1. **ABC Industries is considering investing in a machine that will cost $125,000 and will last for three years. The machine will generate revenues of $120,000 each year and the cost of goods sold will be 50% of sales. At the end of year three the machine will be sold for $15,000. The appropriate cost of capital is 10% and ABC is in the 21% tax bracket. Assume that ABC’s new machine will be depreciated straight line to a salvage value of $5,000 at the end of year three. What is the NPV for this project?**

