

Quiz A for 2:30 Class: 11/19/12

Name _____

Use the following information to set up the calculations needed to determine the beta of Best Buy's assets and Best Buy's bonds.

Information on Best Buy's assets: market value = \$6 billion, book value = \$5.1 billion, standard deviation of returns = 35%, average life = 12 years,

Information on Best Buy's bonds: market value = \$2 billion, book value = \$2.1 billion, standard deviation of returns = 12%, maturity = 10 years, maturity value of debt = \$2.9 billion

Information on Best Buy's stock: market value = \$4 billion, book value = \$3 billion, standard deviation of returns = 40%, beta = 1.5

Returns on Treasuries by maturity: 1-year = 0.2%; 5-year = 0.7%; 10-year = 1.6%; 12-year = 1.7%; 20-year = 2.2%; 30-year = 2.7%