## HW 9 Simple Discounting

Wednesday, November 4, 2020

12.50 DN/

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a. A project costs \$10 up front and has net benefits of -\$1 at the end of the first year and \$15 at the end of the second year. The discount rate is 0.05. What is the NPV?

b. At what discount rate would the NPV be 0? (You may just want to use a spreadsheet, trying different rates until you find the right one, to solve this. But, write out the equation that defines what you are solving for in your answer.)