

Bond Example 2 (Future 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 bought this bond for \$945. How much would I have to sell this bond for on September 30, 1990 in order to obtain an MARR of 8% per year?