

**Quiz A for 4:00 Class: 11/05/12**

Name \_\_\_\_\_

Assume the price per share for ReElect'Em Inc. stock currently equals \$50 per share. Assume also that ReElect'Em's stock price will increase by 10% per share or drop by 5% per share each of the next two years. Calculate the current price of a call on ReElect'Em stock if the risk-free interest rate is 1.5% and the strike price on the call is \$47.50.

**Wall Street Journal Questions are on the back of this page.**