1. An analyst prices an illiquid four-year, 4% annual-coupon bond. Two comparable bonds of similar credit quality trade at: a three-year, 5% annual-coupon bond at 106.00, and a five-year, 3.5% annual-coupon bond at 98.00. Using matrix pricing, the estimated price per 100 of par is closest to:

a. 102.00
b. 104.16
c. 102.15

2. An analyst prices an illiquid four-year, 5% annual-coupon bond. Comparable bonds of similar credit quality trade at: a three-year, 6% annual-coupon bond at 108.50, and a six-year, 4% annual-coupon bond at 96.00. Using matrix pricing, the estimated price per 100 of par is closest to:

a. 105.16
b. 104.04
c. 102.25

3. Tamworth Industries' four-year, 3.5% annual-coupon bond trades at 101.20. Government bonds yield 0.90% at three years and 2.10% at six years. The bond's required yield spread over the interpolated benchmark is closest to:

a. 228 basis points
b. 188 basis points
c. 168 basis points