

# Engineering Economy - Course Study Sheet

Course: Engineering Economy Cluster: Engineering Foundations

Evaluates alternatives using cash flows, time value, uncertainty, cost estimation, and economic decision criteria.

## Five-module course map

| Module                           | Active evidence to produce                                                                                          |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 1. cash-flow diagrams            | Explain the central idea, complete an application, diagnose one plausible error, and connect it to the next module. |
| 2. present and future worth      | Explain the central idea, complete an application, diagnose one plausible error, and connect it to the next module. |
| 3. annual worth                  | Explain the central idea, complete an application, diagnose one plausible error, and connect it to the next module. |
| 4. rate of return                | Explain the central idea, complete an application, diagnose one plausible error, and connect it to the next module. |
| 5. replacement and risk analysis | Explain the central idea, complete an application, diagnose one plausible error, and connect it to the next module. |

## Reliable learning method

define alternatives and study period, estimate cash flows, choose a criterion, calculate consistently, test sensitivity, and document nonfinancial constraints

## Representative application

Compare two equipment options with different lives and maintenance costs while testing interest-rate and usage assumptions.

## Weekly study cycle

1. Preview the objective and write two questions. 2. Attend or engage and capture decisions rather than every sentence. 3. Reconstruct the main idea within 24 hours. 4. Complete independent practice. 5. Analyze the first unsupported move on each error. 6. Use feedback. 7. Schedule a delayed mixed recheck.

## Self-check before moving on

Can you explain the idea without notes, complete a fresh task, detect a near-miss, verify the result, and state a limitation? Watch especially for: mixing nominal and real values, unequal study periods, sunk costs, or precision unsupported by uncertain estimates.

## What to save

an alternative analysis with cash-flow diagram, calculations, sensitivity, and recommendation

## Use and rights

Copyright 2026 Exams.fit. This PDF is original learning support created for Exams.fit. The Exams.fit administrator may host and display it on Exams.fit. Public download is disabled by default. Do not resell, remove attribution, or present it as an official college document. Course requirements vary; the current syllabus and instructor directions control.

Open-learning verification: <https://ocw.mit.edu/> | Reviewed August 2, 2026