

Section 4.1 Additional Problems

1. A 15 year bond with a face value equal to its redemption value of \$1,000 is priced to yield 6%. Its price is \$902. Find the coupon rate.
2. A bond with **annual** coupons is selling with an effective yield rate equal to one half its coupon rate. The present value of the coupons is equal to the present value of the redemption amount. If its face amount is equal to its redemption amount of \$6000, find its price.