because depreciation increases taxes
- 6. Which aspect of William Blair is cited as a reason to join the firm?**
- A. Calibre of staff
 - B. Global presence
 - C. Apprenticeship program
 - D. Competitive compensation
- 7. How do you compute the cost of debt if bond information is available?**
- A. Debt-to-equity ratio
 - B. Current yield on stock
 - C. Weighted average coupon rate
 - D. Interest expense / total assets
- 8. What aspect of Carlyle's M&A teaching is emphasized for the acquirer?**
- A. How An M&A Process Works From The Acquirer's Perspective
 - B. The Importance Of Synergy Realization In Integration
 - C. The Acquiring Thought Process Focuses On Leadership And External Market Rather Than Pure Synergy
 - D. Regulatory Approvals Are The Primary Consideration
- 9. During an IPO, which metric is typically more informative about operating health?**
- A. EV/EBITDA
 - B. P/E
 - C. Price-to-Book
 - D. Debt-to-Equity

10. What P/E multiple was mentioned as around?

- A. around 10
- B. around 15
- C. around 8
- D. around 12

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Answers

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1. B
2. A
3. A
4. D
5. C
6. A
7. C
8. C
9. A
10. A

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Explanations

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1. Why does depreciation affect cash balance even though it is a non-cash expense?

- A. It has no effect
- B. It reduces taxes due to tax deduction**
- C. It increases taxes
- D. It creates depreciation tax credits

Depreciation acts as a tax shield that affects cash flow. It is a non-cash expense, but it reduces pretax income, so the company pays less in taxes. The tax saving is real cash that stays in the business, which increases the cash balance. In other words, the deduction lowers taxes owed, even though no cash is spent on the depreciation itself. This is why depreciation shows up as an expense yet boosts cash flow through a lower tax bill. For contrast, it does not increase taxes, nor does it create a tax credit (which would directly reduce taxes dollar-for-dollar like a credit). So the tax-deductible nature of depreciation is what makes it impact cash balance.

2. In a comps-based valuation, which sequence of steps best describes how to use comparable companies to derive a valuation?

- A. Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company**
- B. Use the multiples to determine a valuation for the target company; Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies
- C. Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company; Find a selection of comparable companies; Choose and calculate the appropriate multiples for each company
- D. Choose and calculate the appropriate multiples for each company; Find the average value of each multiple across the comparable companies; Use the multiples to determine a valuation for the target company; Find a selection of comparable companies

The key idea is to anchor the valuation in the prices of similar companies and then apply those market-derived multiples to the target. Start by identifying a relevant group of comparable companies. This ensures you're using peers that reflect similar risk, scale, and industry dynamics, which makes the multiples meaningful. For each company in that group, calculate the chosen multiples (such as EV/EBITDA, EV/Sales, or P/E). These numbers come from each peer's market data and financials, providing a spectrum of how the market values similar firms. Next, average those multiples across the peer group to obtain a representative multiple for each type you're using. Averaging helps smooth out idiosyncrasies and outliers, giving a stable benchmark. Finally, apply these averaged multiples to the target's corresponding metric (for example, multiply the average EV/EBITDA by the target's EBITDA or the average EV/Sales by the target's sales) to derive a valuation range or point estimate. This sequence—select peers, compute per-company multiples, average the multiples, then apply to the target—ensures the valuation is grounded in current market pricing of comparable firms.

3. Why pursue a career in investment banking according to the material?

- A. Enjoyed client interaction and researching industries in pitches
- B. High risk, high reward only
- C. Preference for long corporate finance cycles
- D. Quick exit opportunities

The material points to client-facing work and deep industry research during pitches as what makes investment banking appealing. This is the core driver because a big part of the job is winning mandates by understanding a client's business, researching relevant industries, and presenting strategic financial solutions. Enjoying those interactions with clients and the sense of solving real industry problems through careful analysis aligns with why someone would pursue this field. While high risk and rapid rewards exist, they aren't described as the primary motivation in the material. Likewise, the idea of longer corporate finance cycles or quickly exiting the role isn't presented as the main appeal. So the best fit is the blend of talking with clients and digging into industries to craft compelling pitches.

4. Which statement best describes the typical relationship between Equity Value and Shareholders' Equity in healthy companies?

- A. Equity Value is usually lower than Shareholders' Equity.
- B. Equity Value is usually equal to Shareholders' Equity.
- C. Equity Value is usually negative while Shareholders' Equity is positive.
- D. Equity Value is usually far greater than Shareholders' Equity.

Equity Value reflects what the market believes the company is worth today to shareholders, based on expected future profits and the value of intangibles like brand, technology, and growth potential. Shareholders' Equity is the accounting book value on the balance sheet—assets minus liabilities—built from past transactions and retained earnings. In healthy companies, investors price in strong future cash flows and intangible assets that aren't fully captured on the balance sheet, so Equity Value ends up much higher than Shareholders' Equity. This gap shows how market value incorporates tomorrow's opportunities, not just what's recorded on the books today.

5. Why is depreciation added back when calculating free cash flow from net income?

- A. Because free cash flow measures money being spent right now, not past transactions
- B. Because depreciation is a cash expense
- C. Because it is a way to normalize interest expense
- D. Because depreciation increases taxes

Depreciation is a non-cash expense. Free cash flow is meant to reflect cash the business actually generates, not accounting profit. Net income includes depreciation, which lowers reported earnings but does not involve an actual cash outflow in the period. By adding depreciation back, you reverse its non-cash hit and show the true cash available after maintaining the asset base. The other ideas don't fit: depreciation isn't a current cash expense, and while it reduces taxes, the essential reason for the add-back is its non-cash nature.

6. Which aspect of William Blair is cited as a reason to join the firm?

- A. Calibre of staff**
- B. Global presence
- C. Apprenticeship program
- D. Competitive compensation

The impact of the people you work with is foundational to your development and daily experience. When a firm highlights the calibre of its staff, it's signaling that you'll be surrounded by highly capable, well-trained professionals who can mentor you, collaborate effectively, and push high-quality work forward. That kind of environment accelerates learning, supports strong client outcomes, and makes long-term growth more likely, which is a compelling reason to join. While a global presence, an apprenticeship path, or competitive pay are appealing, they don't alone guarantee the same direct benefits in daily work and career development that come from being part of a high-caliber team.

7. How do you compute the cost of debt if bond information is available?

- A. Debt-to-equity ratio
- B. Current yield on stock
- C. Weighted average coupon rate**
- D. Interest expense / total assets

When bond information is available, the cost of debt is best estimated by the average rate the company pays on its outstanding bonds. You compute a weighted average of each bond's coupon rate, weighting by how much debt is outstanding at that rate. This gives the weighted average coupon rate, reflecting the actual mix of debt the company uses to finance itself. This approach focuses on the true financing cost tied to debt, unlike the debt-to-equity ratio (a leverage metric), the current yield on stock (not relevant to debt), or interest expense divided by total assets (which mixes cost with asset size and isn't a clean measure of debt cost). If market prices are known, you could use a yield-to-maturity-based measure for even greater precision, but the weighted average coupon rate is the best fit among the given options.

8. What aspect of Carlyle's M&A teaching is emphasized for the acquirer?

- A. How An M&A Process Works From The Acquirer's Perspective
- B. The Importance Of Synergy Realization In Integration
- C. The Acquiring Thought Process Focuses On Leadership And External Market Rather Than Pure Synergy**
- D. Regulatory Approvals Are The Primary Consideration

Carlyle's M&A teaching centers on the acquiring mindset that prioritizes leadership quality and external market opportunities over chasing pure synergy numbers. The idea is that durable value comes from strong management teams and a clear view of how the combined business can compete and grow in the real market, not just from estimated cost savings or integration synergies. When you focus on leadership and market potential, you're better positioned to assess whether the deal can be executed effectively after closing and whether there's true, sustainable demand for the merged entity. Synergy realization matters, but it's not the sole driver. Overemphasizing synergies can mask execution risks and misjudge whether the leadership and the market context will actually deliver the anticipated benefits. Regulatory approvals are important constraints, but they don't define the deal's value creation in Carlyle's framework. The strongest emphasis is thus on the acquiring mindset that looks first to leadership capability and the external market environment.

9. During an IPO, which metric is typically more informative about operating health?

A. EV/EBITDA

B. P/E

C. Price-to-Book

D. Debt-to-Equity

Evaluating operating health at an IPO is most informative when you look at a measure that reflects the business's ability to generate earnings from operations, independent of how it's financed. Enterprise value divided by EBITDA does that nicely because it ties the market's valuation to the company's core operating profitability. EBITDA excludes interest, taxes, depreciation, and amortization, so you can compare operating performance across peers with different capital structures and tax situations. Because it uses enterprise value, it also accounts for net debt and cash, which matters when a company's leverage and liquidity are uncertain in an IPO. This combination makes EV/EBITDA a clear way to gauge value per unit of operating earnings and to compare companies fairly. Other metrics can be skewed by taxes or financing choices (P/E), or they focus on assets rather than ongoing operations (Price-to-Book), or they emphasize leverage rather than operating performance (Debt-to-Equity). Note that EBITDA isn't perfect (it ignores working capital needs and capex), but for assessing operating health in an IPO context, EV/EBITDA is the most informative.

10. What P/E multiple was mentioned as around?

A. around 10

B. around 15

C. around 8

D. around 12

Price-to-earnings (P/E) multiples are a quick way to gauge valuation: they give a sense of whether a stock is cheap or pricey relative to earnings. The material uses a simple, round-number benchmark for this metric as the reference point. The correct choice is the one that matches that round-number benchmark described in the material. The other options reflect different multiples but don't align with the reference provided, so they're less appropriate in this context.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://williamblairandcointerview.examzify.com>

We wish you the very best on your exam journey. You've got this!

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