

Parameter	Description	SE	Reference	Source
r_f	Risk-free rate of return	4.84%	US 30-year treasury bond for January 2007	Bloomberg
β levered	$\beta = \beta_u * (1 + (1-t) * (d/e))$	3.36		Damodaran 2007
β unlevered	Beta; investment or sector-specific risk for correlation to the market	1.69	Unlevered beta, power industry	Damodaran
$R_f - \lambda$	Equity Risk Premium	4.79%		
λ	Country Risk Premium	4.50%	Country Risk Premium Values for 2007	Damodaran
Total Risk Premium	Equity Risk Premium + Country Risk Premium	9.29%	Risk Premiums for Other Markets, 2007	Damodaran Datasets- Risk Premiums for Other Markets, 2007
Cost of Equity	$K_e = r_f + \beta_L \times (\text{Risk Premium})$	36.02%		
Cost of Debt	Unit 1 Bond Interest - Tax Rate	7.59%		
Debt		60%		
Equity		40%		
D/E ratio	Debt : Equity	1.50		
Corporate Tax Rate (t)		34.00%		
Wacc	$(\text{Cost of Debt} * \text{Debt}) + (\text{Cost of Equity} * \text{Equity})$	18.96%		