Boston Chicken Inc.
41/2% Convertible Subordinated Debentures Due 2004

Group 5:
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Caseism.com
Jemma

Boston Chicken Inc.

- Operated and Franchised
- Rotisserie-roasted Chicken
- I.P.O. – Store expansion
- Convertible Bonds – New Stores
- Martha Lovejoy V.P. and Portfolio Manager of the growth and income fund
- C.K. Pao assisted in the assessment
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What is a Bond?

- They are typically securities issued by a corporation or governmental body for a specified term.
- 3 main characteristics
  - Purpose
  - Fixed periodic interest instalments, coupon payments
  - Creditor – no ownership
Why Purchase Bonds?

- Current Income
- Relatively Safe
- Default – bond holder preference
How to Calculate a Straight Bond?

- The price of a bond is the present value of all future coupon payments plus the par value discounted at the yield to maturity:

\[
P = \sum_{t=1}^{n} \frac{C}{(1 + y)^t} + \frac{Par}{(1 + y)^n}
\]