Exercise 13-2

1. Interest rate  Fiscal year-end
   12%    December 31
   $400 million x 12% x 6/12 = $24 million

2. Interest rate  Fiscal year-end
   10%    September 30
   $400 million x 10% x 3/12 = $10 million

3. Interest rate  Fiscal year-end
   9%     October 31
   $400 million x 9% x 4/12 = $12 million

4. Interest rate  Fiscal year-end
   6%     January 31
   $400 million x 6% x 7/12 = $14 million

Exercise 13-10

Normally, short-term debt (payable within a year) is classified as current liabilities. However, when such debt is to be refinanced on a long-term basis, it may be included with long-term liabilities. The narrative indicates that Sprint has both (1) the intent and (2) the ability ("existing long-term credit facilities") to refinance on a long-term basis. Thus, Sprint reported the debt as long-term liabilities.