

**Solution:**

TABLE OF VALUES (in \$)						
Market Rate (31 Dec 2011)	Coupon Rate	Principal Values & Interest		Cash flow statement		
				Year 1	Year 2	Year 3
<b>12%</b>	12%	Principal:	7,049.60			
		Interest:	2,950.40	1,200	1,200	1,200
						10,000
		Total paid:	10,000.00			
<b>14%</b>	12%	Principal:	666.67			
		Interest:	285.71	1,200	1,200	1,200
						10,000
		Total:	952.38			
<b>10%</b>	12%	Principal:	746.27			
		Interest:	304.48	1,200	1,200	1,200
						10,000
		Total:	1,050.75			