+ Final B for 4:00 class

Fall 2012: Final A for 2:30 class

P3 $NPV = -150 - 4 + \left(\frac{1+r}{r(\frac{1}{12}) - .005}\right)\left(1 - \left(\frac{1.005}{1+r(\frac{1}{12})}\right)^{357}\right)\left(\frac{1}{1+r(\frac{1}{12})}\right)^{3}$ +6

+6 $\left(r(\frac{1}{12}) = (1+r)^{\frac{1}{12}} - 1\right)$

+6 $\left(r = .0012 + 1.2\,(.08 - .0012)\right)$

P4 +5 $C = S\,N(d_1) - PV(K)\,N(d_2)$

+5 $\left(S = \frac{4.5}{r}\left(1 - \left(\frac{1}{1+r}\right)^{26}\right)\left(\frac{1}{1+r}\right)^{4}\right)$

⇒ Note: same r as P3

+5 $\left(d_1 = \frac{\ln(\frac{S}{PV(K)})}{\sigma\sqrt{T}} + \frac{\sigma\sqrt{T}}{2}\right)$

+5 $\left(PV(K) = \frac{50}{(1.004)^{4}}\right)$

$\sigma = .4$ +8

$T = 4$ +8

+5 $\left(d_2 = d_1 - \sigma\sqrt{T}\right)$

+1 ⇒ Look up $N(d_1)$ & $N(d_2)$ on table or using Excel