RWJL

16.15 $r_S = r_0 + (r_0 - r_B)(1-t)\,B/S$

$r_S = 16\% + (16\% - 9\%)(1-0{,}35)\,135000/(798812{,}5 - 135000) = 16{,}93\%$

$r_{WACC} = r_S\, S/V + r_B(1-t)\,B/V$

$16.93\%\ (798812.5 - 135000)/798812{,}5 + 9\%\,(1-0{,}35)\,135000/798812{,}5 = 15.05\%$

"When there are corporate taxes, the overall cost of capital for the firm declines the more highly leveraged is the firm's capital structure. This is MMI with taxes."