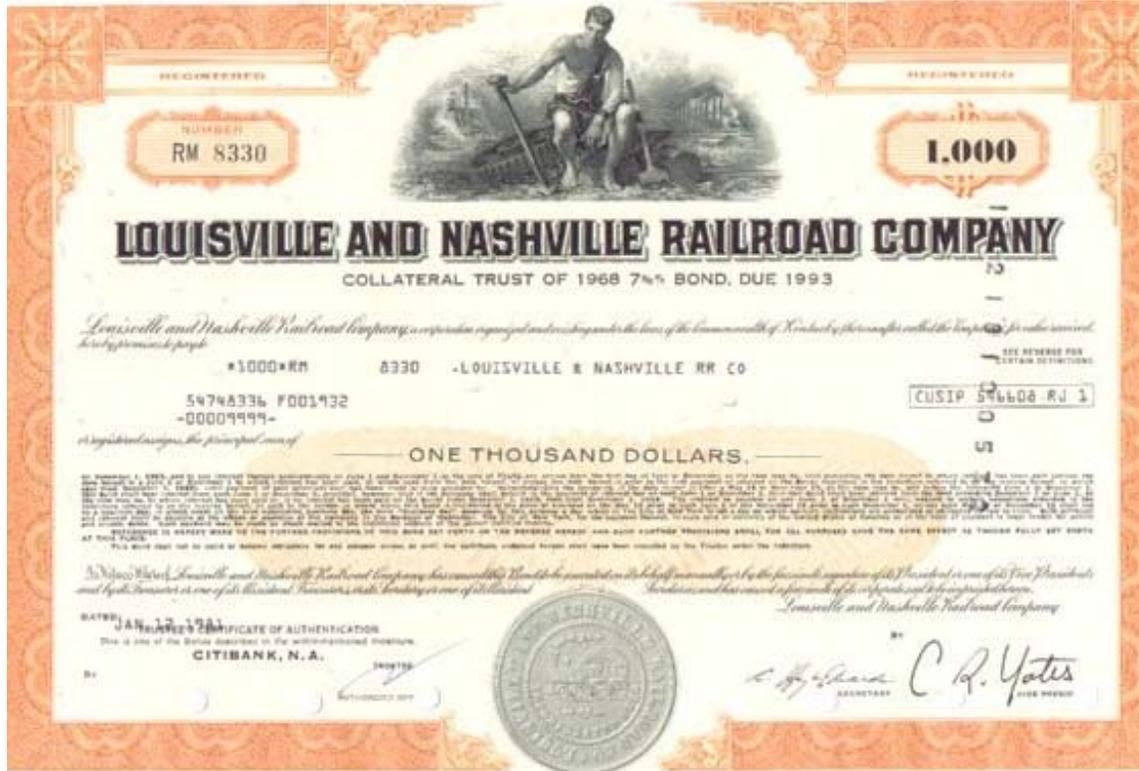


Bond Example 3 (Yield To Maturity)



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.

Assume I purchased this bond for \$945 on October 1, 1983.

What will my yield to maturity be for this investment?