Spring 2013 Final - 1:00B

P3] $NV = -500 - 20 + \left(\frac{75}{r-.01}\right)\left(1-\left(\frac{1.01}{1+r}\right)^{21}\right)\left(1+r\right)^{\frac{7}{12}}$ (27) +9 (19) +9

+9 $(r = 2 + 1.3(7))$ (21)

x in #4

P4] +5 $(P = PV(CF)(1-N(d_2)) - S^x(1-N(d_1))$ (5)

+5 $(PV(CF) = \frac{60}{(1.02)^3}$ +8 (29)

+5 $(d_2 = d_1 - .4\sqrt{3}$ +8 (21)

+5 $(d_1 = \frac{\ln\left(\frac{S^x}{PV(CF)}\right)}{.4\sqrt{3}} + \frac{4\sqrt{3}}{2}$ (5)

+5 $(S^x = \underset{\#3}{X} - \left(\frac{75}{r-.01}\right)\left(1-\left(\frac{1.01}{1+r}\right)^{3}\right)\left(1+r\right)^{\frac{7}{12}}$ +3 (14)

same as #3

+1 ⇒ Look up N() in tables or using Excel