1- What appears to be the targeted debt ratio of a firm that issues $15 million in bonds and $35 million in equity to finance its new capital projects?

2- The weighted-average cost of capital for a firm with a 65/35 debt/equity split, 8% pre-tax cost of debt, 15% cost of equity, and a 35% tax rate would be?

3- The weighted-average cost of capital for a firm with a 40/60 debt/equity split, 8% cost of debt, 15% cost of equity, and a 34% tax rate would be:

4- How much is added to a firm's weighted-average cost of capital for 45% debt financing with a required rate of return of 10% and a tax rate of 35%?

5- What is the WACC for a firm with 50% debt and 50% equity that pays 12% on its debt, 20% on its equity, and has a 40% tax rate?

6- Company X has 2 million shares of common stock outstanding at a book value of $2 per share. The stock trades for $3 per share. It also has $2 million in face value of debt that trades at 90% of par. What is the weight of debt for WACC purposes?

7- What is the WACC for a firm using 55% equity with a required return of 15%, 35% debt with a required return of 8%, 10% preferred stock with a required return of 10%, and a tax rate of 35%?

8- How much will a firm need in cash flow before tax and interest to satisfy debtholders and equity holders if the tax rate is 40%, there is $10 million in common stock requiring a 12% return, and $6 million in bonds requiring an 8% return?

9- How much will a firm need in cash flow before tax and interest to satisfy debtholders and equity holders if the tax rate is 35%, there is $13 million in common stock requiring a 10% return, and $6 million in bonds requiring a 6% return?

10- A firm has 12,000 shares of common stock outstanding with a book value of $20 per share and a market value of $39. There are 5,000 shares of preferred stock with a book value of $10 and a market value of $26. There is a $400,000 face value bond issue outstanding that is selling at 87% of par. What weight should be placed on the preferred stock when computing the firm's WACC?

11- Calculate a firm's WACC given that the total value of the firm is $2 million, $600,000 of which is debt, the pre-tax cost of debt is 10%, and the cost of equity is 15%. The firm pays no taxes.

12- A company's CFO wants to maintain a target debt-to-equity ratio of 1/4. If the WACC is 18.6%, and the pretax cost of debt is 9.4%, what is the cost of common equity assuming a tax rate of 34%?

13- The yield-to-maturity of a firm's bond is 8.5%. The firm has a beta of 1.3 and a tax rate of 34%. The market risk premium is 8.4% and the risk-free rate is 3.8%. What is the firm's WACC if the firm has a capital structure that is 40% debt financed?

14- What is the WACC for a firm financed with 30% debt if the debt requires an after-tax return of 10% and equity requires a 16% return?

15- A firm has 12,500 shares of stock outstanding that sell for $42 each. The book value of equity is $400,000. The firm has also issued $250,000 face value of debt that is currently quoted at 101.2. What value should be used as the weight of equity when computing WACC?