Finance 331 Homework
Due Monday, February 17

1. Determine the value of a 10-year, $1,000 par value bond with a 10 percent annual coupon when
YTM (or required rate of return) is 10 percent.
2. What would happen to the value of the above bond if YTM dropped to 7 percent? Rose to 13
percent?

3. Calculate the price of a 2-year, $1,000 par value bond with a 10 percent annual coupon when the
YTM is 10%; what if the required rate of return falls to 7%?
4. Calculate the price of a 20-year, $1,000 par value bond with a 10 percent annual coupon when the
YTM is 10%; what if the required rate of return falls to 7%?