# 10)  
\[ \text{Cost of Debt} \]  
\[ N = 26 \]  
\[ P_{mt} = 3.5 \]  
\[ PV = -1011.92 \]  
\[ FV = 1,000 \]  
\[ i/\bar{y} = ? \]  
\[ 13.43 \]  
\[ R_0 = 3.43\% \times 2 = 6.86\% \]  
\[ R_0 (1-t) = 6.86\% \times (1-.34) = 4.53\% \]  

\[ \text{Cost of Equity} \]  
\[ R_e = \frac{D_1}{P} + g \]  
\[ = \frac{2.2(1.025)}{48} + .025 \]  
\[ = 7.2\% \]  

\[ \text{WACC} \]  
\[ \text{WACC} = W_e R_e + W_p R_p + W_d R_d (1-t) \]  
\[ = (.4439)(.072) + (.2753)(.0948) + (.2808) \]  
\[ = .03196 + .02664 + .01272 \]  
\[ = 7.13\% \]