

<u>SOURCE</u>	<u>WT</u>	0-60 <u>MC₁</u>	60-100 <u>MC₂</u>	100-150 <u>MC₃</u>	150-200 <u>MC₄</u>	200+ <u>MC₅</u>
DEBT	.40	6%	6% → 8%	8% → 11%		
PFD	.20	20%	20% → 23%	23% → 25%	25%	25%
EQUITY	.40	19%	19% → 23%	23% → 27%	27%	27%
		<u>14.0%</u>	<u>15.6%</u>	<u>18.6%</u>	<u>19.0%</u>	<u>20.2%</u>

ACCEPT J-H-C RAISE \$/60,000,000

$$AC_{160} = \frac{60}{160}(14.0) + \frac{40}{160}(15.6) + \frac{50}{160}(18.6) + \frac{10}{160}(19.0)$$

$$= 16.15\%$$

$$NPV_H \quad IRR = 22\%$$

$$50 = \bar{CF}(PVIFA_{22\%} - 10)$$

$$\bar{CF} = 12.74/4R$$

$$r_H = \frac{10}{50}(MC_1) + \frac{40}{50}(MC_2) = 15.28$$

$$NPV_H = -50 + 12.74(PVIFA_{15.28\%} - 10)$$

$$= 13.29$$