

All Spring 2012 Final
+25 A

+3 y debt, subtract 14

$$3) \quad r = 0.0128 + .9(8 - 0.0128) = 7.2012\% \quad (18)$$

$$r \left(\frac{1}{12} \right) = (1.072012)^{\frac{19}{12}} - 1 = .0058116 \quad (15)$$

$$NPV = -10,000,000 + \left(\frac{200,000}{.0058116 - .002} \right) \left(1 - \left(\frac{1.002}{1.0058116} \right)^{\frac{19}{5}} \right) \quad (24)$$

$$\times \left(\frac{1}{1.0058116} \right)^{\frac{19}{5}} \quad (15)$$

+6