

Spring 2012 Final  
 All - A

$$d_1 = \frac{\ln\left(\frac{S^X}{Pv(K)}\right) + \sigma\sqrt{T}}{\sigma\sqrt{T}} + \frac{\sigma\sqrt{T}}{2} + 6$$

$$d_2 = d_1 - \sigma\sqrt{T} + 3$$

$$P = Pv(K) (1 - N(d_2)) - S^X (1 - N(d_1)) + 6$$

$$S^X = Pv(\text{Inflows from } 3) - \left( \frac{200,000}{0.0058116 - 0.002} \right) \left( 1 - \left( \frac{1.002}{1.0058116} \right)^7 \right) \times \left( \frac{1}{1.0058116} \right)^5 + 10 + 3$$

$$Pv(K) = \frac{7,000,000}{(1.00187)^1} + 24 + 3$$

$$\sigma = 0.4$$

$$T = 1$$

(1) NC) → look up in tables or with Excel