Quiz B for 1:00 Class: 04/10/13 Name ____________________________

Assume that Accidental Petroleum's stock price currently equals $35 per share and that its stock price will rise by $6 or fall by $4 each of the next two years. If the risk-free interest rate is 1% per year, what is the value today of a call on Accidental with a strike price of $30 that expires in two years?

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