Assignment Description This assignment requires you to answer a series of questions. Q5-1, 2, and 3. Answer all questions, perform all calculations and submit in one Excel Spreadsheet. Assignment Requirement As Answer the following questions: Q5-1 Barret Connelly and Danny Ferris, the owners of LynnU Inc. have decided to expand their operations. They have instructed their newly hired financial analyst, Brett Clulow to enlist an underwriter to help sell $100 million in new 10-year bonds to finance the new construction. Brett has entered into discussion with Michelle Tolsma, an underwriter from the firm Fighting Knights, about which bond features LynnU Inc. should consider and what coupon rate the issue will likely have. Although Brett is aware of the bond features, he is uncertain as to the costs and benefits of some features, so he isn’t clear on how each feature would affect the coupon rate of the bond issue. You are Michelle’s assistant, and she has asked you to prepare a memo to Brett describing the effect of each of the following bond features on the coupon rate of the bond. She also would like you to list any advantages or disadvantages of each feature. Please address the following in Memo format: The security of the bond: whether the bond has collateral. The seniority of the bond. The presence of a sinking fund. A call provision with specified call dates and call prices. A deferred call accompanying the preceding call provision. A make-whole call provision. Any positive covenants: discuss several possible positive covenants LynnU Inc. might consider. Any negative covenants: discuss several possible negative covenants LynnU Inc. might consider. A conversion feature (note that LynnU Inc. is NOT a publicly-traded company). A floating-rate coupon. Q5-2 MEGG Inc. just paid a dividend of $2.00 per share on its stock. The dividends are expected to grow at a constant 6 percent per year indefinitely. If investors require a 13 percent return on the stock, what is the current price? What will the price be in 3 years? In 15 years? Q5-3 BrainSoft has 12% coupon bonds on the market with 9 years to maturity. The bonds make semiannual payments and currently sell for 110% of par. What is the current yield on the bonds? The yield to maturity? The effective annual yield?