

### Key to 4:00 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 \$14 and Dell's stock price ends up at \$18 when the options expire on August 17, 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.

$$100 * (-2.90 - 14 + 18)$$

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

$$100 * (2.84 - 18 + 14)$$

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

$$-100 * 0.40$$

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

$$100 * 0.38$$