

Name:

Bonnie purchased a 10 year bond on 1/1/2000.

The bond was purchased to yield 4% per year convertible quarterly. The coupons are paid at 5% convertible quarterly.

The bond is redeemable at par at the amount of 10,000.

Bonnie received a coupon on 7/1/2005.

What is the amortization of premium of the coupon she just received?

A 20.28 B 20.90 C 19.65 D 20.32 E 20.69

Toby purchased a 20-year par value bond with semiannual coupons at a nominal annual rate of 8% convertible semiannually at a price of 1,722.25. The bond can be called at par value 1,100 on any coupon date starting at the end of year 15.

What is the minimum yield that Toby could receive, expressed as a nominal annual rate of interest convertible semiannually?

A 3.2%

B 3.3%

C 3.4%

D 3.5%

E 3.6%

A 30-year bond with annual 10% coupons is priced at 120% of par. It is callable at the following dates and prices:

Call date	Call price (% of par)
1-10	125%
11-15	120%
16-20	115%
21-29	105%

If the bond is not called, it will redeem for par.

Determine the minimum annual effective yield that a purchaser is guaranteed of attaining at the current price.

A 8.055% B 8.066% C 8.077% D 8.088% E 8.099%

Good luck