

1 Q. **Pg. 80 - Please explain how the pre-tax (7.2%) and after-tax (5.4%) savings were**  
2 **calculated?**

3  
4 A. Dr. Booth assumed a 25% tax rate for simplicity, so 5.4% is 75% of 7.2%, that is, the  
5 corporate income tax rate is 25%.