

10000

10000

7 $\frac{5}{8}$ %
TREASURY BOND
OF 2002-2007

Dated February 15, 1977
 Due February 15, 2007

CUSIP 912810 BX 5

Redeemable on call on and after
 February 15, 2002
 CIRCULAR No. 4-77



7461A

5 341

THE UNITED STATES OF AMERICA

FOR VALUE RECEIVED PROMISES TO PAY TO THE BEARER THE SUM OF

ONE THOUSAND DOLLARS

ON THE DUE DATE, AND TO PAY INTEREST ON THE PRINCIPAL SUM FROM THE DATE HEREOF, AT THE RATE SPECIFIED HEREON. THIS BOND AND INTEREST COUPONS ARE PAYABLE AT THE DEPARTMENT OF THE TREASURY, WASHINGTON, D.C., OR AT ANY FEDERAL RESERVE BANK OR BRANCH. THIS BOND IS ONE OF A SERIES OF BONDS, AUTHORIZED BY THE SECOND LIBERTY BOND ACT, AS AMENDED, ISSUED PURSUANT TO THE DEPARTMENT OF THE TREASURY CIRCULAR REFERRED TO HEREON. ALL OR ANY OF THE BONDS OF THIS SERIES MAY BE REDEEMED, AT THE OPTION OF THE UNITED STATES, ON AND AFTER FEBRUARY 15, 2002, AT PAR AND ACCRUED INTEREST, ON ANY INTEREST DAY OR DATE, UPON PRESENTATION OF NOTICE OF REDEMPTION GIVEN IN SUCH MANNER AS THE SECRETARY OF THE TREASURY SHALL PRESCRIBE. IN CASE OF PARTIAL REDEMPTION THE BONDS TO BE REDEEMED WILL BE DETERMINED BY SUCH METHOD AS MAY BE PRESCRIBED BY THE SECRETARY OF THE TREASURY. FROM THE DATE OF REDEMPTION DESIGNATED IN ANY SUCH NOTICE, INTEREST ON THE BONDS CALLED FOR REDEMPTION SHALL CEASE. THE INCOME DERIVED FROM THIS BOND IS SUBJECT TO ALL TAXES IMPOSED UNDER THE INTERNAL REVENUE CODE OF 1984. THIS BOND IS SUBJECT TO ESTATE, INHERITANCE, GIFT OR OTHER EXCISE TAXES, WHETHER FEDERAL OR STATE, BUT IS EXEMPT FROM ALL TAXATION NOW OR HEREAFTER IMPOSED ON THE PRINCIPAL OR INTEREST HEREOF BY ANY STATE, OR ANY OF THE POSSESSIONS OF THE UNITED STATES, OR BY ANY LOCAL TAXING AUTHORITY. THIS BOND IS ACCEPTABLE TO SECURE DEPOSITS OF PUBLIC MONEYS. IT IS NOT ACCEPTABLE IN PAYMENT OF TAXES.

WASHINGTON, D. C., FEBRUARY 15, 1977.

William E. Fisher
 SECRETARY OF THE TREASURY

1000

ONE THOUSAND DOLLARS

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What is the **bond Price (P_b)** that will earn you a **2% interest rate**?

$$\text{Interest Rate} = \frac{\text{Amount you get at maturity} - \text{Price of the bond}}{\text{Price of the bond}} \times 100$$

$$2\% = \frac{1,000 - P_b}{P_b} \times 100$$

If you pay \$980.4 for this bond, you will earn 2% interest

Solve for P_b :

$$0.02 = \frac{1,000 - P_b}{P_b}$$

$$0.02 \times P_b = 1,000 - P_b$$

$$0.02 \times P_b + P_b = 1,000$$

$$(0.02 + 1)P_b = 1,000$$

1.02P_b = 1,000

$$P_b = \frac{1,000}{1.02}$$

$$P_b = 980.4$$

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What is the bond Price (P_b) that will earn you a 2% interest rate?

$$\text{Interest Rate} = \frac{\text{Amount you get at maturity} - \text{Price of the bond}}{\text{Price of the bond}} \times 100$$

$$2\% = \frac{1,000 - P_b}{P_b} \times 100$$

$$0.02 = \frac{1,000 - P_b}{P_b}$$

$$0.02 \times P_b = 1,000 - P_b$$

Solve for P_b :

$$0.02 \times P_b + P_b = 1,000$$

$$(0.02 + 1)P_b = 1,000$$

$$1.02P_b = 1,000$$

$$P_b = \frac{1,000}{1.02}$$

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