

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

**FIL 242 – Investments
Ahlgrim
HW #1**

This will be the only assignment for the semester that you will NOT work in a group. Turn in a paper copy of your assignment answering the following questions **on or before September 2nd**. Where appropriate, please SHOW ALL WORK.

Use Baseline to fill in the following table.

<i>Company</i>	<i>Ticker symbol</i>	<i>2008 EPS (Total for all four quarters)</i>	<i>Show How Market Cap is Calculated</i>
Clorox			
Allegheny Energy			
Fifth Third Bancorp			
New York Times			

1. For each of the stocks above, find dates for every dividend EARNED in 2008. Show the amount of the dividend, the ex-dividend date, and the payable date.
2. 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
3. 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
4. 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?