

#Jenny



Finally I get this ebook, thanks for all these I can get now!

#Rio



Cool! I'am really happy

#Markus Jensen



I did not think that this would work, my best friend showed me this website, and it does! I get my most wanted eBook

#Hun Tsu



wtf this great ebook for free?!

#Che Salsa



My friends are so mad that they do not know how I have all the high quality ebook which they do not!

#Diego Butler



so many fake sites. this is the first one which worked! Many thanks

**SOLUTIONS TO END-OF-CHAPTER PROBLEMS**

2-1 Corporate yield = 9%; T = 35.5%  
 AT yield =  $9\%(1 - T)$   
 =  $9\%(0.645) = 5.76\%$

2-2 Corporate bond yields 8%. Municipal bond yields 6%.

Equivalent pretax yield on taxable bond	$\frac{\text{Yield on muni}}{(1 - T)}$
8%	$\frac{6\%}{(1 - T)}$
$0.08 - 0.06 = 0.02$	
$-0.02 = -0.02$	
T = 25%	

2-3 NI = \$3,000,000; EBIT = \$6,000,000; T = 40%; Interest = ?  
 Need to set up an income statement and work from the bottom up.

EBIT	\$6,000,000		
Interest	1,000,000	\$3,000,000	\$3,000,000
EBT	\$5,000,000	EBT = (1 - T)	0.6
Taxes (40%)	2,000,000		
NI	\$3,000,000		

Interest = EBIT - EBT = \$6,000,000 - \$5,000,000 = \$1,000,000.

2-4 EBITDA = \$7,500,000; NI = \$1,800,000; Int = \$2,000,000; T = 40%; DA = ?

EBITDA	\$7,500,000		
DA	2,500,000	EBITDA - DA = EBT; DA = EBITDA - EBT	
EBIT	\$5,000,000	EBT = EBT + Int = \$3,000,000 + \$2,000,000	
Int	2,000,000	(Given)	\$1,800,000
EBT	\$3,000,000		$\frac{\$1,800,000}{(1 - T)} = 0.6$
Taxes (40%)	1,200,000		
NI	\$1,800,000	(Given)	

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