

FIN 533 Homework
Due Thursday, Oct 22, 2009

Calculate the duration of the following assuming a current interest rate of 10% per year:

1. A perpetuity of \$2 million per year.
2. An annuity of \$10,000 per year for a 10-year period.
3. A 5-year zero coupon bond.
4. A 5-year bond with a 12% coupon rate (interest paid annually).