

Assignment 16

Cost of Capital

The purpose of this assignment is to practice firm-wide cost of capital estimation. You are to use your firm that you've been following throughout the class. Use Yahoo!Finance for the data collection.

Group:

Section:

1. Collect your firm's capital structure information.

Ticker		
Shares		
Stock Price		
Equity		(use actual market value)
Debt		(use book value as proxy for market value)

2. Find your company's component costs of capital.

Equity Beta		
Treasury Yield		(use 10-year U.S. treasury)
Market Risk Premium	5%	
Cost of Equity		(use CAPM)
Pre-tax Cost of Debt		
Credit Rating (S&P)		
Tax-rate		

3. What is the Weighted-Average Cost of Capital?

WACC =