This is an M&M world with corporate taxes. Sci-fi is originally all equity financed (unlevered). All earnings are paid out as dividends, and the growth rate is zero. The firm decides to issue $8,000,000 in debt at 6% and to use the proceeds to repurchase stock. The capital structure change is permanent (so debt is perpetual). Fill in all of the missing information in the table below.

|  |  |  |
| --- | --- | --- |
|  | **Unlevered**  | **Levered** |
| **EBIT** | 7,500,000 | 7,500,000 |
| **INTEREST** |  |  |
| **EBT** |  |  |
| **Taxes (40%)** |  |  |
| **Net Income** |  |  |
| **#Shares**  | 1,000,000 |  |
| **EPS** |  |  |
| **Unlevered return**  | 10% | 10% |
| **Return on Equity rS** |  |  |
| **Price** |  |  |
| **Firm Value (V)** |  |  |
| **WACC** |  |  |