The following information applies to questions 51 thru 53.

Joe must pay liabilities of 1,000 due 6 months from now and another 1,000 due one year from now. There are two available investments:

a 6-month bond with face amount of 1,000, a 8% nominal annual coupon rate convertible semiannually, and a 6% nominal annual yield rate convertible semiannually; and

a one-year bond with face amount of 1,000, a 5% nominal annual coupon rate convertible semiannually, and a 7% nominal annual yield rate convertible semiannually

51.

How much of each bond should Joe purchase in order to exactly (absolutely) match the liabilities?

	Bond I	Bond II
(A)	1	.97561
(B)	.93809	1
(C)	.97561	.94293
(D)	.93809	.97561
(E)	.98345	.97561