

1.3

The discount factors must satisfy the following equations:

$$103.75 d(.5) = 101 + 25.75/32$$

$$3.75 d(.5) + 103.75 d(1) = 103 + 12.9375/32$$

$$5.8125 d(.5) + 5.8125 d(1) + 105.8125 d(1.5) = 110 + 21.25/32$$

The solution is

$$d(.5) = .981250$$

$$d(1) = .961201$$

$$d(1.5) = .939148$$

$$1.4 \quad 3.75 \cdot .98125 + 3.75 \cdot .961201 + 103.75 \cdot .939148 = \mathbf{104.7208}.$$