+5 $\Big($ $UNI_t = (R_t - E_t - D_t)(1 - .35)$ +2

+5 $\Big($ $FCF_t = UNI_t + D_t - CE_t - \Delta NWC_t$

+3 $\Big($ $\Delta NWC_t = NWC_t - NWC_{t-1}$ +4

+3 $\Big($ $NWC_t = C_t + I_t + AR_t - AP_t$

<u>Today</u>

$R_0 = E_0 = D_0 = 0$

$CE_0 = (1,200,000 - \underline{(1,200,000 - 800,000).35}) + 10,000,000$
  +2   +4   +2

+2 $\Big($ $\Delta NWC_0 = NWC_0 - 0$

$I_0 = 1,000,000$ +2

$AP_0 = .7(1,000,000)$ +2

$C_0 = AR_0 = 0$

<u>One year from today</u>

$R_1 = 50,000,000$ +2

$E_1 = .6(50,000,000) + 2,500,000$ +2 +2

$D_1 = 10,000,000(.1)$ +2 +4

$CE_1 = 0$

$C_1 = 0$

$I_1 = 1,000,000$ +2

$AP_0 = .7(1,000,000)$ +2

$AR_1 = .8(50,000,000)$ +2

Solved (not necessary)

<u>Today</u> 11,060,000
$CE_0 = 10,808,000$ ⑧
$\Delta NWC_0 = NWC_0 = 300,000$ ⑥
$FCF_0 = -11,108,000$ $-11,360,000$

<u>One year from today</u>
$E_1 = 32,500,000$ ④
$D_1 = 1,000,000$ ⑥
$UNI_1 = 10,725,000$ ④
$NWC_1 = 0 + 1,000,000 + 40,000,000 - 700,000 = 40,300,000$ ⑥
$\Delta NWC_1 = 40,300,000 - 300,000 = 40,000,000$
$FCF_1 = 10,725,000 + 1,000,000 - 40,000,000 = -28,275,000$