

Key to 2:30 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 \$28 and AT&T's stock price ends up at \$33 when the options expire on June 15, 2012. 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.

$$100 * (-3.60 - 28 + 33)$$

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

$$100 * (3.35 - 33 + 28)$$

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

$$-100 * 0.17$$

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

$$+100 * 0.16$$