Gopher Drugs:

Development Cost:	9.3	millions
Lifetime:	20	years
Year 1 Margin:	1.2	millions
Inc thru year:	8	
Rate of increase:	10%	
Rate of decrease:	5%	
Discount Rate:	12%	

(Net) Present Value:	$	12.60	=NPV(B9,E4:E23)
Development Cost:	$	9.30	
Net Present Value:	$	3.30	million

Cash Flows:			
End of Year	**Gross Margin (SM):**		
1	$	1.20	=B5
2	$	1.32	=IF(D5<=$B$6,E4*(1+$B$7),E4*(1-$B$8))
3	$	1.45	=IF(D6<=$B$6,E5*(1+$B$7),E5*(1-$B$8))
4	$	1.60	=IF(D7<=$B$6,E6*(1+$B$7),E6*(1-$B$8))
5	$	1.76	=IF(D8<=$B$6,E7*(1+$B$7),E7*(1-$B$8))
6	$	1.93	=IF(D9<=$B$6,E8*(1+$B$7),E8*(1-$B$8))
7	$	2.13	=IF(D10<=$B$6,E9*(1+$B$7),E9*(1-$B$8))
8	$	2.34	=IF(D11<=$B$6,E10*(1+$B$7),E10*(1-$B$8))
9	$	2.22	=IF(D12<=$B$6,E11*(1+$B$7),E11*(1-$B$8))
10	$	2.11	=IF(D13<=$B$6,E12*(1+$B$7),E12*(1-$B$8))
11	$	2.00	=IF(D14<=$B$6,E13*(1+$B$7),E13*(1-$B$8))
12	$	1.90	=IF(D15<=$B$6,E14*(1+$B$7),E14*(1-$B$8))
13	$	1.81	=IF(D16<=$B$6,E15*(1+$B$7),E15*(1-$B$8))
14	$	1.72	=IF(D17<=$B$6,E16*(1+$B$7),E16*(1-$B$8))
15	$	1.63	=IF(D18<=$B$6,E17*(1+$B$7),E17*(1-$B$8))
16	$	1.55	=IF(D19<=$B$6,E18*(1+$B$7),E18*(1-$B$8))
17	$	1.47	=IF(D20<=$B$6,E19*(1+$B$7),E19*(1-$B$8))
18	$	1.40	=IF(D21<=$B$6,E20*(1+$B$7),E20*(1-$B$8))
19	$	1.33	=IF(D22<=$B$6,E21*(1+$B$7),E21*(1-$B$8))
20	$	1.26	=IF(D23<=$B$6,E22*(1+$B$7),E22*(1-$B$8))

Company Example 2:

Year	Cash Inflow (end of year)
1	30000
2	65000
3	80000
4	75000
5	55000

Initial Investment	$	150,000
Discount Rate		15%

Net Present Value	$	198,064	=NPV(B43,B36:B40)