1) Consider the following cash flow:

\[
\begin{array}{c}
0 & 1 & 2 \\
-1 \downarrow & 1 \uparrow & 1 \uparrow
\end{array}
\]

a) Suppose the interest rate is 5%, what is the NPV?

b) What is the rate of return?

2) Messerschmitt Chapter 7, page 227, Exercise E7.6

3) Messerschmitt Chapter 9, page 290, Exercise E9.2