

### Key to 1:25 Quiz B: 3/26/12

**Quiz:** Set up the equations to calculate the overall profit or loss for each of the following option transactions if the strike price of all options equals \$32.50 and Microsoft's stock price ends up at \$30 when the options expire on January 18, 2013. Note: if you do not show a sign, I will assume your number is positive.

- a. Submit a market order to buy one call contract.

$$-100 * 2.17$$

- b. Submit a market order to sell one call contract.

$$+100 * 2.12$$

- c. Submit a market order to buy one put contract.

$$100 * (-3.20 - 30 + 32.50)$$

- d. Submit a market order to sell one put contract.

$$100 * (3.10 - 32.50 + 30)$$