

Fall 2012: Final B for 4:00

Short Answer

1. Bid +15

2. lower +15

$$3. (\Delta R - \Delta E - 100)(1 - .35) + 100 - CF - \text{spuc} = 0) + 5$$

$$\Delta E = \frac{35}{.65} = +53.85$$

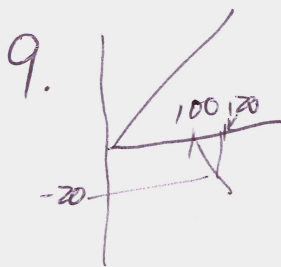
$$4. \sqrt{.25(-45-x)^2 + .6(10-x)^2 + .15(50-x)^2} + 5$$

5. No change +15

$$6. \beta_E = 1.22 + \left( \frac{2.81}{19.63 - 2.81} \right) (1.22 - 0.25) + 4$$

+8/+7 7. Management gains at the expense of stockholders

8. A +15



short call; 120 = -20; 70 = 0

$$10. \beta_D = (1 - .77637) \left( \frac{190 + 200}{190} \right) (0.7) + 5$$