

Quiz B for 4:00 Class: 11/05/12

Name _____

Assume the price per share for Toss'Em Inc. stock currently equals \$60 per share. Assume also that Toss'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 put on Toss'Em stock if the risk-free interest rate is 2.5% and the strike price on the put is \$65.

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