1. Using the following US Treasury forward rates, the value of a 2.5-year $100 par value Treasury bond with a 5% coupon rate is closest to:

Period	Years	Forward Rate
1	0.5	1.20%
2	1	1.80%
3	1.5	2.30%
4	2	2.70%
5	2.5	3.00%

A. $104.87.

B. $101.52.

C. $106.83.

2. A yield curve constructed from a sequence of yields-to-maturity on zero-coupon bonds is the:

A. Par curve.

B. Spot curve.

C. Forward curve.

3. The yield spread of a specific bond relative to the standard swap rate in that currency of the same tenor is most likely:

A. I-spread.

B. Z-spread.

C. G-spread.

4. DMT Corp. issued a five-year floating-rate note (FRN) that pays a quarterly coupon of three-month LIBOR plus 125 bps. The FRN is priced at 96 per 100 of par value. Assuming a 30/360 day-count convention, evenly spaced periods, and constant three-month LIBOR of 5%, the discount margin for the FRN is closest to:

A. 221 bps.

B. 400 bps.

C. 180 bps.

5. The semiannual bond equivalent yield spot rates for US Treasury yields are provided below.

Period	**Years**	**Spot Rate**
1	0.5	1.2%
2	1.0	2.1%
3	1.5	2.8%
4	2.0	3.3%

On a semiannual bond equivalent yield (BEY) basis, the six-month forward rate one year from now is closest to:

A. 4.21%.

B. 3.64%.

C. 2.10%.