Lecture:38
International Capital Structure

Model Questions

1. **Compare the US$ cost of capital for Coca-Cola and Kellogg if US$ risk-free interest rate is 5.75%, global risk premium 4% and Coca-Cola & Kellogg's global equity betas in US$ estimated at 0.85 and 1.55 respectively**
2. **If Colgate-Palmolive's global beta is 1.50, what would be the firm's cost of equity in US$, given US-dollar risk-free rate is 5.60% and global risk premium of 4% in US$?**
3. **Using following information, estimate the WACC for Sony in US$**
    - **Out of total debt of US$100 million, it has $40 million US$ yield 7% and US$ 60 million is Yen-denominated debt yield 1.50% in Yen.**
    - **Debt represent 35% of Sony's Capital and effective tax shield of Sony is 35%**
    - **Risk-free rate in US$ is 5.75% while in Yen it is 1.25%**
    - **Sony's equity portfolio beta is 1.10**
    - **Global Market Risk-premium is 4%**