

### Bond Example 1 (Present Worth)



This Louisville and Nashville Railroad bond was issued on October 1, 1968 and matures on September 30, 1993. The face value is \$1000, the coupon rate is  $7\frac{3}{4}\%$  per year and coupons are paid twice per year.

On October 1, 1983 I have the opportunity to buy this bond for \$945. If my MARR is 9.5% per year, is this a good investment?