NEW YORK UNIVERSITY STERN SCHOOL OF BUSINESS
B40.3333.01: Debt Instruments and Markets
Syllabus for 2005 Summer I

Professor Alan L. Tucker
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Course Description
The objectives of this course are to
1. Describe important fixed income securities and markets, and
2. Develop tools for valuing fixed income securities and managing interest rate risk.

Schedule of Lectures
May 16   Lectures 1-4: Course Overview, Zeroes and coupon bonds,
          Zero rates and rate of return, Yield to maturity, Forward rates
May 18   Lectures 5-7: Repos, Duration, Convexity
May 23   Lectures 8-9: Immunization, Floaters, Inverse Floaters
          Problem Set 1 Due
May 25   Lectures 10 and 11: Swaps, No-arbitrage pricing
          Problem Set 2 Due
June 1   Lectures 12 and 13: Risk-neutral probabilities, Dynamic trading strategies
          Problem Set 3 Due
June 6   Lectures 14 and 15: Interest rate modeling, Hedging
          Problem Set 4 Due
June 8   Lectures 16 and 17: Options, American options, Callable bonds
June 13  Lectures 18 and 19: More on callable bonds, Swaptions
          Problem Set 5 Due
June 15  Lectures 20-22: The mortgage market, IOs, POs, CMOs
June 20  Group Project
          Problem Set 6 Due
June 22  Lecture 23: Caps, floors and collars
          Problem Set 7 Due
June 27  Individual Final Exam
          Problem Set 8 Due

Course Materials
Required
Lecture notes and problem sets (available via web)

Recommended
Course Requirements
Grades will be based on the following

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<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Eight Problem Sets</td>
<td>30%</td>
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<tr>
<td>Group Project</td>
<td>30%</td>
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<tr>
<td>Individual Final</td>
<td>40%</td>
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Problem Sets
Students may work together - in a group of up to five - when completing the problem sets. Groups should submit just one assignment. Late assignments will not be accepted. Assignments submitted by e-mail or the like will not be accepted.

Group Project
The same groups will complete a same-night project. Said project will be distributed at the beginning of the class session. Groups will then complete the project in study areas. You may wish to reserve a small workroom at the library for that evening. Bring all course material covered to date. You will need a calculator. And you will need the series of EXCEL spreadsheets accompanying the course.

Individual Final Exam
Bring all course material and a calculator. The exam will be taken in the classroom.