Quiz B for 2:30 Class: 04/10/13 Name ____________________________

Assume that Accidental Petroleum's stock price currently equals $43 per share and that its stock price will rise by $8 or fall by $6 each of the next two years. If the risk-free interest rate is 1% per year, what is the value today of a put on Accidental with a strike price of $50 that expires in two years?

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