

The Present Value of Mixed Cash Flows

Discount rate	10.00%
Years of periodic payments	10
Years until back-end payme	10

OFFER

PRESENT VALUE OF OFFER

Up-front payment	\$25,000	PV of up-front paymen	\$25,000
Periodic payment	\$1,000	PV of periodic paymen	\$75,671
Periods/year	12		
Back-end payment	\$25,000	PV of back-end paymen	\$9,639
		Total PV of offer	###