Quiz A: 4/11/12 Name & Time ____________________________

Quiz: Suspend Campaign Company has a current stock price of $60. For each of the next two years, Suspend's stock price will either rise by 10% per share or fall by 6% per share.
a. Set up the calculations needed to determine the value of a put today with a strike price of $65 if the risk-free interest rate is 4% per year and is not expected to change.
b. Set up the calculations needed to determine how many bonds would you need to buy or sell a year from today if Suspend's stock price falls by 6% next year?

Note: Bonus WSJ Questions on back of page