

Quiz A for 1:00 Class: 04/08/13

Name _____

Assume the risk-free interest rate is 1.5%. Assume also that NIT Champs Inc's stock price currently equals \$74 per share. By next year, NIT's stock price will rise by \$7 per share or fall by \$4 per share from its current price.

- a. Calculate the value of a call on NIT if the strike price is \$75?
- b. Calculate the value of the equivalent put (strike price is also \$75)?

Wall Street Journal Questions are on the back of this page.