Name: _____ Chap 10 Worksheet

1) A 7%, 30-year bond has a par value of \$1,000 and a call price of \$1,030. It is callable in 10 years. The bond is currently selling for \$1,060. Calculate the current yield, yield-to-maturity, and yield-to-call of this bond.

2) A married couple from California is in the 35% Federal tax bracket and the 11% California tax bracket. They are considering a 6% Arizona municipal bond (Federal tax-free), a 5½% California bond (double tax-free) or an 8% corporate bond (fully-taxable). Which bond offers the highest after-tax interest rate?

- 3) Using annual compounding, find the prices for the following bonds:
 - a) 8%, 20-year bond priced to yield 5%
 - b) 6%, 10-year bond priced to yield 9%