

DEPARTMENT OF FINANCE, INSURANCE, & LAW
COLLEGE OF BUSINESS
ILLINOIS STATE UNIVERSITY

FIL 242 – Investments
Ahlgrim
Group HW #1

Work with your Market Watch groups and turn in a paper copy of the following questions on or before September 3rd. Where appropriate, please SHOW ALL WORK.

Use Baseline to answer questions 1-3.

1. Obtain the ticker symbols for the following stocks:
 - a. Clorox
 - b. Allegheny Energy
 - c. Fifth Third Bancorp
 - d. New York Times

2. For each of the stocks above, find dates for every dividend EARNED in 2007. Show the amount of the dividend, the ex-dividend date, and the payable date.

3. Show how the market capitalization for each stock is determined. (Be sure to list the date that you got the information).

4. Illustrate the cash flows of the following bonds.
 - a. \$1,000 face value, 10% coupon, 4 years to maturity
 - b. \$5,000 face value, 12% quarterly coupon, 2 years to maturity

5. Given the Treasury bond quotes below, compute the market price.
 - a. \$1,000 face value, quote = 101:11
 - b. \$5,000 face value, quote = 98:31

6. Suppose a taxable corporate bond has a yield of 8%.
 - a. If your marginal tax rate is 30%, what is the equivalent after-tax yield of the corporate bond?
 - b. If you are indifferent between the corporate bond and a municipal bond that yields 4%, what must be your tax rate?