Bolster Foods' (BF) balance sheet shows a total of $25 million long-term debt with a coupon rate of 8.50%. The yield to maturity on this debt is 8.00%, and the debt has a total current market value of $27 million. The balance sheet also shows that the company has 10 million shares of stock, and the stock has a book value per share of $5.00. The current stock price is $20.00 per share, and stockholders' required rate of return, rs, is 12.25%. The company recently decided that its target capital structure should have 35% debt, with the balance being common equity. The tax rate is 40%. Calculate WACCs based on book, market, and target capital structures. What is the sum of these three WACCs?



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  |  |  |  | | --- | --- | --- | --- | |  | a. | 32.00% |  | |
| |  |  |  |  | | --- | --- | --- | --- | |  | b. | 30.77% |  | |
| |  |  |  |  | | --- | --- | --- | --- | |  | c. | 33.28% |  | |
| |  |  |  |  | | --- | --- | --- | --- | |  | d. | 29.54% |  | |
| |  |  |  |  | | --- | --- | --- | --- | |  | e. | 28.36% |  | |