

Fall 2012: Final B for 2:30 class
 + Final A for 4:00 class +6

$$P3 \quad NPV = -150 - 4 + \left(\frac{1+4}{r(\frac{1}{12}) - .005} \right) \left(1 - \left(\frac{1.005}{1+r(\frac{1}{12})} \right)^{35} \right) \left(\frac{1}{1+r(\frac{1}{12})} \right)^3$$

x in #4 below

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

$$+6 \quad r = .0012 + 1.2 \left(\frac{.08 - .0012}{12} \right)$$

$$P4 \quad +5 \quad (P = PVCK)(1 - N(d_2)) - S(1 - N(d_1))$$

$$+5 \quad (PVCK) = \frac{75}{(1.0064)^5}$$

$$\sigma = .3$$

$$T = 5$$

$$+5 \quad (d_1 = \frac{\ln(\frac{S}{PVCK})}{\sigma \sqrt{T}} + \frac{\sigma \sqrt{T}}{2}; \quad d_2 = d_1 - \sigma \sqrt{T})$$

$$+5 \quad (S = S^X = X - \left(\frac{1}{r(\frac{1}{12}) - .005} \right) \left(1 - \left(\frac{1.005}{1+r(\frac{1}{12})} \right)^3 \right) \left(\frac{1}{1+r(\frac{1}{12})} \right)^3)$$

$r(\frac{1}{12}) \Rightarrow$ same as P3

+1 \Rightarrow look up $N(d_1)$ + $N(d_2)$ on table or using Excel