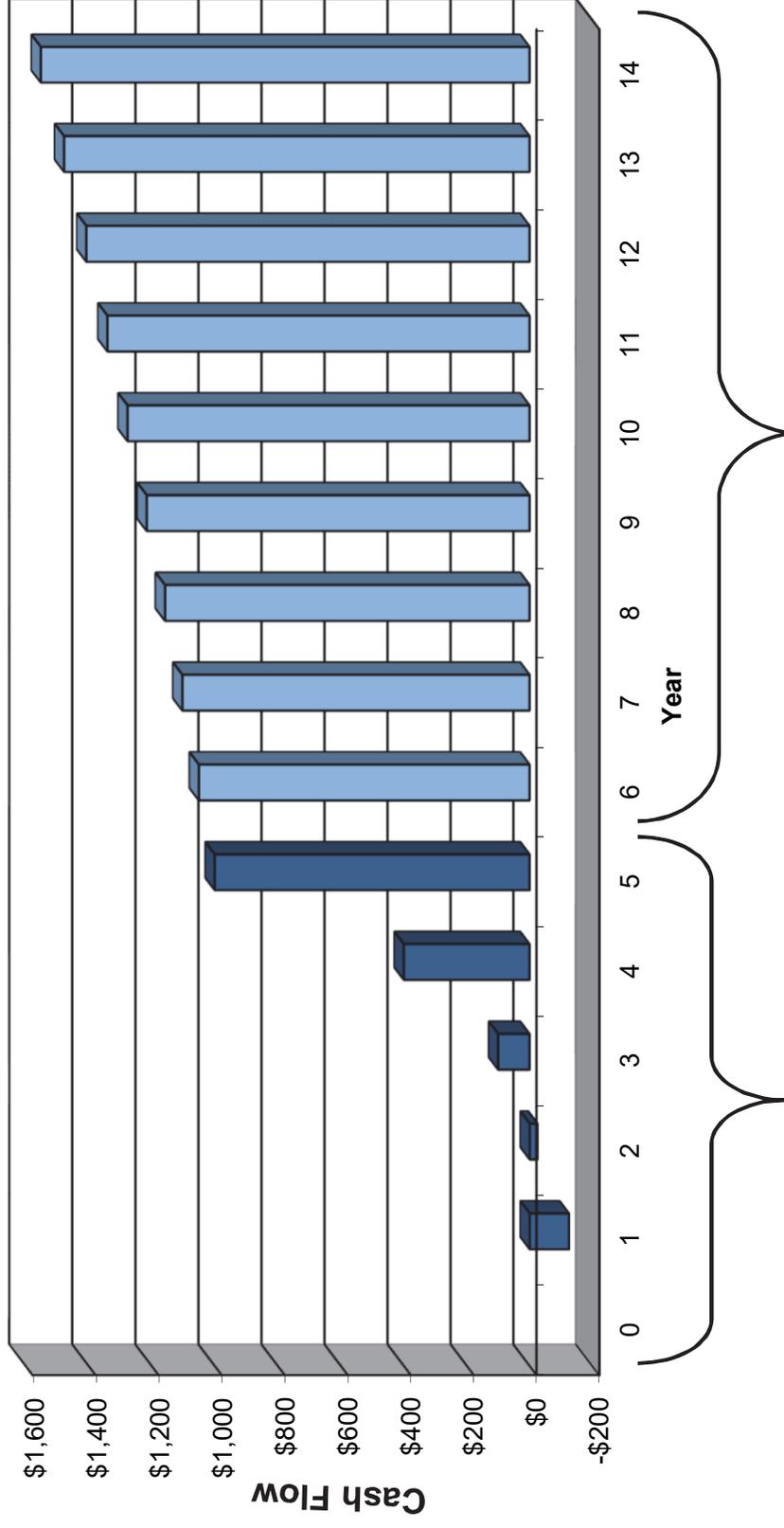


Figure 11.1

Using continuing value to estimate the value of a new venture



Explicit Value Period -
Compute the present value of each periodic cash flow.

Continuing Value Period - Estimate the continuing value of the stream as of year five, and then convert the continuing value to present value.